

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2023

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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ANNUAL REPORT AND FINANCIAL STATEMENTS **DIRECTORS AND STATUTORY INFORMATION** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

DIRECTORS

Dr. J.B. McFie, PhD, MBS - Chairman
A.H. Butt, CPA (Kenya), FCCA
S.N. Merali, BSc, MSc
Dr. S.O. Mainda, PhD, MA, ACII, EBS
Betty Koech, MBA, BCom
Rosemary Munyiri, MSc, BCom, CPA (Kenya), CISA
Martin R. Ochieng', MBA, BSc - Group Managing Director

SECRETARY

Victoria Cherotich, BA, CPS (Kenya), CPA (Kenya)
5th Floor, Absa Plaza, Loita Street
PO Box 9287 - 00100
NAIROBI

REGISTRARS

Image Registrars Limited
5th Floor, Absa Plaza, Loita Street
PO Box 9287 – 00100
NAIROBI

ADVOCATES

Shapley Barret & Company
PO Box 40286 – 00100
NAIROBI

Hamilton Harrison and Mathews
PO Box 30333 – 00100
NAIROBI

Timamy and Company Advocates
PO Box 87288 – 80100
MOMBASA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

3rd Floor, Rivaan Centre
Off Brookside Grove
Muguga Green, Westlands
PO Box 30151 – 00100
NAIROBI

Telephone

(+254) 3342166/71/72

Mobile

(+254) 722 200706, 734 200706

E-mail

info@sasini.co.ke

Website: www.sasini.co.ke

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ANNUAL REPORT AND FINANCIAL STATEMENTS **DIRECTORS AND STATUTORY INFORMATION** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

INDEPENDENT AUDITOR

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 – 00100
NAIROBI

BANKERS

Absa Bank Kenya PLC
Absa Plaza
PO Box 46661 – 00100
NAIROBI

Diamond Trust Bank Kenya PLC
Rivaan Centre
PO Box 61711 – 00200
NAIROBI

NCBA Bank Kenya PLC
Mara & Ragati Roads, Upper Hill
PO Box 30437 – 00100
NAIROBI

KCB Bank Kenya PLC
Kiambu Branch
PO Box 81 – 00900
KIAMBU

Standard Chartered Bank Kenya PLC
Kiambu Branch
PO Box 117 – 00900
KIAMBU

Habib Bank AG Zurich
P.O. Box 30584 – 00100
NAIROBI

Co-operative Bank of Kenya PLC
Nairobi Business Centre, China Centre
PO Box 48231 – 00100
NAIROBI

Stanbic Bank Kenya Limited
Stanbic Bank Centre, Westlands Road
PO Box 72833 – 00200
NAIROBI

SASINI PLC
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BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Dr. James Boyd McFie, PhD, MBS - *Chairman - Non-Executive Director*

Dr. McFie is the Chairman of the Board of Directors. He holds a PhD in Accounting from the University of Strathclyde with a BA and MA in Mathematics from Oxford University.

He is a Fellow with both the Association of Chartered Certified Accountants and the Institute of Certified Public Accountants of Kenya (ICPAK). Dr. McFie is a lecturer in Financial Reporting, Auditing and Cybercrime at Strathmore University. He is also a director of The Standard Group PLC and the Chairman of the Registration and Quality Assurance Committee of ICPAK. Between 1993 and 2002 he was a Director of the Kenya Capital Markets Authority, a member of the Kenya Value Added Tax Tribunal and a Trustee of the Kenya Corporate Governance Trust and of Jitegemee Trust. Prior to his lecturing at Strathmore University, he was the Training Manager in Ernst and Young, after qualifying as an accountant in the firm.

Dr. McFie joined the Board on 30 August 2007.

Mr. Sameer Naushad Merali - *Non-Executive Director*

Mr. S. N. Merali holds a Master of Science degree in Banking and International Finance from City University Business School, London and Bachelor of Science in Management Sciences from Kings College, London. Mr. Merali initially worked with Merrill Lynch International Bank Limited in the United Kingdom as an Investment Analyst between October 2000 and February 2003. He joined Sameer Investments Limited in March 2003 and now serves as the Chief Executive Officer of that company. He is the Chairman of Ryce East Africa Limited, Nandi Tea Estates Limited and Warren Enterprises Limited. He is a Director of Sameer Africa PLC, a company listed on the Nairobi Securities Exchange PLC.

He is also a Director of Sameer ICT Limited, Sameer Telkom Limited, Fidelity Shield Insurance Company Limited and Frontier Optical Networks Limited among others. Mr. Merali has extensive experience in strategic leadership, business initiation and development, corporate management, audit and risk management as well as prudent financial management and planning.

He joined the Board of Sasini PLC on 26 May 2006.

Mr. Akif Hamid Butt - *Non-Executive Director*

Mr. A. H. Butt is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Public Accountant of Kenya (CPA(K)) and has a wealth of experience, acquired over time, in financial management, corporate planning and strategic management. He previously worked with PricewaterhouseCoopers (PWC) in Kenya and the East Africa Region, Liberia and England. He joined the Sameer Group in 1989 and is currently the Group's Finance Director. He represents the interest of the Sameer Group on the boards of various companies. Mr. Butt is also a Director of Sameer Africa PLC which is quoted on the Nairobi Securities Exchange PLC.

He was appointed to the Board of Sasini PLC on 1 May 1990.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

Dr. Steve Omenge Mainda PhD, - *Non-Executive Director*

Dr. Steve O. Mainda, holds a Doctorate (Honoris Causa) from the University of Eastern Africa. He also holds a Master's Degree from Princeton University and a Diploma in Management from Cambridge University as well as a Diploma in Education from University of East Africa- Makerere College. He is an Associate of the Chartered Insurance Institute, London and a Fellow of the Institute of Directors of London.

Dr. Mainda has a wealth of experience in Finance, Insurance, Strategic Management and Education. He is currently the Chairman of the following companies in Africa: Continental Reinsurance Company, headquartered in Nairobi; Asante Grain and Mining Company; Blue Nile Steel Group; Mediheal Group of Hospitals. He also sits on the Board of the following companies in Africa: Sasini Plc, Ryce East Africa Limited, Tausi Assurance Company Limited, Dubai Islamic Bank Kenya Limited, Mahathi Infra Uganda Limited, Tilisi Development Company and Monarch Insurance Company Limited.

As a Chairman and Director of various companies, he brings to the board, international business experience, management and executive leadership experience in operation, talent management and governance. In addition, his over 25 years in Management and Finance provides him with experience for the companies he serves.

Dr. Mainda served for many years as Chairman of Insurance Regulatory Authority of Kenya (IRA), 1992-2013. He was also a long serving Chairman of the largest housing bank in Eastern Africa (Housing Financing Group of Companies).

In recognition of his distinguished service to Kenya and East Africa, he was awarded Elder of the Order of the Burning Spear (EBS) by President H.E. Mwai Kibaki.

He was appointed to the Board of Sasini PLC on 21 September 2012.

Mr. Martin R. Ochien'g - *Group Managing Director*

Mr. Ochien'g is a holder of a Master of Business Administration degree in Strategic Marketing and Management from Oxford Brookes University, England, and a First-Class Honours Bachelor of Science degree from Moi University. His career spans over 29 years of experience in international trade, business management and leadership in industry leading global organisations. He started work for 3M HealthCare as a Medical Representative in charge of Western Kenya region before joining Warner Lambert/Pfizer Inc. in 1997 as a Territory Manager covering Western Kenya, Eastern Uganda and North-Western Tanzania regions. In the early millenium he moved with Pfizer to South Africa as Head of Marketing for Sub Saharan Africa markets. He has held several leadership roles in various organisations including at K WV International as Head of Global Marketing, at Tyco International as Marketing and Strategy Director for Africa and Middle East region and later as Managing Director for Tyco Commercial Services for the region, as CEO at GHM South Africa and as MD for SGA Kenya Limited.

He is the current Chairman of the Board of Directors of the Global Compact Kenya Network, of the United Nations Global Compact, a strategic policy initiative for businesses to drive universal sustainability program, as well as being a board member of The Kenya Association of Manufacturers.

He was appointed the Group Managing Director on 1 March 2019.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

Mrs Betty Koech – Independent Non-Executive Director

Mrs Betty Koech holds a Master of Business Administration (MBA) degree from Moi University, a Bachelor of Commerce degree from the University of Nairobi, a Management Advanced Program certificate from the University of Witwatersrand (SA), and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (UK). She is a certified leadership Consultant, Trainer and Coach with the John Maxwell Team (USA).

Mrs Koech provides consultancy services at The Lead Catalyst Group Limited. Previously, she was in charge of revenue growth and customer retention at G4S where she served as the Sales & Marketing Director, and at Unilever where she served as the Marketing Manager building big brands. She has extensive experience in business and marketing consultancy, leadership, strategic management, and sales and marketing. She is trained and experienced in audit and risk management and has wide experience on governance. She is a founding member of Hill Toastmasters Club where she actively mentors and coaches' young leaders. She is also a member of the Institute of Directors (Kenya) and serves the community in various capacities.

She was appointed to the Board of Sasini PLC on 9 August 2018.

Mrs. Rosemary Munyiri - Independent Non-Executive Director

Mrs. Rosemary Munyiri holds a Master of Accountancy degree from Bowling Green State University-Ohio, United States of America, and a Bachelor of Commerce (Accounting) degree from the University of Nairobi. She is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a Certified Information Systems Auditor (CISA) and a Member of the Information Systems Audit and Control Association (ISACA).

Mrs. Munyiri has previously worked for East African Breweries Limited in various capacities which include: The Group Financial Planning and Reporting Manager, the Group Controls Compliance and Ethics Manager, the Manager – Group Audit and Risk and as a Consultant – Group Audit and Risk. She has also worked as a Global Audit and Risk Manager at Diageo PLC, the Head of Internal Audit at Farmers' Choice Limited, a Staff Accountant at Plante & Moran PLLC, USA, and an Audit Manager at Wanyeki & Co. Associates, CPA – Nairobi. She is a Financial Planning and Reporting Manager with Ardagh Glass Packaging Kenya Limited.

She has a wealth of experience in management and strategic advisory roles, financial planning and reporting, audit, risk management & compliance, business governance and ethics, leadership and change management through the various roles she's held and is at the core of developing, leading, assessing and advocating for ethical business practices.

She was appointed to the Board of Sasini PLC on 9 August 2018.

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SENIOR MANAGEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Dr. Samuel Kanga Odalo - *DBA, Group Chief Finance Officer*

Dr. Samuel Odalo has over 33 years' experience in Finance, Accounting and Audit. Prior to joining Sasini PLC, he held senior Finance and Accounting positions in various companies in the Agribusiness Industry. He holds a Doctorate Degree in Business Administration (Finance) from United States International University (USIU), a Global Executive Master of Business Administration (MBA) from USIU in partnership with Columbia Business School in New York, Bachelor of Science in Business Administration (Accounting) from USIU. Dr. Odalo is also a Certified Public Accountant (CPA) in Kenya and is a Member of Institute of Certified Public Accountants of Kenya (ICPAK). He joined the Sasini group in 1998 and rose through the ranks to become the Group Financial Controller in July 2009 and later designated Group Chief Finance Officer.

He has also held the position of the company's Group Managing Director from 1st October 2018 to 28th February 2019 in an acting capacity.

Ms. Victoria Cherotich – *Company Secretary*

Ms. Victoria Cherotich is a graduate of the University of Nairobi (Bachelor of Arts – Economics (BA, Economics and Sociology) and currently pursuing an MBA at the same Institution. She is also a member of the Institute of Certified Secretaries (ICS), the Institute of Certified Public Accountants of Kenya (ICPAK) as well as the Women on Boards Network.

Ms. Victoria, is a seasoned professional with over fifteen years' experience in Financial Audits, Customer Experience Digital Transformation, Governance Advisory Services, Company Secretarial Services, Securities Registration and Project Management.

She is a Global Reporting Initiative (GRI) Certified Sustainability Professional as well as a Certified Secretary, an Accredited Governance Auditor.

Victoria has attended various professional management and corporate governance capacity building courses. She also serves as the Company Secretary on various Boards of Companies in diverse sectors. Ms. Victoria was appointed on 1st April 2023.

Mr. Silas Juma Njibwakale – *Managing Director, Kipkebe Limited*

Mr. Silas Juma Njibwakale holds a Bachelor of Science Degree in Agriculture from University of Nairobi, a Certificate in Leadership from the prestigious leadership trustee college South Wales - England and a Diploma in Human Resource Management from Kenya Institute of Management (KIM). He is a full member of the Institute of Human Resource Management (IHRM). He has vast experience of over 28 years in managing tea estates and factories in Kenya. He has a wealth of knowledge in tea husbandry and has been instrumental in improving efficiencies and effectiveness within the tea industry in Kenya with a view to ensuring tea business remains sustainable with emphasis on value addition. Prior to joining Sasini PLC, he held a number of senior management positions in various organizations which include The Sotik Tea Company Ltd, Sotik Highlands Tea Estate Limited, Arroket Estate (Arroket & Kaptembwa) & Arroket Factory. He has previously served as a member of the Board of Directors – Tea Board of Kenya and is currently the National Chairman of the Kenya Tea Growers Association (KTGA).

He was appointed as Managing Director - Kipkebe Limited (a wholly owned subsidiary of Sasini PLC) on 1st April 2019.

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SENIOR MANAGEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

Mr. James Muriithi Kieu - *General Manager, Sasini PLC (Coffee & Macadamia Operations)*

Mr. Muriithi has vast experience of over 29 years in Managing Coffee and Tea Estates & Factories. Prior to joining Sasini PLC, he held senior positions within the Neumann Kaffee Gruppe managing coffee and tea estates & factories both at local and international levels. Holds a Diploma in Agricultural Engineering from Jomo Kenyatta University of Agriculture and Technology among other management and leadership courses. He was appointed as the General Manager, Coffee Operations in February 2004 where he has ably led in a series of very successful diversification programs amongst other major activities within the Group. He has been very key to the establishment of the coffee mill and the macadamia nuts factory as well as establishing very strong international market links for coffee and macadamia. He has successfully been involved in policy discussions and formulation for coffee and macadamia in the country.

Ms. Priscah Muthoni Keah – *Group Head of Human Resource & Administration*

Ms. Priscah Keah has over 19 years' experience in Human Resource Management. Prior to joining Sasini PLC., she held various Senior Human Resources Management positions in Agribusiness and Manufacturing Industries. She holds a Master of Business Administration (MBA) in Human Resources Management, Bachelor of Science (BSc.) (Mathematics) (Hons), Post Graduate Diploma in Human Resources Management and various professional Leadership, Managerial, Governance and Strategic Trainings. She is a full Member of the Institute of Human Resources Management (IHRM). Ms. Keah was appointed to the position in July 2010.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTICE OF THE ANNUAL GENERAL MEETING**

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE SEVENTY SECOND (72ND) ANNUAL GENERAL MEETING of the Company will be via electronic communication **on Thursday, 7 March 2024 at 11.00 a.m.** to conduct the following business:

Agenda

1. Constitution of the meeting

To determine if a quorum is present and to read the notice convening the meeting.

Ordinary Business

2. Annual report and financial statements for the year ended 30 September 2023

To receive, consider and, if thought fit, adopt the Company's audited financial statements for the year ended 30 September 2023, together with the Chairman's, Directors' and Auditors' Reports thereon.

3. Dividend

- (a) To confirm the interim dividend of 100% (KShs 1.00 per share) paid on 3 July 2023 to the shareholders on the register of members as at close of business on 2 June 2023.
- (b) To declare the payment of a final dividend of 50% (KShs 0.50 per share) for the year ended 30 September 2023 payable to the shareholders on or about 22 March 2024 to members on the register at the close of business on 22 February 2024, subject to withholding tax where applicable.

4. Election of Directors

- (a) To re-appoint Mrs. Betty Koech, who retires by rotation in accordance with Article 24 of the Company's Articles of Association, and being eligible, offers herself for re-election.
- (b) To re-appoint Mrs. Rosemary Munyiri, who retires by rotation in accordance with Article 24 of the Company's Articles of Association, and being eligible, offers herself for re-election.

5. In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:

- (i) Mrs. Betty Koech
- (ii) Mrs. Rosemary Munyiri
- (iii) Mr. Sameer Merali
- (iv) Dr. James McFie
- (v) Mr. Akif Butt

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)**

6. Remuneration of Directors

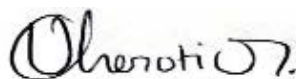
To receive, consider and, if thought fit, approve the Directors' Remuneration Report for the year ended 30 September 2023 and to authorize the Board to fix the remuneration of Directors for the ensuing year.

7. Appointment of Auditors

To re-appoint Messrs. KPMG Kenya as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorize the Directors to fix the Auditors' remuneration for the ensuing financial year.

8. To consider any other business for which due notice has been given.

BY ORDER OF THE BOARD



VICTORIA CHEROTICH
COMPANY SECRETARY, ICPSK No.2881

Date: 5 January 2024.

NOTES:

1. Shareholders wishing to participate in the meeting should register for the AGM by dialing *483*806# on their mobile telephone and follow the various prompts on the registration process.
2. To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: (+254) 709 170 000 from 9:00 a.m. to 5:00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number or send an email to sasinishares@image.co.ke for assistance during registration.
3. Registration for the AGM opens on Monday 5 February 2024 at 9:00 am and will close on Tuesday , 5 March 2024 at 5.00pm. Shareholders will not be able to register after this time.
4. The following documents may be viewed on the Company's website www.sasini.co.ke (a) a copy of this Notice and the proxy form; (b) 2023 Financial Statements
5. Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.
6. The proxy form can also be obtained from the Company's website www.sasini.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 – 00100, Nairobi, Kenya. Shareholders who do not purpose to participate the Annual General Meeting are requested to complete and return the proxy form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than Tuesday 5 March 2024 at 11.00am.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)**

NOTES: (Continued)

7. Duly signed proxy forms may also be emailed to sasinishares@image.co.ke in PDF format. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.
8. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so on or before Tuesday 5 March 2024 at 11.00am by: **(a)** sending their written questions by email to sasinishares@image.co.ke; or **(b)** to the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 30151 – 00100, Nairobi, or to Image Registrars offices at the address above.

Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions or clarifications.
The Company's directors will provide written responses to the questions received to the return physical, postal or email address provided by the Shareholder no later than 12 hours before the start of the AGM. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the AGM.
9. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in an hours' time and providing a link to the live stream.
10. Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote (when prompted by the chairman) via the USSD prompts.
11. Results of the resolutions voted on will be published on the Company's website i.e. www.sasini.co.ke within 24 hours following conclusion of the AGM.

Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA

ILANI YA MKUTANO MKUU WA KILA MWAKA

KWA WANAHISA WOTE

ILANI INATOLEWA HAPA KUWA MKUTANO MKUU WA KILA MWAKA WA SABIINI NA MBILI (72), wa Kampuni utakuwa kupitia mawasiliano ya kielektroniki, **Alhamisi, tarehe 7 Machi 2024, saa tano asubuhi** kuendesha shughuli zifuatazo:

Ajenda

1. Kuuandaa Mkutano

Kuhakikisha uwepo wa akidi na kusoma Ilani ya kuitisha Mkutano.

Shughuli za kawaida

2. Ripoti na Taarifa za Kifedha za mwaka ulioishia 30 Septemba 2023

Kupokea, Kuchunguza na ikikubaliwa, kuidhinisha taarifa za kifedha zilizokaguliwa za Kampuni za mwaka ulioishia 30 Septemba 2023, pamoja na Ripoti za Mwenyekiti, Wakurugenzi na Wahasibu zilizo juu yake.

3. Migao ya Faida

- (a) Kuthibitisha mgao wa faida wa muda wa asilimia 100(Shilingi 1.00 kwa hisa) uliolipwa tarehe 3 Julai 2023 kwa wanahisa kwenye rejista la wanachama kufikia mwisho wa biashara tarehe 2 Juni 2023.
- (b) Kutangaza malipo ya mgao wa faida wa mwisho wa asilimia 50 (Ksh 0.50 kwa hisa) kwa mwaka ulioishia tarehe 30 Septemba 2023 utakaolipwa kwa wanahisa tarehe 22 Machi 2024 au karibu na hiyo tarehe kwa wanachama kwenye rejista kufikia mwisho wa biashara tarehe 22 Februari 2024, kutegemea kodi ya kushikilia inapohusika.

4. Uchaguzi wa Wakurugenzi

- (a) Kumteua upya Bi. Betty Koech, Mkurugenzi ambaye anastaafu kwa zamu kufuatana na kifungu 24 cha Makala ya Kampuni, na kwa kuwa anastahili anajitolea kuchaguliwa tena.
- (b) Kumteua upya Bi Rosemary Munyiri, Mkurugenzi ambaye anastaafu kwa zamu kufuatana na kifungu 24 cha Makala ya Kampuni, na kwa kuwa anastahili anajitolea kuchaguliwa tena.

5. Kufuatana na masharti ya Sehemu 769 ya Sheria ya Makampuni, 2015, wakurugenzi wafuatao, wakiwa wanachama wa Kamati ya Uhasibu, Hatari na Makubaliano ya Halmashauri wachaguliwa kuendelea kutumika kama wanachama wa kamati hiyo:

- i) Bi. Betty Koech
- ii) Bi. Rosemary Munyiri
- iii) Bw. Sameer Merali
- iv) Dkt. James McFie
- v) Bw. Akif Butt

6. Malipo ya Wakurugenzi

Kupokea, kuchunguza na ikikubalika, kuidhinisha Ripoti ya Malipo ya Wakurugenzi ya mwaka uliokuisha 30 Septemba 2023 na kuwapa idhini Halmashauri kurekebisha malipo ya wakurugenzi ya mwaka unaofuata.

SASINI PLC

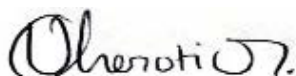
RIPOTI YA MWAKA NA TAARIFA ZA FEDHA **ILANI YA MKUTANO MKUU WA KILA MWAKA (KUENDELEZA)**

7. Uteuzi wa Wahasibu

Kuwateua upya KPMG Kenya kama Wahasibu kufuatana na Schemu 721 (2) ya Sheria ya Makampuni, 2015 na kuwaidhinisha Wakurugenzi kuamua ujira wa Wahasibu wa mwaka wa kifedha unaofuata.

8. Kushughulikia shughuli nyingine yoyote ambayo kwamba ilani ipasayo imetolewa.

KWA AMRI YA HALMASHAURI



VICTORIA CHEROTICH
KATIBU WA KAMPUNI, ICPSK Numbari 2881
Tarehe: 5 Januari 2024.

MAELEZO:

1. Wanahisa wanaotaka kushiriki katika mkutano wajiandikishe kwa mkutano mkuu wa mwaka kwa kubonyeza *483*806# kwenye simu zao za mkono na kufuata maagizo mbalimbali kwenye mchakato wa kujiandikisha.
2. Kukamilisha mchakato wa kujiandikisha, wanahisa watahitaji kutoa Nambari zao za Vitambulisho vya Kitaifa/Pasipoti zilizotumiwa kununulia hisa na/au Nambari ya Akaunti ya CDSC. Kwa usaidizi wanahisa wapige nambari ifuatayo ya usaidizi: (+254) 709 170 000 kutokea saa tatu asubuhi hadi saa kumi na moja jioni kutokea Jumatatu hadi Ijumaa. Wanahisa nje ya Kenya wapige nambari ya usaidizi au watume barua pepe kwa sasinishares@image.co.ke kwa usaidizi wakati wa kujiandikisha.
3. Kujiandikisha kwa Mkutano Mkuu wa Mwaka kunaanza Jumatatu tarehe 5 Februari 2024 saa tatu asubuhi na kutafungwa Jumanne tarehe 5 Machi 2024 saa kumi na moja jioni. Wanahisa hawataweza kujiandikisha baada muda huu.
4. Hati zifuatazo zinaweza kutazamwa katika mtandao wa Kampuni www.sasini.co.ke

(a) Nakala ya Ilani hii na fomu ya uakilishi; (b) Taarifa za Kifedha 2023.

5. Mwanahisa yeyote ambaye anastahiki kuhudhuria na kupiga kura katika Mkutano Mkuu wa Mwaka anastahiki kuteua mwakilishi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi huyo si lazima awe mwanachama wa Kampuni.
6. Fomu ya uakilishi pia inaweza kupatikana kutoka kwa mtandao wa Kampuni www.sasini.co.ke au kutoka Image Registrars Limited, Absa Towers (awali Barclays Plaza), ghorofa ya 5, Barabara ya Loita, S.L.P. 9287 - 00100, Nairobi, Kenya. Wanahisa ambao hawatarajii kuwepo katika Mkutano Mkuu wa Mwaka wanaombwa kujaza na kurejesha fomu ya uakilishi kwa Image Registrars Limited, au vinginevyo kwa Afisi Ilioandikishwa ya Kampuni ili ifike kabla ya au isipite Jumanne tarehe 5 Machi 2024 saa tano za asubuhi.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA **ILANI YA MKUTANO MKUU WA KILA MWAKA (KUENDELEZA)**

7. Fomu za uakilishi zilizotiwa sahihi kisawa zinaweza pia kutumwa kwa barua pepe kwa sasinishares@image.co.ke kwa muundo wa PDF. Fomu ya uakilishi lazima iwekwe sahihi na anayeteua au wakili wake aliyeidhinishwa kisawa kwa maandishi. Ikiwa anayeteua ni shirika, hati inayomteua mwakilishi lazima iwe na muhuri wa kawaida wa Kampuni au kwa idhini ya afisa au mwanasheria aliyeidhinishwa wa shirika hilo.
8. Wanahisa wanaotaka kuuliza maswali yoyote au kutaka ufafanuzi kuhusu Mkutano Mkuu wa Mwaka wanaweza kufanya hivyo kufikia Jumanne tarehe 5 Machi 2024 saa tano asubuhi au kabla ya hapo kwa: (a) kutuma maswali yao yalioandikwa kwa barua pepe kwa sasinishares@image.co.ke ; au (b) inapowezekana, kuwasilisha kwa mkono au kutuma kwa posta maswali yao yalioandikwa na anwani ya kujibu ya anapoishi, ya posta au barua pepe kwa afisi ilioandikishwa ya Kampuni au S.L.P. 30151 - 00100, Nairobi, au kwa afisi za Image Registrars katika anwani iliopo hapa juu.

Lazima wanahisa watoe maelezo yao kamili (majina kamili, Nambari ya Kitambulisho cha Kitaifa/ Pasipoti/ Akaunti ya CDSC) wanapokuwa wanawasilisha maswali yao au ufafanuzi.

Wakurugenzi wa Kampuni watajibu kwa maandishi maswali yaliyopokelewa kwa anwani ya kujibia ya anapoishi, ya posta au barua pepe iliyotolewa na mwanahisa kwa muda usiopungua masaa 12 kabla ya kuanza kwa Mkutano Mkuu wa Mwaka. Orodha kamili ya maswali yote yaliyopokelewa, na majibu kuhusiana nayo yatachapishwa katika mtandao wa Kampuni kwa muda usiopungua masaa 12 ya kuanza kwa Mkutano Mkuu wa Mwaka.
9. Mkutano Mkuu wa Mwaka utapeperushwa moja kwa moja kupitia kiungo ambacho kwamba kitatolewa kwa wanahisa wote ambao watakuwa wamejiandikisha kushiriki katika Mkutano Mkuu wa Mwaka. Wanahisa waliojiandikisha kisawa na wawakilishi watapata agizo la huduma ya ujumbe mfupi (SMS/USSD) kwenye simu zao za mkono zilizoandikishwa, masaa 24 kabla ya Mkutano Mkuu wa Mwaka ikiwa kama ukumbusho wa Mkutano Mkuu wa mwaka. Agizo la pili la SMS/USSD litatumwa saa moja kabla ya Mkutano Mkuu wa Mwaka, kama ukumbusho kuwa Mkutano Mkuu wa Mwaka utanza katika saa moja na kutoa kiungo cha upeperushaji wa moja kwa moja.
10. Wanahisa na wawakilishi ambao kwamba wamejiandikisha kuhudhuria Mkutano Mkuu wa Mwaka wanaweza kufuata yanayotendeka wakitumia jukwaa la kupeperushia moja kwa moja, kuipata ajenda na kupiga kura (watakapoagizwa na mwenyekiti) kupitia maagizo ya USSD.
11. Matokeo ya maazimio yaliopigiwa kura yatachapishwa kwenye mtandao wa Kampuni yaani www.sasini.co.ke katika masaa 24 kufuatia kumalizika kwa Mkutano Mkuu wa Mwaka.

Wanahisa wanahimizwa kufuatilia mtandao wa Kampuni siku zote kwa maelezo yoyote mapya kuhusiana na Mkutano Mkuu wa Mwaka.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CHAIRMAN'S STATEMENT**

“In what has been one of the most difficult years following the global collapse of the macadamia and coffee markets, and extended dry weather conditions, coupled by the negative effects of the geopolitical tensions in Europe and the Middle East, the Company stayed steady in its business performance and results. We remain optimistic that our future is secured by the strong strategic direction we have embarked on.” Dr. J. B. McFie, PhD., Chairman.

Operating Environment:

The year under review, 2022/3 has been a challenging year. We started our year in October 2022 with a drought situation that lasted the first 6 months of the financial year. This was the worst drought period experienced in the country since 1972 and brought several challenges to the growing conditions for all our crops. Under usual circumstances, we would normally switch to irrigation in our estates and orchards using our water reservoirs, for Coffee, Macadamia, and Avocado fruits during such dry spells, but this year's drought situation was so severe that all our reserve dams went dry and so that option was not available to us. This meant that our production in volume and quality of the crops we trade in was greatly compromised.

These weather challenges continue to strengthen our resolve towards running our business responsibly anchored by our commitment to the sustainable development goals and especially goals that require us to take climate change action. Our continued focus on this area saw us launch a new 1.5 MW solar power generation plant in our tea business that will replace up to 30% of our power needs, reducing our reliance on the national grid. We commissioned the above plant in February 2023, and it will go a long way in positioning our business to not just be green but also cost prudent and environmentally safe. We have continued to grow and manage our forests in a professional manner towards ensuring that we use the enormous ground cover we have from our crops and forests as effective carbon sinks for the protection of the environment. We are committed to continue taking climate action towards playing our bit in reversing the negative effects of global warming which directly affects our agricultural business.

Unrelated to the drought in Kenya but equally negative to our business was the collapse in global prices for coffee driven by over supply from Brazil and other leading volume contributors. The coffee sector in Kenya is also currently undergoing reforms which are yet to settle down and these too disrupted our coffee business from June 2023. We are confident that the Government will soon find a working and lasting solution that will ensure Kenya remains a global player in the coffee trade. The coffee business finished the year with a loss of KShs 51.88 million because of these challenges, while Coffee trading made a profit of KShs150.49 million.

Our macadamia business also posted a loss of KShs 97.77 million. The nuts market was very slow during the year with sales being recorded only in our first quarter of the whole fiscal year. This was driven by a total collapse of demand in the USA due to inflationary pressure on consumer disposable income which resulted in slow movement of the global nuts sector. This meant that we closed our macadamia nuts processing plant from January 2023, and it remains closed awaiting a lift in global demand of the nuts . Whereas this demand is expected to come back in 2024, we will strengthen our USA trading of nuts by seeking new horizons to market our macadamia nuts in the Middle East and especially in Asia. We intend to work very hard to grow new markets to reduce our reliance on the traditional nuts market of the US as we plan and get ready for most of our new orchards to come into production in the next 18 months.

The Sasini Retail business which sees us pack, market and offer export quality tea and coffee in the local market endured huge consumer pressure from significantly reduced disposable income from Kenyan consumers. The ever-increasing cost of living in Kenya, premised on increases in fuel and food costs meant that consumers have become less active in segments that are not considered essential. Increased taxation did not help to ease any of these pressures, and we expect this retail business to continue enduring these upheavals arising from the said factors over the next few years.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CHAIRMAN'S STATEMENT (CONTINUED)**

Operating Environment (Continued):

The tea business finished strongly, having recovered in the second half of the year to return an all-time record performance of profit after tax for the unit of KShs 720.14 million. This was based on strong tea volumes, sustained quality, serious cost containment measures, steady tea prices in the global market and strong marketing to our global target audience. The effects of our continued use of technology in our field operations in the tea business helped us to maintain excellent quality in production while managing our production costs prudently. We strengthened our agronomy practices in our estates with strong science-based approaches and mirrored the same in our outgrower programs as well. We improved the management of the outgrower programs by aligning leadership of the same for better synergies while investing heavily in farmer support, education, and advancement. The year saw us retain our strict approach to green leaf quality and this was a big drive of our success in the tea business. We intend to pursue further advancements in automation and growth in our production capabilities by modernizing our factories as well along the same mechanized lines.

The avocado business also finished the year strongly recording a profit after tax of KShs 28.61 million. A deliberate change in our business model for this unit saw our European markets recover strongly and give us a strong platform for managing this unit going forward. We worked on and grew our relationships with our key clients in Holland, Germany, France, and The UK by focusing on ways to sustainably advance our mutual goals for the fruit business. We also initiated our foray into China with our initial exports to that market and we intend to grow that in years ahead. Our logistics partners worked with us to reduce our risks of losing fruit through a better managed and sustainable approach to shipping and we intend to use this as a basis for an even better way of managing that perishable produce business going forward.

Our staff component was strong and continued to be a central part of our success as we came to the end of the strategic period and goals we set in 2019. To that end, the board worked with management to formulate and approve a new strategic direction that will guide our performance and ambitions over the period between 2023-2026. This will be anchored on several areas of focus centering on driving diversification in our business, joint venture initiatives, mainstreaming our continued journey on achieving the sustainable development goals and our Environmental, Social and Governance (ESG) push, using technology to drive efficiencies and reduce costs, seeking growth through geographic expansion and focusing on talent growth to continue the impressive journey we have been on over the last several years. We believe that this strong approach will help build the company we want to propel us into the next phase of our growth.

Specifically, we continue to focus on the 9 sustainable development goals (SDGs) that we chose in 2019 to be the bedrock of what we do. These nine SDGs are;

1. SDG 1 - Elimination of poverty
2. SDG 3 - Good health and well being
3. SDG 4 - Quality education
4. SDG 5 - Gender equality
5. SDG 7 - Affordable and clean energy
6. SDG 8 - Decent work and economic growth
7. SDG 9 - Industry, innovation, and infrastructure
8. SDG 12 - Responsible consumption and production
9. SDG 15 - Life on land

To further accelerate our achievement of these goals towards the 2030 deadline that has been set for them, we will drive our attention in the areas of being strong in water stewardship, gender equity, living wage implementation, climate action and seeking of partnerships to enhance our executional scale. This is part of an initiative by the United Nations Global Compact, we are calling ***FORWARD FASTER***, aimed at encouraging global corporates to accelerate their SDG actions to meet the achievement date of 2030.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CHAIRMAN'S STATEMENT (CONTINUED)**

Operating Environment (Continued):

Sasini PLC is fully committed to this and was one of the very first companies in Kenya to adopt this global initiative, and we are already delivering on several key areas of the same.

Our plans to sink several bore holes for our neighbouring communities over the next many years will see us lead in the provision of safe and potable water in Nyamira, Bomet, Kericho Nyeri, and Kiambu Counties. On top of this, we continue to manage the water resources we have in our businesses prudently to conserve as much of this as possible with responsible use and consumption.

We have initiated gender programs both within the company and in our supporting communities to advance the development of our female colleagues not just in pushing for equal representation in numbers and decision making, but also in providing enhanced skills and opportunities to drive the equity of our female partners and stakeholders.

In our tea business, we rolled out the first initiative aimed at moving away from minimum wage towards providing a decent living wage for our employees. This will be supported by a deliberate push to pay our supplying farmers with computations that will enhance their livelihoods. We will roll this out in our coffee, macadamia, avocado and administrative units as well.

Our work on taking climate action continues with our pursuit of a bigger portion of our energy coming from renewable sources, increased ground cover using forestry to build even larger carbon sinks in our estates, and an intended reduction on our use of fossil fuel over the years.

To hasten our achievement of these goals, we initiated in 2023 a drive to seek support from our partners in several parts of our value chain. We have initiated work with several of these partners that will see us scale the work we do to not only hasten achievement of the same but also to create greater impact in the communities we aim to improve.

To this end, we launched our inaugural ESG/Sustainability Report covering the 2022 financial year in April 2023. In this report, we covered and gave a summary of our SDG achievements so far and declared benchmarks, targets, and goals we want to achieve across several action areas. Our material topics are well detailed in this report which can be accessed from our website at www.sasini.co.ke. We will follow this up with an annual release of our ESG report separately from our annual report and financial statements going ahead.

Our management team remained in place during the year with strong leadership in the business overseen by the Board which has stayed committed to the achievement of good results while we pursue growth.

I am proud to say that in the last five years, the Board has put in place a sustainable business approach and leadership style that will see Sasini PLC continue to be a strong player in the global agribusiness space. The working relationship between the Board and management is very strong and our continued pursuance of new markets while we strengthen our existing ones remains a key focus for us.

In view of all these issues, the company rallied to post a profit after tax of KShs 542.55 million driven mainly by the strong performances from our tea and avocado businesses. This was a drop from the prior year's record achievement of KShs 1,168 million, occasioned by losses encountered in the coffee and macadamia business units due to reasons explained above.

We closed the year with a healthy cash balance of KShs 871.12 million, with short term deposits of KShs 2.32 million and other investments of KShs 247.81 million, totalling to KShs 1,121.24 million. The deposits were spread in tier-one banks and Government Infrastructure Bonds. The exchange rate during the reporting period averaged KShs 132.56/1 USD and helped to lift our results.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CHAIRMAN'S STATEMENT (CONTINUED)**

Looking forward:

Despite the periodic shocks the business gets subjected to from year to year, ranging from global changing weather scenarios, unforeseen market changes, geopolitical issues and their effects on business and general global uncertainties, Sasini PLC has a bright future. With our new strategic direction, we expect to strongly drive our earnings from our continuing operations, infuse the business with new earnings from new revenue and profit streams, retain our attention and focus on our staff, and use our strong ESG drive to continue leading a sustainable and responsible business.

Our work with rolling out automation across the business will continue in the tea unit and in the other units in macadamia and avocado. We will continue to engage the Government towards having policies that are friendly to business achievement, job creation and protection, and general growth of the economy.

In 2024, we will start the execution of our new strategic framework that has ambitious goals of driving Sasini PLC to be Africa's leading agribusiness. Our investment in regenerative agriculture, efficiency enhancing technology, staff, farmers and continued strong governance will see us seek and deliver growth in the right areas.

Acknowledgments

Please allow me to extend my deep gratitude to the shareholders, regulators, farmers, clients, customers, and other stakeholders who have continued to support our work. I must thank the Board which remains strong in its leadership and oversight role for the business. The company's leadership team continues to lead and manage the business prudently and I would like to express my gratitude to them for their commitment. To all our employees at Sasini PLC, thank you so much for your hard work. You prove to us every single day that you are a special group of people and the future of the organization, and its success lies squarely in the great work each of you continues to do.



Dr. J. B. McFie, PhD
Chairman

Date: 05 January 2024

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA TAARIFA YA MWENYEKITI

“Kampuni imebakia imara katika utendaji wa biashara na matokeo yake katika ule uliokuwa mmoja wa miaka migumu kabisa kufuatia kuporomoka kwa masoko ya makadamia na kahawa ulimwenguni, na hali kavu za hewa zilizoendelea, pamoja na athari hasi za migogoro ya siasa ya nchi kama inavyoathiriwa na jiografia Ulaya na Mashariki ya Kati. Tunabaki na matumaini kuwa siku zetu za baadaye ni salama kutokana na mwelekeo wa mkakati imara tulioanzisha”: Dkt. J.B. McFie, PhD., Mwenyekiti

Mazingira ya Uendeshaji :

Mwaka unaopitiwa, 2022/2023 umekuwa mwaka wa changamoto. Tulianza mwaka wetu Oktoba 2022 na hali ya ukame iliokuwepo miezi 6 ya kwanza ya mwaka wa kifedha. Hiki kilikuwa kipindi kibaya zaidi cha ukame kilichoshuhudiwa nchini kutokea mwaka 1972 na kilileta changamoto kadhaa kwa hali ya ukuaji wa mazao yetu yote. Katika hali za kawaida, kidesturi tungehamia kwenye unyunyizaji katika mashamba na vitalu vyetu tukitumia hodhi zetu za maji kwa kahawa, makadamia na matunda ya parachichi katika vipindi vya ukavu huo, lakini hali ya ukame wa mwaka huu ilikuwa mbaya sana hivi kwamba mabwawa yetu ya akiba yalikauka na hivyo chaguo hilo halikuwezekana kwetu. Hili lilimaanisha kuwa uzalishaji wetu wa wingi na ubora wa mazao tunayofanyia biashara yaliharishwa pakubwa.

Changamoto hizi za hali ya hewa zinaendelea kuimarisha azma yetu ya kuendesha biashara kiwajibu ikigemezwa na msimamo wetu kwa malengo endelevu ya maendeleo na hasa malengo yanayotuhitaji kuchukua hatua kwa badiliko la tabianchi. Kuendelea kwetu kulenga katika eneo hili kulitufanya kuanzisha mtambo mpya wa kuzalisha nishati ya jua ya 1.5 MW katika biashara yetu ya majani chai ambao utachukua nafasi ya hadi asilimia 30 ya mahitaji yetu ya nishati, ikipunguza tegemeo letu kwenye nishati ya kitaifa. Tuliuanzisha mtambo uliotajwa hapo juu Februari 2023, na utasaidia sana katika kuipa nafasi biashara yetu sio tu kuwa ya kijani lakini pia angalifu kwa gharama na salama kwa mazingira. Tumeendelea kukuza na kusimamia misitu yetu kwa njia ya weledi katika kuhakikisha kuwa tunatumia eneo kubwa lililofunikwa kwa mazao na misitu yetu tulilolalo kama sinki faafu za kaboni kwa ulindaji wa mazingira. Tumejitolea kuendelea kuchukua hatua kwa tabianchi katika kufanya tuwezavyo kubadilisha athari hasi za upashaji moto wa ulimwengu unaoathiri biashara yetu ya kilimo moja kwa moja.

Hali isiyohusiana na ukame nchini Kenya lakini sawa kwa ubaya kwa biashara yetu ni kuporomoka kwa bei za kahawa za ulimwengu kulikosababishwa na ugavi uliozidi kutoka Brazil na wachangiaji wa wingi wengine wanaoongoza. Sekta ya kahawa nchini Kenya pia kwa sasa inapitia mageuzi ambayo bado hayajatulia na haya pia yalivuruga biashara yetu ya kahawa kutoka June 2023. Tuna imani kuwa karibuni Serikali itapata suluhisho linalofanya kazi na la kudumu litakalohakikisha Kenya inabakia mshiriki wa ulimwengu katika biashara ya kahawa. Biashara ya kahawa ilimaliza mwaka na hasara ya Kshs. milioni 51.88 kwa sababu ya changamoto hiyo, hali uuzaji wa kahawa ulifanya faida ya Kshs. milioni 150.49.

Biashara yetu ya makadamia pia ilipata hasara ya Kshs. milioni 97.77. Soko la vidima lilikuwa la polepole katika mwaka na mauzo yakitokea tu katika robo yetu ya kwanza ya mwaka mzima wa kifedha. Hili lilitokana na kuporomoka kabisa kwa mahitaji Marekani kutokana na shinikizo la mfumko wa bei kwenye pato binafsi la mlaji lililosababisha mwendo wa polepole wa sekta ya vidima ulimwenguni. Hili lilimaanisha tufunge mtambo wa kutengenezea vidima vya makadamia kutoka Januari 2023, na ulibakia kufungwa ukisubiri kuongezeka kwa mahitaji ya vidima ulimwenguni. Wakati mahitaji haya yakitarajiwa kuongezeka mwaka 2024, tutaimarisha ufanyaji biashara wetu wa vidima Marekani kwa kutafuta maeneo mapya kuuza vidima vyetu vya makademia Mashariki ya Kati na hasa Asia. Tunanua kufanya kazi kwa bidii kukuza masoko mapya kupunguza utegemezi wetu wa soko asilia la vidima la Marekani tukipanga na kujitayarisha kwa karibu vitalu vyetu vipya kuanza kuzalisha katika miezi 18 ijayo.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA **TAARIFA YA MWENYEKITI (KUENDELEZA)**

Mazingira ya Uendeshaji (Kuendeleza)

Biashara ya uchuuzi ya Sasini katika soko la nchini inayofungasha, kuuza na kutoa majani chai na kahawa za ubora wa usafirishaji ilihimili shinikizo kuu la mlaji kutokana na pato binafsi lililopungua pakubwa kutoka kwa walaji wa Kenya. Gharama za maisha zinazongezeka daima nchini Kenya, kutokana na ongezeko la gharama za mafuta na chakula ilimaanisha kuwa walaji hawanunui katika vitengo visivyokuwa vya lazima. Ongezeko katika utozaji ushuru halikusaidia kuondoa shinikizo hizi zozote na tunatarajia biashara hii ya uchuuzi itaendelea kuhimili mageuzi haya makubwa yanayotokana na vipengele vilivyotajwa katika miaka michache ijayo.

Biashara ya majani chai ilimaliza imara, ikiwa imepata ahueni katika nusu ya pili ya mwaka kurejea katika utendaji wa rekodi ya juu kabisa wa faida baada ya kodi ya Kshs. milioni 720.14 kwa kitengo. Hili lilitokana na wingi mzuri wa majani chai, ubora ulioendelezwa, hatua za maana za udhibiti wa gharama, bei thabiti za majani chai katika soko la ulimwengu na uuzaji imara kwa hadhira yetu lengwa ya ulimwengu. Athari za utumizi wetu wa kuendelea wa teknolojia katika utendaji kazi wetu mashambani katika biashara ya majani chai zilitusaidia kudumisha ubora wa juu kabisa katika uzalishaji wakati tukisimamia gharama zetu za uzalishaji kibusara. Tuliimarisha desturi zetu za sayansi ya uchumi wa kilimo katika mashamba yetu kwa njia za mwegemo thabiti wa kisayansi na pia kufanya vivyo hivyo katika mipango yetu ya wapanzi. Tuliimarisha usimamizi wa mipango ya wapanzi kwa kufungamanisha uongozi wake na matokeo mazuri zaidi wakati ikiekezwa zaidi katika usaidizi wa mkulima, elimu na maendeleo. Tulishikilia mtazamo wetu mkali wa ubora wa jani la kijani katika mwaka na hili lilikuwa msukumo mkuu wa kufaulu kwetu katika biashara ya majani chai. Tunanua kufuatilia maendeleo zaidi katika utumizi wa mitambo inayojiendesha na ukuaji katika uwezo wetu wa uzalishaji kwa kusasisha viwanda vyetu kwa kufuatia vilevile njia za kutumia mashine pia.

Biashara ya parachichi pia ilimaliza mwaka imara ikirekodi faida baada ya kodi ya Kshs. milioni 28.61. Badiliko la kusudi katika muundo wa biashara yetu wa kitengo hiki iliyafanya masoko yetu ya Yuropa kupata ahueni thabiti na kutupatia ulingo imara wa kusimamia kitengo hiki tukiendelea mbele. Tulifanyia kazi na kukuza uhusiano wetu na wateja wetu wakuu Uholanzi, Ujerumani, Ufaransa na Uingereza kwa kulenga kwenye njia za kuhimili kuendeleza malengo yetu sote ya biashara ya matunda. Pia tulianzisha uvamizi wetu nchini Uchina na biasharanje yetu ya mwanzo kwa soko hilo na tunanua kuikuza miaka inayokuja. Wenzetu wa utaratibu wa ugavi na usafirishaji walifanya kazi nasi kupunguza hatari zetu za kupoteza matunda kupitia njia ya usimamizi mzuri na endelevu ya usafirishaji na tunanua kuitumia hii kama msingi wa njia bora zaidi ya kusimamia biashara ya mazao ya kuharibika upesi kuendelea mbele.

Sehemu yetu ya wafanyikazi ilikuwa imara na inaendelea kuwa sehemu muhimu ya ufaulu wetu tunapokaribia mwisho wa kipindi cha mkakati na malengo, tuliyoweka mwaka 2019. Kwa hilo, Halmashauri ilifanya kazi na usimamizi kuunda na kuidhinisha mwelekeo wa kimkakati mpya utakao-ongoza utendaji wetu na malengo katika kipindi baina ya 2023-2026. Hili litaegeshwa kwenye maeneo kadhaa ya tuliolenga yakinuia kuleta upanuzi katika biashara yetu, ari ya ushirikiano, kujumuisha safari yetu inayoendelea ya kutimiza malengo ya maendeleo endelevu na msukumo wetu wa Mazingira, Jamii na Uongozi (MJU), kwa kutumia teknolojia kuendesha ufanisi na kupunguza gharama, kutafuta ukuaji kupitia upanuzi wa kijiografia na kulenga ukuzaji vipawa kuendelea na safari ya kuvutia ambayo tumekuwa nayo kwa miaka kadhaa iliyopita. Tunaamini kuwa njia hii imara itasaidia kujenga kampuni tunayoitaka kutusukuma mbele katika awamu nyengine ya ukuaji wetu.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA **TAARIFA YA MWENYEKITI (KUENDELEZA)**

Mazingira ya uendeshaji (Kuendeleza)

Hasa, tunaendelea kulenga kwenye malengo tisa ya maendeleo endelevu (MME) tuliyoyachagua mwaka 2019 kuwa msingi wa tunachokifanya. MME haya tisa ni:

1. MME 1-Umalizaji wa njaa
2. MME 3-Afya nzuri na uzima
3. MME 4-Elimu bora
4. MME 5-USawa wa kijinsia
5. MME 7-Nishati inayomudika na safi
6. MME 8-Kazi ya heshima na ukuaji wa kiuchumi
7. MME 9-Tasnia, uvumbuzi na muundomsingi
8. MME 12-Utumizi na uzalishaji wa kiwajibu
9. MME 15-Maisha kwenye ardhi

Kuharakisha zaidi utimizaji wetu wa malengo haya kuelekea muda wake wa mwisho wa kutimizwa wa 2030 ambao uliwekwa kwayo, tutalazimisha uangalifu wetu katika maeneo ya kuwa imara katika uongozi wa masuala ya maji, usawa wa jinsia, utekelezi wa mshahara wa kujikimu, hatua za tabianchi na kutafuta ubia kuendeleza kipimo chetu cha utimizaji. Hii ni sehemu ya juhudi ya United Nations Global Compact, tunayoiita MBELE HARAKA ZAIDI, iliyolengwa kuhimiza mashirika ya ulimwengu kuharakisha matendo yao ya MME kufikia tarehe ya kuyatimiza ya 2030. Sasini PLC imejitolea kabisa kwa hili na ilikuwa moja ya kampuni za kwanza kabisa nchini Kenya kukubali juhudi hii ya kilimwengu, na tayari tunatekeleza maeneo yake kadhaa muhimu.

Mipango yetu ya kuchimba visima kwa jamii jirani zetu katika miaka mingi ijayo itatufanya kuongoza katika utoaji wa maji safi na ya kubebeka katika kaunti za Nyamira, Bomet, Kericho, Nyeri na Kiambu. Juu ya hili tunaendelea kusimamia rasilimali zetu za maji tulizonazo katika biashara zetu kwa busara kuhifadhi mengi iwezekanayo kwa matumizi na ulaji wa kuwajibika.

Tumeanzisha mipango ya kijinsia kote ndani ya kampuni na katika usaidizi wetu wa jamii kuendeleza mbele maendeleo ya wenzi wetu wa kike sio tu katika kusukuma uwakilishi sawa katika idadi na ufanyaji maamuzi, lakini pia katika kutoa stadi zilizoboreshwa na nafasi kusukuma usawa wa wenzi wetu wa kike na wadau wetu.

Katika biashara yetu ya majani chai, tulianzisha juhudi ya kwanza iliolenga katika kuondoka katika mshahara wa kima cha chini kuelekea kutoa mshahara wa kujikimu wa heshima kwa wafanyikazi wetu. Hili litasaidiwa na msukumo wa kimaksudi kulipa wakulima wagavi wetu na ufanyaji hesabu utakaoendelea riziki zao. Tutaanzisha hili pia katika vitengo vyetu vya kahawa, makadamia, parachichi na utawala.

Kazi wetu kwenye kuchukua hatua kwa tabianchi inaendelea na kufuatilia kwetu kwa sehemu kubwa zaidi ya nishati yetu kutoka kwa vyanzo vinavyojitengeneza upya, kufunika zaidi ardhi kutumia misitu kujenga masinki makubwa zaidi ya kaboni katika mashamba yetu na punguzo lililokusudiwa kwenye utumizi wetu wa mafuta kwa miaka wote.

Kuharakisha kutimiza kwetu malengo haya, tulianzisha katika mwaka 2023, msukumo wa kutafuta usaidizi kutoka kwa wabia wetu katika sehemu kadhaa za mfululizo wa bidhaa zetu. Tumeanzisha kazi na wabia hawa ambayo itatufanya kutekeleza kazi tunayofanya sio tu kuharakisha utimizaji wake bali pia kutoa athari kubwa zaidi katika jamii tunazonuia kuimarisha.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA **TAARIFA YA MWENYEKITI (KUENDELEZA)**

Mazingira ya Uendeshaji (Kuendeleza)

Kufikia hili, tulizindua ripoti yetu ya uendelevu/MJU ikihusisha mwaka wa kifedha wa 2022 Aprili 2023. Katika ripoti hii, tulijumlisha na kutoa ufupisho wa mafanikio yetu ya MME kufikia sasa na kutangaza vigezo, shabaha na malengo tunayotaka kutimiza katika maeneo kadhaa ya kazi. Mada zetu za taarifa zimeelezwa vizuri katika ripoti hii ambayo inaweza kupatikana katika mtandao wetu www.sasini.co.ke. Tatalifuatilia hili kwenda mbele na utoaji wa ripoti yetu ya MJU kila mwaka tofauti na ripoti yetu ya kifedha ya kila mwaka.

Katika mwaka timu yetu ya usimamizi ilikuwepo na uongozi thabiti katika biashara ukisimamiwa na Halmashauri ambayo imebakia ya kujitolea kutimiza matokeo mazuri wakati tukifuatilia ukuaji.

Ninajivunia kusema kuwa katika miaka mitano iliopita, Halmashauri imebuni njia ya biashara endelevu na mtindo wa uongozi unaoifanya Sasini PLC kuendelea kuwa na nafasi imara katika uwanda wa biashara ya kilimo ya ulimwengu. Uhusiano wa kikazi baina ya Halmashauri na usimamizi ni thabiti sana na ufuatiliaji wetu wa kuendelea wa masoko mapya hali tukiimarisha yetu yaliyopo tayari inabakia kiini muhimu kwetu.

Kutokana na masuala haya yote, kampuni ilijizatiti kupata faida ya baada ya kodi ya Kshs. milioni 542.55 iliyotokana hasa na utendaji mzuri kutoka kwa biashara zetu za majani chai na parachichi. Hili lilikuwa punguo kutoka kwa mafanikio ya rekodi ya Kshs. milioni 1,168 ya mwaka uliopita, lililotokana na hasara zilizopatikana katika vitengo vya biashara za kahawa na makadamia kutokana na sababu zilizoelezwa hapa juu.

Tulimaliza mwaka na sazo zuri la pesa la Kshs. milioni 871.12, na amana za muda mfupi za Kshs. milioni 2.32 na vitega uchumi vyengine vya Kshs. milioni 247.81, ikijumlisha kuwa Kshs. milioni 1,121.24. Amana zilisambazwa katika benki za daraja la kwanza na Dhamana za Muundomsingi za Serikali. Kiwango cha kubadilisha fedha za kigeni katika kipindi kinachopitiwa kilikuwa na wastani wa Kshs. 132.56 kwa dola 1 ya Marekani na kilisaidia kuinua matokeo yetu.

Kulenga mbele

Dhidi ya matatizo ya muda biashara inayoyapitia, mwaka hadi mwaka, ikiwa ni kutoka mpangilio wa matukio ya mabadiliko ya hali za hewa ulimwenguni, mabadiliko ya soko yasiyotarajiwa, masuala ya siasa nchini yakiathiriwa na jiografia na athari zake kwa biashara na jumla ya kutokuwa na uhakika ulimwenguni, Sasini PLC ina siku za baadaye ng'avu. Tukiwa na mwelekeo wetu wa kimkakati mpya, tunataraji kuendesha kwa uthabiti mapato yetu kutoka kwa utendaji kazi wetu wa kuendelea, kuinua biashara kwa mapato mapya kutoka kwa njia mpya za maduhuli na faida, kuweka uangalifu wetu na lengo kwenye wafanyikazi wetu, na kutumia msukumo wetu imara wa MJU kuendelea kuongoza biashara endelevu na ya wajibu.

Kazi yetu ya kuanzisha utumizi wa mitambo ya kujiendesha katika biashara yote itaendelea katika kitengo cha majani chai na katika vitengo vingine vya makadamia na parachichi. Tutaendelea kujadiliana na serikali kuhusu kuwa na sera zilizo nzuri kwa mafanikio ya biashara, ubunifu wa kazi na ulinzi, na ukuaji wa kijumla wa uchumi.

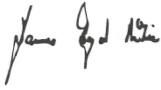
Katika mwaka 2024, tutaanza kufuata mfumo wetu wa kimkakati mpya ambao una malengo ya tamaa kuu ya kuendesha Sasini PLC kuwa biashara ya kilimo inayoongoza Afrika. Utegaji uchumi wetu katika ukulima wa ufufuzi, teknolojia ya kuendeleza ufanisi, wafanyikazi, wakulima na utawala imara wa kuendelea utatufanya kutafuta na kutoa ukuaji katika maeneo ya sawa.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA **TAARIFA YA MWENYEKITI (KUENDELEZA)**

Shukrani

Tafadhali muniruhusu kutoa shukrani zangu kuu kwa wanahisa, warekebishaji, wakulima, wateja, wanunuzi na washikadau wengine ambao wameendelea kusaidia kazi yetu. Lazima niishukuru Halmashauri inayobakia thabiti katika uongozi wake na jukumu la usimamizi wa biashara. Timu ya uongozi wa kampuni inaendelea kuongoza na kusimamia biashara kwa busara na ningependa kutoa shukrani zangu kwao kwa kujitolea kwao. Kwa wafanyi kazi wetu wote wa Sasini PLC, asante sana kwa kazi yenu ya bidii. Munatuthibitishia kila siku kuwa nyinyi ni kundi maalum la watu na siku za baadaye za shirika na ufaulu wake inategemea kabisa katika kazi nzuri kila mmoja wenu anayoendelea kufanya..



Dkt. J. B. McFie, PhD
Mwenyekiti

Tarehe: 05 Januari 2024

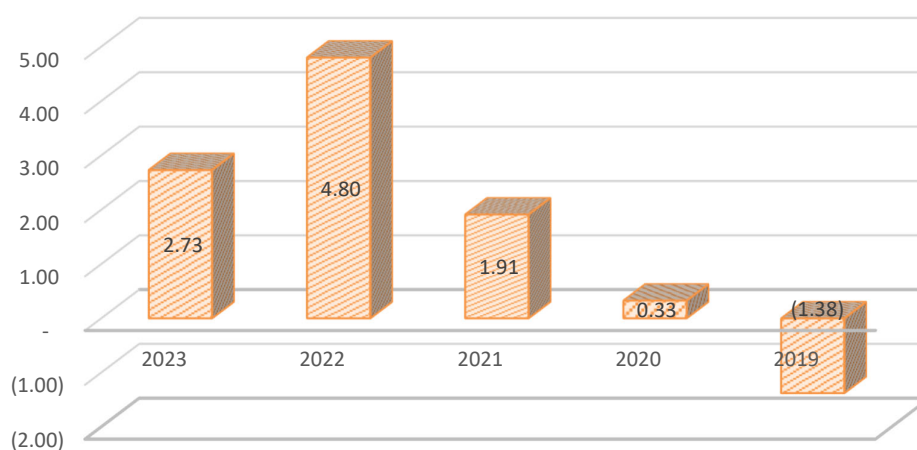
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ANNUAL REPORT AND FINANCIAL STATEMENTS

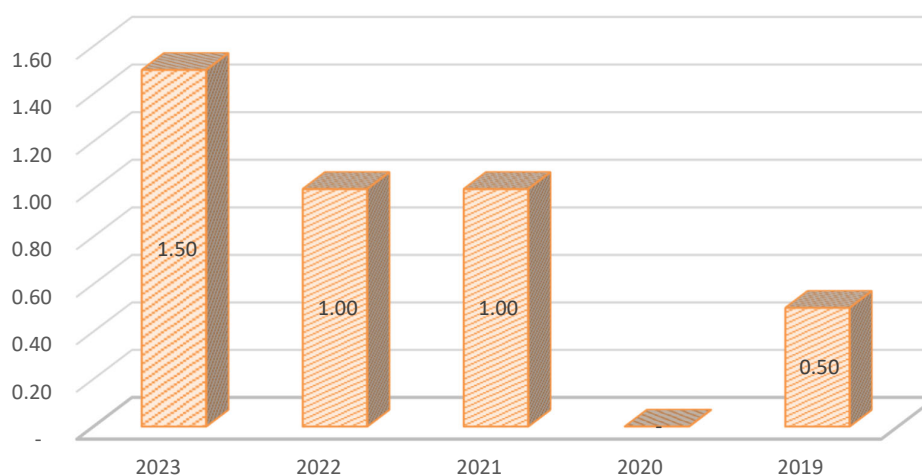
GRAPHICAL HIGHLIGHTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

EARNINGS PER SHARE ON OPERATING ACTIVITIES (KSHS)



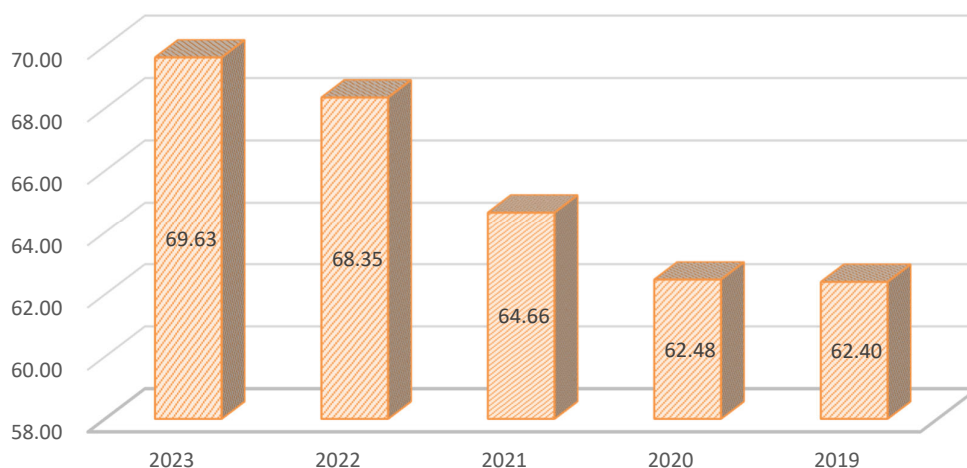
DIVIDEND PER SHARE (KSHS)



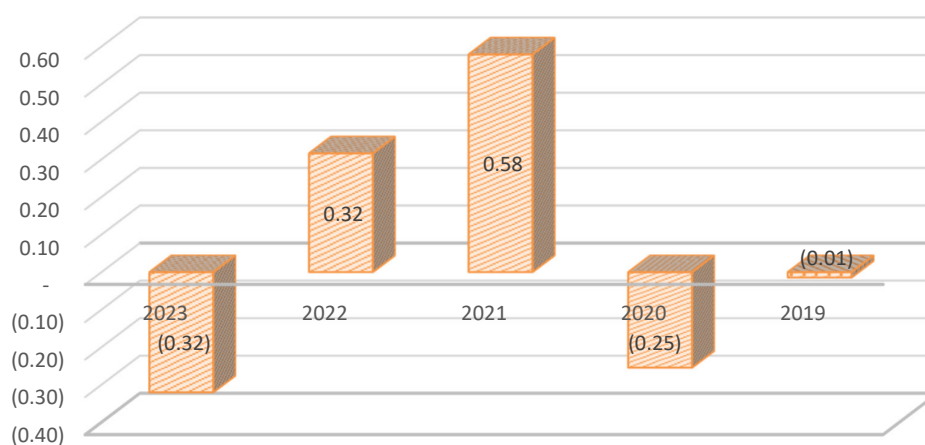
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ANNUAL REPORT AND FINANCIAL STATEMENTS GRAPHIC HIGHLIGHTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

CAPITAL EMPLOYED PER SHARE

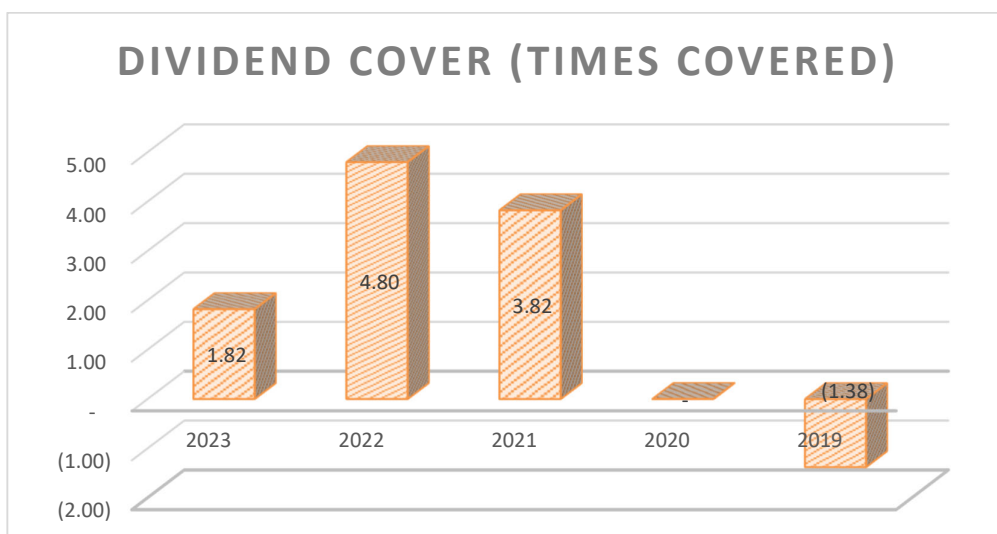


EARNINGS/(LOSS) PER SHARE ON BIOLOGICAL ASSETS (KSHS)



SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **GRAPHIC HIGHLIGHTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**



FIVE YEAR PERFORMANCE ANALYSIS

	2023	2022	2021	2020	2019
	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000
Revenue	5,718,437	7,345,305	5,389,963	4,145,408	2,794,830
Profit after tax	542,556	1,168,012	573,200	12,605	(337,737)
Total assets	16,298,808	16,355,717	15,142,739	14,577,755	14,674,359
Total liabilities	1,759,540	2,114,429	1,698,748	1,524,690	1,789,304
Earnings Per Share	2.41	5.12	2.49	0.07	(1.39)
Dividends Per Share	2.41	5.12	1.00	-	0.50

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

The Directors have the pleasure of submitting their annual report together with the audited consolidated and separate financial statements for the year ended 30 September 2023, which disclose the state of affairs of the Group and the Company.

1. Activities

The principal activities of the Company and its subsidiaries are the growing, processing, and sale of tea and coffee, the milling and trading of coffee, value addition operations on related products, and forestry and packing of avocado fruits and macadamia nuts for export.

2. Results

The results of the Group and Company for the year are set out on pages 81 and 82, respectively.

3. Dividends

An interim dividend of 100% (KShs 1.00 per share) (2022 – KShs 1.00 per share) was declared and paid on 3 July 2023. The Directors recommend the payment of a final dividend of 50% (KShs 0.50 per share: 2022 – Nil) payable on or about 22 March 2024 to the members on the register at the close of business on 22 February 2024 subject to withholding tax where applicable. This amounts to a total dividend of 150% (KShs 1.50 per share for the year: 2022 – KShs 1.00 per share)

4. Equity and reserves

The authorized issued share capital and reserves of the Group and Company on 30 September 2023 and matters relating thereto are set out in Note 28 and 29 to the financial statements. No shares or debentures were issued during the year ended 30 September 2023.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 85, 86, 87 and 88.

5. Property, plant, and equipment

Details of the movements in property, plant and equipment are shown on Note 18 to the financial statements.

6. Directors

The Directors who served during the year and up to the date of this report are set out on page 1.

7. Business review

Review of performance and position of the Group

Sasini PLC is among the leading agribusiness in Kenya. The Company is listed at the Nairobi Securities Exchange where the shares are traded. The financial year straddles the calendar year and runs from October to September. The Company has been in operation since 1952. We aim to create a strong foundation for sustainable agribusiness to deliver value for all our stakeholders.

We note that agricultural activities have a significant impact on sustainable development through the intensive use of natural resources, location in rural areas, and the usage of a large amount of labour. In short, we have a substantial environment footprint but also exposed to the climate change challenges.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

7. Business Review (Continued)

Performance and position of the Group (continued)

The company has the potential to contribute to the sustainable development goals by enhancing the positive impacts or by preventing and mitigating the negative impacts of our activities on the economy, environment and people.

Sasini PLC acknowledges that its sustained business success is dependent on nesting the business harmoniously with the society in the environment it operates. We, therefore, premise our approach on the three principles of the **planet, people, and profits** for prosperity as we focus on nine (9) chosen Sustainable Development Goals (SDGs 1, 3, 4, 5, 7, 8, 9, 12, & 15). In addition, the group has the following certifications:

- Rain Forest Alliance certification (for our tea and coffee operations and manufacturing processes);
- Kenya Bureau of Standards Diamond mark of quality (for branded Teas);
- ISO 22000:2018 Certification (for the tea manufacturing process);
- Food Safety Systems Certification 22000 (FSSC 22000) (for the processing of macadamia nuts);
- Kosher Certification (for the processing of macadamia nuts);
- British Retail Consortium Global Standard Certification (BRC GS) for macadamia nuts;
- C.A.F.E Practices Certification (in coffee operations)
- Fairtrade Certification (in coffee operations) ;
- Global G.A.P, Sedex Members Ethical Trade Audit (SMETA), and;
- British Retail Consortium Global Standard (BRC GS) Certifications (for Avocado business).

The Group's performance has endured an extremely challenging environment posed by the prolonged adverse weather conditions in the country during the first half of the year. The effect on the business has been drastic in all units as manifested in lower production volumes, lower price realizations, and higher costs of production. The prolonged drought in the first half of the financial year resulted in a substantial loss in tea production that also manifested in the Avocado and Coffee units adversely impacting production volumes. This was coupled with a deep drop in global coffee prices, the total collapse of the macadamia market occasioned by high recession in the main market, the USA, the delay in the opening of the Avocado export season in Kenya due to late maturing of fruits occasioned by the drought, and the inflationary effects of doing business. However, management was able to leverage production efficiency, cost containment measures, automation, and returns from other investments in the second half to achieve the second-best performance for the year in the history of the business, from the operations.

Although the performance was not as expected, the Group showed resilience and remained profitable on the backdrop of a weaker local currency that buoyed the overall results. The turnover decreased by 22.1% to KShs 5.72 billion from KShs 7.34 billion in the previous year. The costs of sales also decreased by 21.6% to Kes 4.35 billion from Kes 5.54 billion in the previous year.

Overall, The Group attained a profit after tax and non-controlling interest (including the changes in the fair value of biological assets) of KShs 542 million (prior year KShs 1,168 million). This comprises a profit from the operating activities of KShs 649.6 million (prior year KShs 1,122.8 million); Minority interest loss of KShs 7.07 million (prior year profit of KShs 1.62 million) and KShs 72.98 million loss (prior year gain KShs 72.03 million) from changes in the fair value of biological assets.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

7. Business Review (Continued)

Performance and position of the Group (continued)

As a result of the multiple shocks and economic uncertainties aggravated by the effects of climate change, some of the business units were more adversely affected than others. Only the tea, Avocado and coffee trading units were profitable. The coffee estates and the macadamia units performed dismally.

The Macadamia nuts business operating in EPZ experienced a very lukewarm season characterized by very low market demand that negatively impacted the performance of the unit. The unit managed to ship 6 (2022: 27) containers of kernels at an average price of Kes1,349/Kg (\$ 10.17/kg) against the prior year price of Kes 1,720Kg (\$14.85//Kg). The unit purchased 528,312 Kgs (2022: 3,633,067 Kgs) of nuts in shell (NIS) for processing. The year ended with a stock worth of KShs 128.40 million. Our orchards currently in infancy stage comprise 41,521 macadamia nut trees.

The Avocado unit, also operating in an EPZ rebounded after a slow start to post impressive results. Despite the reduced volumes of shipment of 89 containers (2022 – 106), the unit remained profitable under the fixed price regime and the effects of a weaker local currency against the Euro, cost containment, and better price realization. An average price of Kes 794/carton (Euro 5.71/carton) against prior year's KShs 636/carton (Euro 4.82/carton). Most of the fruits were sourced from farmers as our orchards are still in the infancy stages of growing. We currently have a total of 25,465 avocado fruit trees in our plantations at our estates in Mweiga Nyeri, and Kipkebe in Nyamira.

The coffee business was drastically affected by the effects of the adverse weather and climate changes, supply chain disruptions, and recession in the key markets. The results were manifested in a drop in production volumes, bean size and quality issues that affected the price realizations. The prices remained low during the year, especially after the coffee reforms and delayed opening of the Nairobi Coffee Exchange in the latter half of the year.

The coffee prices achieved were much lower than expected and averaged \$4.39/Kg. (KShs 581/Kg. against \$6.31/Kg. (KShs 728/Kg.) in the prior year, owing to unfavorable prices realized in the auction and direct sales driven by a lower-than-anticipated volume of coffee in the market and market disruption. During the year, the rainfall was below the 10-year average.

Coffee production volume dropped to 565 tonnes against the prior year's 843 tonnes due to the lower-than-normal rainfall experienced. However, the coffee sales were buoyed by the coffee milling, marketing, and trading division which generated some profits. The parchment coffee received for curing/milling for the year was 5,277,302 Kgs (prior year: 6,645,874 Kgs). Clean coffee produced was 3,844,941 Kgs (prior year: 4,884,740 Kgs)., whereas coffee marketed was 3,825,255 Kgs (prior year: 4,958,480 Kgs). On the trading front, a total of 1,713,270 Kgs (prior year: 2,819,202 Kgs) of coffee was purchased during the year and coffee trading sales totaled 1,696,105 Kgs (88 containers) valued at KShs 1,330.48 million(\$10.03million) against prior year's 2,561,897 Kgs. (121 containers) valued at KShs 2,081.31 million (\$18.04 million).

The Tea business unit achieved the highest-ever registered performance over the history of the business from operating activities. This strong performance was achieved despite the adverse weather conditions early in the year that affected the production volumes and the recession in the target market. The cumulative effects of automation of processes in the fields, manufacturing efficiencies, cost leadership, and expansion of the out-grower farmer's catchment areas contributed to the profitability.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

7. Business Review (Continued)

Performance and position of the Group (continued)

The average tea price during the year was higher than expected due to the consistent quality and higher composition of primary grades (95%) which created increased demand. This year tea prices attained achieved an average of \$1.99/Kg. (KShs 264/Kg.) compared to \$1.90/Kg. (KShs 220/Kg.) in the prior year.

The restructuring of the local retail unit is still ongoing to increase the sales volume and contribute to profitability. This business is however dogged by high input costs of coffee, stiff competition from other players in the segment, reduced purchasing power of the target market related to higher cost of living, and general variations in consumer preferences.

A review of the contributions from the business segments to the profitability is highlighted in the segment reporting in note 7 (pages 118 to 121) of this annual report.

Despite the unfavorable effects on the business, our liquidity is stable and will be sufficient to support the business units subsequently. We continue to exercise prudent business decisions to withstand these negative effects and aim to continue delivering the desired results in this very difficult and now unpredictable environment.

Principal risks and uncertainties

The Group's business activities expose it to a variety of risks and uncertainties. These Risks as analyzed during the year can be categorized as agricultural risks, geopolitical risks, financial risks, regulatory risks, market risks, operational risks, climate change risks, environmental, social, and governance (ESG) risks, cyber-security risks, and data privacy risks.

The primary responsibility for the development and implementation of controls to address business risk is assigned to management. This responsibility is supported by the development of the overall Group Risk Management Framework and Process for the management of risks in the following areas:

- Requirements for the appropriate recruitment of competent personnel and the segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures to safeguard various areas.
- User training on cyber security controls.
- Implementation of the Data Protection Act 2019 (The DPA)
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective; and
- Continuous review of the processes for adequacy and effectiveness.
- Engagement with key stakeholders and other industry players to discuss and find solutions to contentious issues/regulations imposed.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

7. Business Review (Continued)

Principal risks and uncertainties (continued)

Agricultural risk is the risk of direct or indirect loss arising from adverse agricultural conditions such as disease outbreaks, floods, droughts, hailstones, and other adverse weather events caused by climatic changes. The rapid climate change being experienced led to unprecedented changes in weather patterns (i.e prolonged droughts, hailstorms, irregular rainfall patterns, and emergency of new and resilient pests and diseases) affecting crop production and reducing volumes for our crops. During the financial year, the tea catchment area experienced frequent hail damages that affected production volumes.

The Group has adopted strategies to mitigate agricultural risk which include; agricultural diversification of products and processes and the adoption of sound agricultural practices.

The Group's risk management process for agricultural risk focuses on anticipating, avoiding, and/or reacting to shocks attributable to adverse agricultural conditions. The Group's objective is to achieve an efficient risk management system for agriculture that preserves the value of agricultural outputs, strengthens the viability of farm businesses, and ensures an environment that supports and sustains continued investment in the farming sector.

The Group's principal financial instruments arising from the operations comprising of cash and cash equivalents, investments, receivables, bank loans, and payables expose it to a variety of **financial risks**. These risks include market risks (including foreign exchange risks, interest rate risks, and price risks), credit risks, and liquidity risks as highlighted in notes 5 of this financial statement

Our risk management strategies towards financial risk include ensuring proper due diligence while onboarding customers, and aggressive collection and recovery of outstanding debts, claims, and other receivables owed to the company by third-party business partners. The group has also maintained a solid financial position through Fixed Deposit accounts in Tier I & II Banks and other financial instruments. The strong management drive to optimize costs and minimize wastage has also played a key role in mitigating financial risks. Finally, the availability of committed credit lines with reputable banks and reputable and well-established trading partners in our overseas markets has played a significant role in managing emerging financial uncertainties.

The financial year experienced increased **geopolitical volatility** due to rising geopolitical events that weighed heavily on our 2023 risk outlook. The Russia-Ukraine conflict, the Sudan War, and the existing tensions between the big global economies such as China, the USA, Russia, Germany, etc significantly affected the global supply chain, demand for our products in the overseas markets, and the cost of farm inputs, leading to a sharp increase in the cost of production.

The Company continued adjusting and building resilience to counteract the effect of geopolitical risks through measures like sourcing for alternative Markets for our products, assessing alternative sourcing for traditional inputs and supplies (such as fertilizers), and maintaining close business relationships with our trading partners.

Market Risk. The level of uncertainty in the global marketplace is rapidly evolving and presenting many new market risks that were not in existence previously. Economic conditions (including inflationary pressures) in the markets we currently serve may significantly restrict growth opportunities and impact margins. Our commodities markets are susceptible to macroeconomic and geopolitical volatility and may decline because of economic downturns, rising inflation, currency depreciation, government austerity programs, changes in legislation and regulations, and the changing competitive landscape both locally and globally. These factors had a significant impact on the demand of our trading commodities and price fluctuations of the same thus eroding our margins.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

7. Business Review (Continued)

Principal risks and uncertainties (continued)

Changes in legislation and regulations. Our business environment is highly regulated and that exposes us to regulatory risk and possible reputational damage in case of breach. During the year the coffee reforms spearheaded by the government heightened within the coffee subsector and as a result, heavily impacted our revenue channels. Management continued to build constructive and proactive relationships with our regulators and government with a shared understanding of the need for inclusive economic development.

The Directors review and agree on policies for managing these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any potential adverse effects on its financial performance (see Note 5 to the financial statements).

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group processes, personnel, technology, infrastructure, and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior, poor infrastructure, especially rural and trunk roads, land tenure issues and increasing labor costs arising from trade union demands. The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity. The group continued to adopt the following measures that helped to mitigate the threats resulting from operational risks.

- Regular review of business continuity plans and insurance policies for adequacy.
- Continuous enforcement of a robust internal controls framework by training staff to reduce human errors, comply with the company policies, processes, and procedures.
- Carrying out monthly risk assessments across all the business units that enable early identification of risks and immediate implementation of treatment plans.
- Continuous improvement of our ICT systems and adoption of modern technology enhances operational efficiency.

On environmental and social sustainability risks, the Group is committed to sustainability and acting responsibly to promote employee well-being, minimize our impact on the environment, and give back to the wider community. The Group has built partnerships with our employees, clients, investors, suppliers, and communities based on mutual respect, trust, and fairness. The Group continues to take good care of the immediate environment by planting trees on all available land. Equally, tillage is kept to a bare minimum to conserve topsoil. The employees are well looked after with clean and hygienic housing provided by the company, piped clean water in all the villages, and daycare centers for toddlers and schools for older children. The Group has established four primary schools and one secondary school within its premises. We ensure complete adherence to the collective bargaining agreements and local legislation.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

7. Business Review (Continued)

Principal risks and uncertainties (continued)

Cyber Security and Data Privacy Risk: The dynamic nature of the cyber threats landscape and the complexity of the data privacy regulatory environment continue to evolve. These risk issues remained a critical area of concern for the business. Cyber-attacks compromise business operations leading to disruptions, loss of revenue, system downtime, data breaches, and possible fines, and penalties to the companies. Non-compliance with data privacy regulations and breach of the same would expose the company to hefty regulatory fines. The Company continued to manage these risks strongly through implementing appropriate measures commensurate with the risk.

Future developments and Outlook

Although the effects of the pandemic have eased, geopolitical risks, climatic changes, economic downturns, rising inflation, and other challenges in the country are still a threat to doing business in Kenya. The severe recession has continued to cause supply chain disruptions, a surge in inflation, reduced incomes for exporters, and reduced inflow of foreign currency. This has led to a near collapse in certain commodity markets resulting in an increased cost of living.

Nonetheless, our liquidity position is stable and firm and is well poised to support the Company in driving forward and achieving profitable growth. We, however, continue to exercise prudent business decisions to mitigate these negative effects and aim to continue delivering the desired results in the future.

Given the soft performance during the year, the management will continue to seek and establish strategic partnerships to expand our reach and explore new lines and ideas in a bid to fit in with the changing business environment to expand and enhance shareholder value. Emphasis on quality coupled with quantity based on a sustainable model continues to be at the top of the agenda for delivery.

8. Donations

The Group did not make donations to any political entity during the year (2022 – Nil).

The Group did not make donations to any charitable organizations during the year (2022 – Nil).

9. Relevant audit information

The Directors in office at the date of this report confirm that:

- There is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all the steps that they ought to have taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

10. Substantial shareholdings

The Directors are aware of the following interests which amount to 5% or more of the issued share capital of the Company:

	Shareholding %	
	2023	2022
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.60	12.60
East Africa Batteries Limited	11.02	11.02
Gulamali Ismail	<u>7.92</u>	<u>7.92</u>
	<u>73.38</u>	<u>73.38</u>

Directors' interests

Directors' direct interests in the shares of the Company were as follows:

Name of Director	2023	2022
	No. of shares	No. of shares
Mr. A. H. Butt	30,300	30,300
Mr. S. N. Merali	1,403,600	1,403,600

11. Employees

The Group maintained a good relationship with the employees during the year. The average number of staff employed by the Group and Company was as below:

	Group		Company	
	2023	2022	2023	2022
Management	170	166	49	51
Other staff	<u>2,130</u>	<u>2,401</u>	<u>1,023</u>	<u>905</u>
Total	<u>2,300</u>	<u>2,567</u>	<u>1,072</u>	<u>956</u>

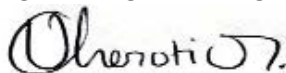
12. Auditor

The auditor, KPMG Kenya, is eligible and hereby offer themselves for re-appointment in accordance with the requirements of the Kenyan Companies Act, 2015.

13. Approval of financial statements

The financial statements were approved and authorized for issue at a meeting of the Directors held on **05 January 2024**.

BY ORDER OF THE BOARD



Victoria Cherotich CPS-K
Company Secretary

Date: 05 January 2024.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA **RIPOTI YA WAKURUGENZI** **MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023**

Wakurugenzi wanafuraha kuwasilisha ripoti yao ya kila mwaka pamoja na taarifa za kifedha zilizounganishwa na za kandokando zilizokaguliwa za mwaka ulioishia 30 Septemba 2023, zinazoarifu hali ya shughuli za Kundi na Kampuni.

1. Shughuli

Shughuli kuu za Kampuni na kampuni zake tanzu ni ukuzaji, utengenezaji na uuzaji wa majani chai na kahawa, usagaji kahawa wa kibiashara na uuzaji wake, shughuli za uongezeaji thamani wa bidhaa zinazohusika, biashara ya misitu, ufungaji wa parachichi na makadamia kwa biasharanje.

2. Matokeo

Matokeo ya Kundi na Kampuni ya mwaka yameonyeshwa katika ukurasa 81 na 82, mtawalia.

3. Mgao wa Faida

Mgao wa faida ya muda wa asilimia 100 (KShs. 1.00 kwa hisa) (2022: KShs. 1.00 kwa hisa) ulitangazwa na kulipwa tarehe 3 Julai 2023. Wakurugenzi wanapendekeza malipo ya mgao wa faida wa mwisho wa asilimia 50 (KShs. 0.50 kwa kila hisa: 2022: Kapa) utakaolipwa tarehe 22 Machi 2024 au tarehe karibu na hiyo kwa wanachama kwenye rejista wakati wa kufunga biashara tarehe 22 Februari 2024 kutegemea kodi ya kushikilia inapohusika. Hii ni jumla ya mgao wa faida ya asilimia 150 (KShs. 1.50 kwa hisa kwa mwaka: 2022 KShs. 1.00 kwa hisa).

4. Rasilimali ya Hisa na Akiba

Rasilimali ya hisa na akiba zilizoidhinishwa na kutolewa za Kundi na Kampuni kufikia tarehe 30 Septemba 2023 na mambo yanayohusiana nazo yanaonyeshwa kwenye tanbihi 28 na 29 za taarifa za kifedha. Hakuna hisa wala stakabadhi za mikopo zilizotolewa katika mwaka ulioishia 30 Septemba 2023.

Maelezo kamili ya akiba za Kundi na Kampuni na mienendo yake katika mwaka yameonyeshwa katika kurasa za 85, 86, 87 na 88.

5. Mali, Mitambo na Vifaa

Maelezo ya mienendo ya mali, mitambo na vifaa yanaonyeshwa katika tanbihi ya 18 ya taarifa za kifedha.

6. Wakurugenzi

Wakurugenzi waliohudumu katika mwaka na mpaka tarehe ya ripoti hii wameonyeshwa katika ukurasa wa 1.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA

RIPOTI YA WAKURUGENZI

MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023 (KUENDELEZA)

7. Mapitio ya Biashara

Utendaji na nafasi ya Kundi

Sasini PLC ni miongoni mwa biashara za kilimo zinazoongoza nchini Kenya. Kampuni imeorodheshwa katika Soko la Kubadilishana Amana la Nairobi ambapo hisa zinafanyiwa biashara. Mwaka wa kifedha upo baina ya mwaka wa kalenda unaoanzia kutoka Oktoba hadi Septemba. Kampuni imekuwa ikishughulika kutokea mwaka 1952. Tunalenga kuunda msingi thabiti kwa biashara ya kilimo endelevu kutoa thamani kwa wadau wetu wote. Tunatambua kuwa shughuli za ukulima zina athari muhimu kwenye maendeleo endelevu kupitia utumizi makini wa mali asili, mahali katika maeneo vijijini, na utumizi wa kiwango kikubwa cha nguvukazi. Kwa kifupi, tuna nafasi kubwa thabiti ya mazingira lakini pia tunahatarishwa na changamoto za mabadiliko ya tabianchi.

Kampuni ina uwezo kuchangia katika malengo endelevu ya maendeleo kwa kuimarisha athari chanya au kwa kuzuia na kupunguza athari hasi za shughuli zetu kwenye uchumi, mazingira na watu.

Sasini PLC inatambua kuwa ufaulu endelevu wa biashara yake unategemea kugesha biashara kwa mpangilio mzuri na jamii katika mazingira inayoshughulika. Kwa hivyo tunaegemeza mtazamo wetu kwenye misimamo mitatu ya **sayari**, **watu**, na **faida** kwa ufanisi tukilenga kwenye Malengo tisa (9) yaliocaguliwa ya Maendeleo Endelevu (MME 1, 3, 4, 5, 7, 8, 9, 12 & 15). Kuongezea, kundi lina hati zinazofuata:

- Uthibitisho wa Rain Forest Alliance (kwa shughuli zetu za majani chai na kahawa na njia za utengenezaji);
- Alama ya Almasi ya ubora ya Kenya Bureau of Standards (kwa aina za majani chai);
- Uthibitisho wa ISO 22000:2018 (kwa njia ya utengenezaji majani chai);
- Uthibitisho wa Food Safety Systems 22000 (FSSC 22000) (kwa utengenezaji vidima vya makadamia);
- Uthibitisho wa Kosher (kwa utengenezaji wa vidima vya makadamia);
- Uthibitisho wa Kiwango cha Ulimwengu cha British Retail Consortium (BRC GS) kwa vidima vya makadamia ;
- Uthibitisho wa Desturi za C.A.F.E Practices (katika shughuli za kahawa);
- Uthibitisho wa Fairtrade (katika shughuli za kahawa)
- Thibitisho za Global G.A.P, Sedex Members Ethical Trade Audit (SMETA), na;
- Kiwango cha Kilimwengu cha British Retail Consortium (BRC GS) (kwa biashara ya parachichi).

Utendaji wa kundi umevumilia mazingira magumu sana yaliotokana na hali za mbaya za anga zilizoendelea nchini katika nusu ya kwanza ya mwaka. Matokeo kwenye biashara yamekuwa makali katika vitengo vyote kama inavyojitokeza katika viwango vidogo vya uzalishaji, upatikanaji wa bei za chini, na gharama za juu za uzalishaji. Ukame ulioendelea katika nusu ya kwanza ya mwaka wa kifedha ulisababisha hasara kuu katika uzalishaji majani chai iliyojitokeza pia katika vitengo vya parachichi na kahawa ikiathiri vibaya viwango vya uzalishaji. Hili liliongezewa na anguko kubwa la bei za kahawa ulimwenguni, kuporomoka kabisa kwa soko la makadamia kulikosababishwa na mdororo mkuu wa kiuchumi katika soko muhimu, Marekani, kuchelewa kwa ufunguzi wa msimu wa usafirishaji wa parachichi nchini Kenya kutokana na matunda kuchelewa kupevuka kutokana na ukame, na athari za mfumko wa bei za ufanyaji biashara. Hata hivyo, usimamizi uliweza kupata uwezo wa uzalishaji wa ufanisi, hatua za kudhibiti gharama, utumiaji wa mitambo inayojiendesha na faida kutoka vitega uchumi vingine katika nusu ya pili kupata utendaji wa pili mzuri kabisa wa mwaka katika historia ya biashara, kutoka kwa shughuli.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA

RIPOTI YA WAKURUGENZI

MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023 (KUENDELEZA)

7. Mapitio ya Biashara (Kuendeleza)

Utendaji na nafasi ya Kundi (kuendeleza)

Ijapokuwa utendaji haukuwa kama ilivyotarajiwa, Kundi lilidhihirisha uthabiti na lilibakia la faida dhidi ya kushuka kwa shilingi ya Kenya iliyosaidia matokeo ya jumla. Mapato na matumizi yalipungua kwa asilimia 22.1 kuwa KShs. bilioni 5.72 kutoka KShs. bilioni 7.34 mwaka uliotangulia. Gharama za mauzo pia zilipungua kwa asilimia 21.6 kuwa KShs. bilioni 4.35 kutoka KShs. bilioni 5.54 mwaka uliotangulia.

Kwa jumla, Kundi lilipata faida baada kodi na riba iliodhibitiwa (pamoja na mabadiliko katika thamani ya kadiri ya rasilimali za kibiolojia) ya KShs. milioni 542 (mwaka uliotangulia KShs. milioni 1,168). Hii ni pamoja na faida kutoka shughuli za utendaji kazi ya KShs. milioni 649 (mwaka uliotangulia milioni 1,122.8); Hasara kwa wawekezaji amana chache ya KShs. milioni 7.07 (faida ya mwaka uliotangulia KShs. milioni 1.62) na hasara ya KShs. milioni 72.98 (mwaka uliotangulia faida ya KShs. milioni 72.03) kutokana na mabadiliko katika thamani ya kadiri ya rasilimali za kibiolojia. Kutokana na hali nyingi mbaya na kutokuwa na hakika za kiuchumi zilizozidishwa na athari za badiliko la tabianchi, baadhi ya vitengo vya biashara viliathirika zaidi ya vingine. Ni vitengo vya biashara ya majani chai, parachichi na kahawa pekee vilivyofanya faida. Mashamba ya kahawa na makadamia yalifanya vibaya.

Biashara ya makadamia inayojishughulisha katika EPZ ilipata msimu vuvuwaa sana ulioonyeshwa na mahitaji ya soko ya chini sana yalioathiri kihasi utendaji wa kitengo. Kitengo kiliweza kusafirisha makasha 6 (2022: 27) ya vidima kwa bei ya wastani ya KShs. 1,349 kwa kilo (\$ 10.17 kwa kilo) dhidi ya bei ya mwaka uliotangulia ya KShs. 1,720 kwa kilo (\$14.85 kwa kilo). Kitengo kilinunua kilo 528,312 (2022: kilo 3,633,067) ya vidima katika kaka kwa utengenezaji. Mwaka uliisha na mali ya thamani ya KShs. milioni 128.40. Kwa sasa vitalu vyetu vikiwa katika hali ya uchanga vina miti 41,521 ya makadamia.

Kitengo cha parachichi, pia kikishughulika katika EPZ kilijibadili baada ya mwanzo wa polepole kutoa matokeo ya kuridhisha. Dhidi ya wingi wa usafirishaji uliopungua wa makasha 89 (2022: 106), kitengo kilibakia katika faida chini ya utaratibu wa bei ya kudumu na athari za shilingi ya Kenya ilioshuka dhidi ya Yuro, udhibiti wa gharama, na bei nzuri zilizopatikana. Bei ya wastani ya KShs. 794 kwa katon (Yuro 5.71 kwa katon) dhidi ya KShs. 636 kwa katon (Yuro 4.82 kwa katon) mwaka uliotangulia. Karibu matunda yote yalinunuliwa kutoka kwa wakulima kwa vile vitalu vyetu bado viko katika hali changa za ukuaji. Kwa sasa tuna jumla ya miti 25,465 ya matunda ya parachichi katika mashamba yetu ya Mweiga Nyeri, na Kipkebe Nyamira.

Biashara ya kahawa iliathiriwa vibaya na athari za hali ya anga mbaya na mabadiliko ya tabianchi, kuvurugwa kwa mfululizo wa ugavi na mdororo wa uchumi katika masoko makuu. Matokeo yalijitokeza kwa kupungua kwa wingi wa uzalishaji, ukubwa wa mbegu na masuala ya ubora yalioathiri bei zilizopatikana. Bei zilibakia chini katika mwaka, hasa baada ya mageuzi ya kahawa na kuchelewa kufunguliwa kwa Soko la Kahawa la Nairobi katika nusu ya baadaye ya mwaka. Bei za kahawa zilizopatikana zilikuwa za chini zaidi ya ilivyotarajiwa na zikiwa za wastani wa \$4.39 kwa kilo (KShs. 581 kwa kilo) dhidi ya \$6.31 kwa kilo (KShs. 728 kwa kilo) katika mwaka uliotangulia, kutokana na bei zisizoridhisha zilizopatikana mnadani na mauzo ya moja kwa moja yaliosukumwa na wingi wa kahawa uliopungua kuliko ulivyotarajiwa katika soko na kuvurugwa kwa soko. Mvua ilikuwa chini ya wastani wa miaka 10 katika mwaka. Wingi wa uzalishaji kahawa ulipungua kuwa tani 565 dhidi ya tani 843 za mwaka uliotangulia kutokana na mvua kidogo zaidi ya kawaida iliopatikana.

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RIPOTI YA WAKURUGENZI

MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023 (KUENDELEZA)

7. Mapitio ya Biashara (Kuendeleza)

Utendaji na nafasi ya Kundi (kuendeleza)

Hata hivyo, mauzo ya kahawa yalisaidiwa na usagaji kahawa, uuzaji, na kitengo cha biashara kilichozalisha faida kiasi. Katika mwaka kahawa iliotengenezwa iliopokelewa kwa ukaushaji/ usagaji ilikuwa kilo 5,277, 302 (mwaka uliotangulia kilo 6,645,874). Kahawa safi iliozalishwa ilikuwa kilo 3,844,941 (mwaka uliotangulia: kilo 4,884,740) Hali ambapo kahawa iliyouzwa ilikuwa kilo 3,825,255 (mwaka uliotangulia: kilo 4,958,480). Kwa upande wa ufanyaji biashara jumla ya kilo 1,713,270 (mwaka uliotangulia: kilo 2,819,202) za kahawa zilinunuliwa katika mwaka na mauzo ya ufanyaji biashara ya kahawa yalikuwa kilo 1,696,105 (makasha 88) yenye thamani ya KShs milioni 1,330.48 (\$ milioni 10.3) dhidi ya kilo 2,561,897 (makasha 121) yenye thamani ya KShs milioni 2,081.31 (\$ milioni 18.04) mwaka uliotangulia.

Kitengo cha biashara ya majani chai kilifikia utendaji wa juu kabisa uliopatikana katika historia ya biashara kutokana na shughuli za utendaji kazi. Utendaji huu imara ulipatikana dhidi ya hali mbaya za anga mapema mwakani zilizoathiri wingi wa uzalishaji na mdororo wa uchumi katika soko lengwa. Athari limbikizi za utumiaji wa mitambo katika ufanyaji kazi katika mashamba, utengenezaji fanisi, gharama za uongozi, na upanuzi wa maeneo ya wakulima wakuzaji zilichangia katika faida.

Katika mwaka bei ya wastani ya majani chai ilikuwa juu zaidi ya ilivyotarajiwa kutokana na ubora thabiti na mchanganyiko wa juu wa gredi za kimsingi (asilimia 95) zilizosababisha ongezeko la mahitaji. Bei zilizopatikana mwaka huu zilifikia wastani wa \$ 1.99 kwa kilo (KShs. 264 kwa kilo) ikilinganishwa na \$ 1.90 kwa kilo (KShs. 220 kwa kilo) mwaka uliotangulia. Upangaji upya wa kitengo cha uchuuzaji nchini bado unaendelea kuongeza wingi wa mauzo na kuchangia katika faida. Hata hivyo biashara hii imezongwa na gharama za juu za pembejeo za kahawa, ushindani mkali kutoka kwa wauzaji wengine katika uwanja, uwezo wa kununua uliopungua wa soko lengwa uliohusishwa na gharama kuu zaidi za maisha, na tofauti za kijumla katika mapendeleo ya watumizi.

Mapitio ya michango ya vitengo vya biashara kwa faida yameonyeshwa katika kuripoti kwa vitengo katika tanbihi ya 7 (kurasa 118 hadi 121) ya ripoti hii.

Dhidi ya athari mbaya kwenye biashara, uwezo wetu wa kupata pesa ni imara na hatimaye utatosha kuendesha vitengo vya biashara. Tunaendelea kufanya maamuzi ya busara ya biashara kuhimili athari hizi hasi na tunanua kuendelea kutowa matokeo yanayoridhisha katika mazingira haya magumu sana na sasa yasiyotabirika.

Hatari kuu na kutokuwa na hakika

Shughuli za biashara za Kundi zinaliwacha wazi kwa hatari tofauti na hali za kutokuwa na hakika. Hatari hizi kama zilivyochanganuliwa katika mwaka zinaweza kuainishwa kama hatari za kilimo, hatari za siasa za nchi kama zinavyoathiriwa na jiografia, hatari za kifedha, hatari za kikanuni, hatari za soko, hatari za utendaji kazi, hatari za mabadiliko ya tabianchi, hatari za kimazingira, kijamii, na kiutawala, hatari za usalama wa mtandao, na hatari za usiri wa data.

Jukumu la msingi la uendelezi na utekelezaji wa vidhibiti kushughulikia hatari ya biashara limepatiwa usimamizi. Jukumu hili linasaidiwa na uendelezi wa Mfumo wa Namna na jumla ya Usimamizi wa Hatari wa Kundi kwa usimamizi wa hatari katika maeneo yafuatayo:

- Mahitaji ya uandikaji kazi ufaao wa wafanyaji kazi wenye ujuzi na utengaji wa majukumu, pamoja na kutoa idhini huru za ufanyaji biashara.
- Mahitaji ya upatanisho na kusimamia ufanyaji biashara.
- Kuafikiana na mahitaji ya kikanuni na mengine ya kisheria.
- Uhifadhi wa hati za vidhibiti na taratibu za kulinda maeneo tofauti.
- Mafunzo ya mtumizi ya vidhibiti vya usalama wa mtandao.
- Utekelezaji wa Sheria ya Ulindaji Data ya 2019.

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7. Mapitio ya Biashara (Kuendeleza)

Hatari kuu na kutokuwa na hakika (kuendeleza)

- Mahitaji ya utathmini wa muda wa hatari za utendaji kazi zinazokabiliwa, na utoshelezi wa vidhibiti na taratibu za kushughulikia hatari zilizotambuliwa.
- Mahitaji ya kuripoti hasara za utendaji kazi na hatua za marekebisho zinazopendekezwa.
- Uendelezi wa mipango ya dharura.
- Uendelezi wa mafunzo na weledi.
- Viwango vya kimaadili na kibiashara.
- Uzuiaji hatari, pamoja na bima inapofaa; na
- Mapitio ya kuendelea ya utendaji kazi kwa utoshelevu na ufaafu.
- Kujishughulisha na washika dau muhimu na wana biashara wengine kujadili na kutafuta masuluhisho katika masuala bishani/ sheria zinazowekwa.

Hatari ya kilimo ni hatari ya hasara ya moja kwa moja au isiyokuwa ya moja kwa moja inayotokana na hali mbaya za kilimo kama vile milipuko ya magonjwa, mafuriko, ukame, mvua ya mawe na matukio mengine mabaya ya hali ya hewa yanayosababishwa na mabadiliko ya tabianchi. Badiliko la haraka la tabianchi lililokuwa likitokea lilisababisha mabadiliko ya kipekee katika ruwaza za hali ya hewa (yaani ukame wa kuendelea, mvua za mawe, ruwaza za mvua zisizokuwa za kawaida na kujitokeza kwa wadudu wapya na thabiti na magonjwa) yakiathiri uzalishaji wa zao na kupunguza wingi wa mazao yetu. Katika mwaka wa kifedha, eneo linalokuzwa majani chai lilipata uharibifu wa mvua za mawe za mara kwa mara zilizoathiri wingi wa uzalishaji.

Kundi limepanga mikakati kuzuia hatari ya kilimo ambayo ni pamoja na kutengeza bidhaa anuwai na njia tofauti za kilimo na kufuata desturi thabiti za kilimo.

Mchakato wa usimamizi wa hatari wa Kundi kuhusiana na hatari ya kilimo unalenga katika kutarajia, kuepuka na/au kushughulikia mabaya yanayosababishwa na hali mbaya za kilimo. Madhumuni ya kundi ni kupata mfumo ufaao wa usimamizi wa hatari ya kilimo unaohifadhi thamani ya mazao ya kilimo, unaoimarisha uwezekano wa biashara za shamba na unaohakikisha mazingira yanayosaidia na kuhimili ukezaji wa kuendelea katika sekta ya ukulima.

Vifaa vikuu vya kifedha vya Kundi vinavyotokana na shughuli vikijumuisha pesa na visawe vya pesa, vitega uchumi, stakabadhi zinazopokelewa, mikopo ya benki, na stakabadhi zinazolipwa vinaliacha wazi kwa **hatari za kifedha**. Hatari hizi ni pamoja na hatari za soko (pamoja na hatari za ubadilishaji fedha za kigeni, hatari za kiwango cha riba na hatari za bei), hatari za mkopo na hatari za kuwa na uwezo wa kupata pesa ilivyoielezwa katika tanbihi ya 5 katika taarifa hii ya fedha.

Mikakati yetu ya usimamizi wa hatari kuhusiana na hatari ya kifedha ni pamoja na kuhakikisha uangalifu ipasavyo wakati wa kupata wateja na ukusanyaji wa hima na kudai madeni yanayodaiwa, madai na stakabahi zinazopokelewa nyingine zinazodaiwa na kampuni na wenzi wa kibiashara wa upande wa tatu. Kundi pia limehifadhi nafasi imara kifedha kupitia hesabu za Amana za Kudumu katika Benki za daraja la I na II na vifaa vingine vya kifedha. Msukumo thabiti wa usimamizi kupata gharama bora zaidi na kupunguza uharibifu pia umekuwa na nafasi muhimu katika kuzuia hatari za kifedha. Mwishowe uwepo wa fursa za mikopo ya kweli kutoka kwa benki za sifa njema na wenzi wazuri wa biashara na walio madhubuti katika masoko yetu ya ng'ambo umekuwa na nafasi ya maana katika kusimamia kutokuwa na uhakika wa kifedha unaojitokeza.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA

RIPOTI YA WAKURUGENZI

MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023 (KUENDELEZA)

7. Mapitio ya Biashara (Kuendeleza)

Hatari kuu na kutokuwa na hakika (kuendeleza)

Mwaka wa kifedha ulipitia ongezeko la **mabadiliko ya hali za kisiasa** za nchi zilizoathiriwa na jiografia kutokana na kuongezeka kwa matukio ya kisiasa nchini yalioathiriwa na jiografia yaliolemaza sana mtazamo wetu wa hatari wa mwaka wa 2023. Ugomvi wa Urusi-Ukraine, vita vya Sudan, na migogoro iliyopo baina ya chumi kubwa za kilimwengu kama Uchina, Marekani, Urusi, Ujerumani n.k. iliathiri pakubwa mfululizo wa ugavi wa kilimwengu, mahitaji ya bidhaa zetu katika masoko ya ng'ambo na gharama za pembejeo za ukulima zikisababisha ongezeko kubwa katika gharama za uzalishaji.

Kampuni iliendelea kurekebisha na kujenga uthabiti kuzuia athari za hatari za kisiasa nchini zilizoathiriwa na jiografia kupitia hatua kama kutafuta Masoko mbadala kwa bidhaa zetu, kukadiria kutafuta badali za pembejeo za kiasili na vifaa (kama vile mbolea), na kudumisha mahusiano ya karibu ya biashara na wenzi wetu wa biashara.

Hatari ya Soko. Kiwango cha kutokuwa na uhakika katika soko la ulimwengu kinabadilika kwa haraka na kutoa hatari nyingi mpya za soko ambazo hazikuwepo awali. Hali za kiuchumi (pamoja na shinikizo za mfumko wa bei) katika masoko tunayoyatumikia kwa sasa inaweza kuzuia pakubwa nafasi za ukuaji na kuathiri faida. Masoko ya bidhaa zetu yanaathirika kwa urahisi na mabadiliko ya uchumi mkuu na siasa za nchini zinazoathiriwa na jiografia na yanaweza kupungua kutokana na kushuka kwa kiuchumi, mfumko wa bei unaoongezeka, kushuka kwa fedha, mipango ya ukingaji ya serikali, mabadiliko katika utungaji sheria na kanuni, na mandhari ya ushindani yanayobadilika kote nchini na ulimwenguni. Vipengele hivi vilikuwa na athari muhimu kwenye mahitaji ya bidhaa zetu za biashara na mabadiliko ya bei za bidhaa hizo hivyo kupunguza faida zetu.

Mabadiliko kwenye utungaji sheria na kanuni. Mazingira yetu ya biashara yanadhibitiwa pakubwa na hilo linatuacha wazi kwa hatari za kisheria na madhara ya kisifa yanayoweza kuwepo katika hali ya kuvunja sheria. Mageuzi ya kahawa yalioongozwa na serikali katika mwaka yaliongezeka katika sekta ndogo ya kahawa na kama matokeo, yaliathiri sana njia yetu ya mapato. Usimamizi uliendelea kujenga mahusiano jenzi na makini na warekebishaji wetu na serikali wakiwa na uelewa wa pamoja wa hitaji la maendeleo jumuishi ya kiuchumi.

Wakurugenzi hupitia na kukubaliana na sera za kudhibiti hatari hizi. Halmashauri ya Wakurugenzi ina jukumu la jumla la uanzishi na uangalizi wa mfumo wa usimamizi wa hatari wa Kundi. Mpango wa jumla wa usimamizi wa hatari unalenga kwenye kutotabirika kwa masoko ya fedha na unatafuta kupunguza athari zozote mbaya zinazoweza kuwepo kwenye utendaji wake wa kifedha (angalia tanbihi ya 5 kwenye taarifa za kifedha).

Hatari ya utendaji kazi ni hatari ya hasara ya moja kwa moja au isiyokuwa ya moja kwa moja inayotokea kutoka kwa sababu nyingi tofauti zinazohusishwa na ufanyaji kazi wa Kundi, wafanyikazi, teknolojia, muundomsingi na vipengele vya nje kama vile vinavyotokana na mahitaji ya sheria na utungaji sheria na viwango vilivyokubaliwa kwa kawaida vya mwenendo wa shirika, muundomsingi mbaya, hasa barabara za mashambani na kuu, masuala ya umiliki wa ardhi na gharama zinazongezeka za wafanyikazi zinazotokana na mahitaji ya chama cha wafanyikazi. Lengo la Kundi ni kusimamia hatari ya utendaji kazi kusawazisha uepukaji wa hasara za kifedha na kuharibu sifa ya Kundi na ufanisi wa gharama kwa jumla na kuepuka taratibu za udhibiti zinazozuia ari na ubunifu. Kundi liliendelea kuchukua hatua zifuatazo zilizosaidia kuzuia vitisho kutoka kwa hatari za utendaji kazi.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA

RIPOTI YA WAKURUGENZI

MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023 (KUENDELEZA)

7. Mapitio ya Biashara (Kuendeleza)

Hatari kuu na kutokuwa na hakika (kuendeleza)

- Kupitia mara kwa mara kwa mipango ya maendelezi ya biashara na sera za bima kwa utoshelevu.
- Utekelezi wa kuendelea wa mfumo imara wa vidhibiti vya ndani kwa kuwapa mafunzo wafanyikazi kupunguza makosa ya kibinadamu, kutimiza sera za kampuni, utendaji kazi na taratibu.
- Kufanya tathmini za hatari kila mwezi katika vitengo vyote vya biashara zinazoweza utambuaji wa mapema wa hatari na utekelezi wa mapema wa mipango ya uzuiaji.
- Uimarishaji wa kuendelea wa mfumo yetu ya habari, mawasiliano na teknolojia na utumiaji wa teknolojia ya kisasa unaongeza ufanisi wa utendaji kazi.

Kwenye hatari za kimazingira na uendeleu wa kijamii, Kundi limejitolea kwa uendeleu na kutenda kiwajibu kuendelea ustawi wa mfanyikazi, kupunguza athari yetu kwenye mazingira na kutenda wema jamii pana. Kundi limejenga ubia na wafanyikazi wetu, wateja, waekezaji, wagavi na jamii ulioegemeza kwenye kuheshimiana, kuaminiana na usawa. Kundi linaendelea kutunza mazingira vizuri kwa kupanda miti, kwenye ardhi iliyopo. Aidha, ulimaji unafanywa kwa kiwango kidogo sana kuhifadhi udongo wa juu. Wafanyikazi wanatizamwa vyema kwa makazi safi na ya afya kutolewa na Kampuni, maji safi ya bomba katika vijiji vyote, na vituo vya utunzaji watoto mchana na shule kwa watoto wakubwa. Kundi limeanzisha shule nne za msingi na moja ya sekondari katika maeneo yake. Tunahakikisha utekelezi kamili wa makubaliano ya majadiliano ya pamoja na sheria za nchini.

Hatari ya Usalama wa Mtandao na Usiri wa Data: Kawaida ya nguvu ya matishio ya mtandao na uchangamano wa mazingira ya sheria ya usiri wa data zinaendelea kukua. Masuala ya hatari hizi yalibakia eneo muhimu la kuhusika kwa biashara. Mashambulizi ya mtandao huhatarisha shughuli za biashara yakisababisha uvurugaji, hasara ya mapato, mfumo kutofanya kazi, kuingilia data na yamkini kulipa faini na adhabu kwa makampuni. Kutofuata sheria za usiri wa data na uvunaji wake utaiacha kampuni wazi kulipa faini kubwa za kisheria. Kampuni iliendelea kusimamia hatari hizi kwa nguvu kupitia kutekeleza hatua zifaazo kutoshana na hatari.

Mtazamo

Ijapokuwa athari za ugonjwa zimepungua, hatari za siasa ya nchi kama inavyoathiriwa na jiografia, mabadiliko ya tabianchi, kushuka kwa uchumi, mfumko wa bei unaoongezeka, na changamoto nyingine nchini bado ni tishio kwa uendeshaji biashara nchini Kenya. Mdororo mkuu wa uchumi umeendelea kusababisha uvurugaji wa mfululizo wa ugavi, kuongezeka kwa mfumko wa bei, kupungua kwa mapato ya usafirishaji na kupunguka kwa uingiaji wa pesa za kigeni. Hili limesababisha karibu kuporomoka kwa masoko ya bidhaa fulani ikisababisha ongezeko la gharama ya maisha.

Hata hivyo, nafasi yetu ya uwezo wa kupata pesa ni thabiti na imara na uko tayari kuisaidia kampuni katika kuendelea mbele na kupata ukuaji wa faida. Ijapokuwa, sisi, tunaendelea kutekeleza maamuzi ya busara ya biashara kuzuia athari hizi hasi na kulenga kuendelea kutoa matokeo yanayotamaniwa katika siku za usoni.

Kutokana na utendaji hafifu katika mwaka, usimamizi utaendelea kutafuta na kuanzisha ubia wa kimkakati kupanua ufikaji wetu na kujaribu shughuli na mawazo mapya katika kutafuta ufaafu katika mazingira ya biashara yanayobadilika kupanua na kuendelea thamani ya mwanahisa. Msisitizo wa ubora pamoja na wingi ukiegemezwa kwenye muundo uendeleu unaendelea kuwa juu kwenye ajenda ya uwasilishaji.

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA

RIPOTI YA WAKURUGENZI

MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023 (KUENDELEZA)

8. Utoaji msaada

Kundi halikutoa msaada kwa chombo chochote cha kisiasa katika mwaka. (2022 – Kapa).
Kundi halikutoa msaada kwa mashirika yoyote ya kutoa misaada katika mwaka. (2022 - Kapa).

9. Habari husika za uhasibu

Wakurugenzi waliopo afisini katika tarehe ya ripoti hii wanathibitisha kuwa:

- Hakuna habari zozote husika za ukaguzi ambazo kwamba wahasibu wa Kampuni hawajazifahamu; na
- Kila mkurugenzi amechukua hatua zote ambazo kwamba angefaa kuchukua kama mkurugenzi ili kwamba afahamu habari zozote husika za uhasibu na kuhakikisha kuwa mhasibu wa Kampuni anafahamu habari hizo.

10. Umilikaji wa hisa nyingi

Wakurugenzi wanafahamu kuhusu makampuni yanayofuata yanayomiliki asilimia 5 au zaidi ya rasilimali ya hisa zilizotolewa za Kampuni:

Umilikaji wa hisa %

	2023	2022
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.60	12.60
East Africa Batteries Limited	11.02	11.02
Gulamali Ismail	<u>7.92</u>	<u>7.92</u>
	<u>73.38</u>	<u>73.38</u>

Ushirika wa Wakurugenzi

Ushirika wa moja kwa moja wa Wakurugenzi katika hisa za Kampuni ni kama ufuatao:

Jina la Mkurugenzi	2023 Idadi ya hisa	2022 Idadi ya hisa
Bw. A.H. Butt	30,300	30,300
Bw. S. N. Merali	1,403,600	1,403,600

11. Wafanyikazi

Katika mwaka Kundi lilikuwa na uhusiano mzuri na wafanyikazi. Idadi wastani ya wafanyikazi walioandikwa na Kundi na Kampuni ni kama ilipo hapa chini:

	Kundi		Kampuni	
	2023	2022	2023	2022
Usimamizi	170	166	49	51
Wafanyikazi wengine	2,130	2,401	1,023	905
Jumla	2,300	2,567	1,072	956

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA

RIPOTI YA WAKURUGENZI

MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2023 (KUENDELEZA)

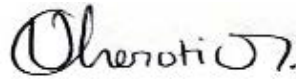
12. Mhasibu

Mhasibu, KPMG Kenya, anastahiki na hapa wanajitolea kuandikwa tena kulingana na mahitaji ya Sheria ya Makampuni ya Kenya, 2015.

13. Kuidhinishwa kwa taarifa za kifedha

Taarifa za kifedha zilikubaliwa na kuidhinishwa kutolewa katika mkutano wa wakurugenzi uliofanyika tarehe **05 Januari 2024**.

KWA AMRI YA HALMASHAURI



**Victoria Cherotich CPS-K
Katibu wa Kampuni**

Tarehe: 05 Januari 2024.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **DIRECTORS REMUNERATION REPORT** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

INFORMATION NOT SUBJECT TO AUDIT

Information not subject to audit comprise the following with respect to Directors:

- Policy on Directors' remuneration
- Any substantial changes to Directors' remuneration during the year
- Contract of service
- Statement of voting at general meeting on Directors' remuneration
- Clear focus on critical talent, scarce skills and our transformation imperatives in allocating reward.

Policy on Directors' remuneration

The remuneration report details the remuneration arrangements for Sasini PLC Directors who served during the year ended 30 September 2023. The report sets out the policy that the Company has applied to remunerate executive and non-executive Directors.

The report has been prepared in accordance with the relevant provisions of the Capital Markets Authority (CMA) Code of Corporate Governance guidelines on Directors' remuneration and the Kenyan Companies Act, 2015.

The Companies remuneration approach is aligned to the market remuneration standards in Kenya. The remuneration policy supports the achievement of the strategic objectives through balancing rewards for both short-term and long-term sustainable performance. It is aligned to the delivery of the Company's strategy and sustainable shareholder returns.

Oversight of the remuneration approach is provided by the Board's Governance, Remuneration and Nominations Committee. The Committee reviews the annual remuneration of the executive and non-executive Directors and the structure of their compensation package for approval by the Board. The Board received shareholders' authorization to fix the Directors; via a resolution passed at the Annual General meeting held on 3 March 2023. The remuneration of the Group Managing Director is as per the negotiated employment contract.

The executive and non-executive Directors listed below are collectively referred to as Directors:

Name	Position
Dr. J. B. McFie, PhD, MBS	Chairman – Non-executive Director
A. H. Butt, CPA (Kenya), FCCA	Non-executive Director
S. N. Merali, Bsc, MSc	Non-executive Director
Dr. S. O. Mainda, PhD, MA, ACII, EBS	Non-executive Director
Betty Koech, MBA, BCom	Non-executive Director
Rosemary Munyiri, MSc, BCom, CPA (Kenya), CISA	Non-executive Director
M. R. Ochieng, MBA, Bsc	Group Managing Director

Directors' remuneration policy

The Company has put in place a policy that defines the remuneration and related privileges received by the non-executive Directors of the Company. This policy is subjected to shareholder approval at every Annual General meeting.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **DIRECTORS REMUNERATION REPORT** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

Remuneration Policy for the Non-Executive Chairman and Non-Executive Directors (Continued)

The Board members receive annual fees and allowances for attending meetings. Non-Executive roles are not entitled to any performance-related pay or pension.

The Non-Executive Directors (NEDs) are reimbursed for expenses, such as travel and related expenses incurred by them as Directors of the Company in respect to the performance of their duties.

The Non-Executive Chairman and Non-Executive Directors do not have service contracts. The Company's policy is to appoint the Non-Executive Directors for an initial three-year period, which may be renewed subject to their re-election by shareholders at annual general meetings. The directors appointed all have letters of appointments that set out their duties and terms of reference.

The NEDs are subject to retirement by rotation and re-election by Shareholders. A third of the Board is elected in every Annual General Meeting for a term of 3 years on rotation basis as per the CMA regulations and The Kenyan Companies Act, 2015.

Non-Executive Director Remuneration Policy

The fees for Non-Executive Directors are set at a level which is considered appropriate to attract individuals with the necessary experience and ability to oversee the business. Fees are paid in cash. The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as chairing committees and sitting on appointed board committees.

The value of benefits provided will be reasonable in the market context and take account of the individual circumstances and benefits provided in comparable roles for companies within the Industry. The Committee responsible for this subject on a regular basis to ensure the policy aligns with the business needs to promote the success and sustainability of the Company.

Key objectives of Sasini's Remuneration Policy

Our remuneration philosophy underpins our evolving strategy, supports the evolution of our culture and is aligned to our risk management approach. It aims to direct our employees' efforts in delivering our strategy to create sustainable long-term value for our stakeholders in a manner that is both fair and responsible. The Board undertook a review of the Group's remuneration frameworks in 2022. A key consideration was to make further progress concerning pay-for performance to facilitate sustainable business performance, long-term stakeholder value creation and ensuring that Sasini's reward practices continue to be market related. The following fundamental principles guided the Sasini's Remuneration decisions during the year. These included ensuring:

- Appropriate balance of stakeholder interests over time.
- Simplified, fit-for-purpose remuneration frameworks that increase transparency and enable the delivery of the Group's strategy and creation of long-term shareholder and stakeholder value.
- Differentiated reward outcomes based on performance and contribution.

Remuneration principles

1. Attract, retain and engage high-calibre individuals who have the skills, ambition and talent to deliver our strategy.
2. Support the realization of our stakeholder aspirations, with a specific focus on rewarding our employees for the achievement of our strategy within our risk appetite relative to performance and shareholder returns.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **DIRECTORS REMUNERATION REPORT** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

Remuneration principles (Continued)

3. Align the long-term interests of our executives and shareholders by ensuring remuneration outcomes are transparent and are aligned to the value we create in the short, medium and long term. This entails a specific emphasis on the contribution of longer-term incentives for senior and executive employees, which are aligned to market practice.
4. Continuously build confidence and trust in our reward outcomes through high quality reward governance, engagement on our disclosure with shareholders, and internal transparency and effective communication.
5. Remuneration that is fair and transparent.
6. Remuneration that reflects the Company's commitment to the employee's wellbeing.

There were no changes in the remuneration policy from the prior year

Directors' remuneration

There were no changes in the fees and allowances during the year and the agreed structure was maintained as follows:

Committee	Sitting allowance FY 2022/23	Sitting allowance FY2021/22
Risk and Audit Committee	KShs 42,875 per sitting	KShs 42,875 per sitting
Governance, Remuneration & Nominations Committee	KShs 42,875 per sitting	KShs 42,875 per sitting
Kipkebe Limited	KShs 57,143 per sitting	KShs 57,143 per sitting
Mweiga Estates Limited	KShs 57,143 per sitting	KShs 57,143 per sitting
FIS Committee	KShs 42,875 per sitting	KShs 42,875 per sitting
Main Board	KShs 57,143 per sitting	KShs 57,143 per sitting

Contract of service – Executive Directors

Name	Date of contract	Unexpired term	Notice period	Amount payable for early
M.R. Ochieng'	Contract expiry on 28/09/2028	5 Years and 5 Months	3 Months – Maintained	Salary in lieu of notice period (3 Months) – Maintained.

Statement of voting at general meeting on directors' remuneration

In the last AGM held on 3 March 2023 the shareholders unanimously passed a resolution to approve the Directors' remuneration report and the Directors' remuneration policy.

Information subject to audit (auditable part)

Information subject to audit comprises the amounts of each Director' emoluments and compensation in the relevant years. Directors' remuneration is paid during the year.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **DIRECTORS REMUNERATION REPORT** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

Non-executive Directors

	2022/23			2021/22		
	Fees KShs' 000	Sitting allowance KShs' 000	Total KShs' 000	Fees KShs' 000	Sitting allowance KShs' 000	Total KShs' 000
Dr. J.B. McFie*	1,200	670	1,870	1,200	550	1,750
A.H. Butt	1,000	1,543	2,543	1,000	1,440	2,440
S.N. Merali	1,000	843	1,843	1,000	754	1,754
Dr. S.O. Mainda	1,000	657	1,657	1,000	363	1,363
Mrs. Betty Koech	1,000	786	1,786	1,000	540	1,540
Mrs. Rosemary Munyiri	1,000	786	1,786	1,000	597	1,597
Total	6,200	5,285	11,485	6,200	4,244	10,444

All fees and sitting allowances were paid during the year, consequently, there were no outstanding amounts payable.

*These fees were paid to educational charities on behalf of the Director.

Executive Directors

2023:

	Basic pay KShs'000	Gratuity KShs'000	Bonus KShs'000	Non-cash benefits KShs'000	Total KShs'000	Amounts paid KShs'000
M. R. Ochieng'	38,035	4,824	-	3,027	45,886	58,509

2022:

	Basic pay KShs'000	Gratuity KShs'000	Bonus KShs'000	Non-cash benefits KShs'000	Total KShs'000	Amounts paid KShs'000
M. R. Ochieng'	31,439	6,175	21,172	2,764	61,550	48,927

There were no other sums paid to third parties in respect of Directors' services.

Approval of the Directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the IFRS accounting standards as issued by the international Accounting Standards (IFRS Accounting Standard).

BY ORDER OF THE BOARD



Chairman/Director

Date: 05 January 2024.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Corporate Governance Statement

Sasini Plc recognizes its responsibility to practice high standards of Corporate Governance as one of the contributing factors to its long-term success and attainment of sustainable shareholder value. The Company's approach to Governance ensures that the Company is effectively managed in line with the strategy and the expectations of all key stakeholders.

The Companies Act, 2015, requires Directors to always act in the best interest of the Company and in good faith as well as promote the success of the Company for the benefit of its stakeholders.

The Board ensures that high standards and practices in Corporate Governance and more specifically the principles, practices and recommendations set out under the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("the CMA Code"), the Companies Act, 2015 ("the Act") as well as the Company's Memorandum and Articles of Association are adhered to. The Directors also accept responsibility for putting in place an effective and efficient Governance structure and effective internal control and risk governance systems that are designed to promote good governance practice. The Board regularly reviews its corporate governance practices and ensures that the same reflects the developments in regulation, best market practice and stakeholder expectations.

Our statement of compliance summarizes how the Group has implemented the principles and provisions of the Capital Markets Authority (CMA) Corporate Governance Code. The Board considers that the Group has complied in all material respects with the Code for the year ended 30 September 2023. The Governance and Legal Audit process is currently ongoing. This covers the two year period ending 30 September 2023.

A clear vision of purpose and strategy, aligned with an inclusive culture with the following highlights:

2023 Highlights

- The global economy continues to cope with the multiple shocks and economic uncertainties aggravated by the effects of the COVID-19 pandemic, political instability, climate change-induced shocks, and geopolitics.
- The severe recession has caused supply chain disruptions, a surge in inflation, reduced incomes for exporters, and consequently reduced inflow of foreign currency.
- Leading to a reduced or near collapse in certain commodity markets and a surge in inflation leading to an increased cost of living.
- The government's new policy of aggressive and enhanced revenue collection to bring on board additional revenue.
- Implementation of the Finance Act 2023 increased the cost of doing business.
- Increased cost of doing business, leading to a higher cost of production.
- Coffee reforms by the government affected the business during the last quarter.
- The effects of adverse weather conditions negatively impacted the crop production cycles, production volumes, and quality.
- Effects of the depreciation of the local currency against the hard currencies
- Automation of operational processes continues to mitigate the high cost of production.
- Continued support by out-grower farmers in supplementing the production volumes of tea, avocado, coffee, and macadamia nuts.
- The use of solar energy in our tea factories to reduce costs.
- The launch of the inaugural sustainability report in accordance with the Global Reporting Initiative (GRI) Standards.
- Strong management rigor in driving efficiency in operation, diversification of sales channels, and performance improvement.
- Cost containment measures in our operations.
- Resilience and achievement of the second-best performance from operation in the history of the business.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

2024 priorities

- Entrench our Environmental, Social, and Governance (ESG) competence through Sustainable Development Goals (SDGs) mainstreaming to create a meaningful impact.
- Support organic growth through strong geographic expansion to enhance shareholders' value.
- Continue to use innovation and technology to drive efficiency to contain cost and produce quality products.
- Seek and establish strategic partnerships to expand our reach.

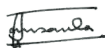
“We aim to create a strong foundation for sustainable agribusiness to deliver value for all our stakeholder.”

Dear Shareholder,

I am pleased to introduce our Corporate Governance Statement, which explains how the Group's governance framework supports the principles of integrity, strong ethical values, and professionalism integral to our business. The Board recognizes that we are accountable to shareholders for good corporate governance, and this report, together with the others, seeks to demonstrate our commitment to high standards of governance that are recognized and understood by all.

Leadership, governance, and purpose

Good governance depends on good and effective leadership and a healthy corporate culture, supported by robust systems and processes and a good understanding of risk and risk appetite. We aim to stay abreast of developments in good governance and practice and have well-developed plans to ensure that we will meet international standards of Corporate Governance. This includes making sure our purpose, vision, and values are clearly articulated, and that we have in place effective channels of engagement with our workforce, shareholders, and stakeholders. The Board is involved in setting measurable objectives to promote a healthy corporate culture that is aligned with strategy and delivers on our commitment to the principles of sustainability and trust that are the hallmark of our business. The reports of our Board Committees show how our policies and processes have been applied and developed during the year in a way that remains consistent with our values and strategy, focusing on engagement, operational improvement, and reward and incentive structures, ensuring progress can be measured and monitored appropriately and promoting a business that is resilient, responsible and alive to opportunity.



Martin R Ochien'g
Group Managing Director

Date: 05 January 2024.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

1. The Board lays solid foundations for management and oversight

Roles and responsibilities of the Board and Management

The Board is responsible for the overall direction of the Company with oversight and review of the management, administration and overall governance.

The Board Charter provides a framework for the effective operation of the Board, which sets out the:

- Board's roles and responsibilities;
- Relationship and interaction between the Board and Management; and
- Authority delegated by the Board to Management and Board Committees.

The Board's role is to, among other things:

- Represent and serve the interests of Shareholders by overseeing and appraising Company's strategies, policies and performance;
- Oversee the Company, including providing leadership and setting its objectives;
- Approve and monitor systems of risk management, internal compliance, accountability and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- Set the risk appetite within which the Board expects Management to operate;
- Monitor Senior Management's performance and approve remuneration policies and practices; Monitor implementation of strategy and ensure appropriate resources are available;
- Approve and monitor the progress of major capital expenditure, capital management and acquisitions, and divestitures;
- Approve budgets;
- Approve and monitor the corporate, financial, and other reporting systems of Sasini Group, including external audits and oversee their integrity;
- Adopt appropriate procedures to ensure compliance with all laws, governmental and regulatory bodies' regulations, and accounting standards, including establishing procedures to ensure the information that a reasonable person would expect to have a material effect on the price or value of the Company's Shares, is appropriately and accurately disclosed on a timely basis in accordance with all legal and regulatory requirements; and
- Monitor the effectiveness of Sasini's governance practices.

Matters that are specifically reserved for the Board (or its Committees) include:

- Appointment of the Chair;
- Appointment and removal of the Group Managing Director;
- Appointment of Directors to fill a vacancy or as an additional or alternate Director;
- Establishment of Board Committees, their membership, and delegated authorities;
- Recommendation/declaration of increase or decrease of authorised capital, dividends, Bonus issues and Rights issues;
- Approval of major capital expenditure, acquisitions, and divestitures in excess of authority levels delegated to Management; and
- Any other specific matters nominated by the Board from time to time.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

1. The Board lays solid foundations for management and oversight (Continued)

Separation of powers and duties of the Chairman and the Group Managing Director (GMD)

The Chairman and the Group Managing Director (GMD) have distinct and clearly defined duties and responsibilities. The separation of the functions of the Chairman (a Non-Executive Director) and the GMD (Executive Director) supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles.

Changes in Board Composition during the year

There were no changes in the Board composition during the year ended 30 September 2023.

Management of conflicts of interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest, which comes to any Director's attention, whether direct or indirect. The statutory duty to avoid situations in which the Directors have or may have interests that conflict with those of the Company has been observed by the Board in the financial year under review. All business transactions with all parties, directors or their related parties are carried out at arm's length. An acknowledgment that should it come to the attention of a Director that a matter concerning the Company may result in a conflict of interest, obligates the Director to declare the same and exclude himself/herself from any discussion or decision over the matter in question. The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act, 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary and these are considered at the next Board meeting. Declaration of a conflict of interest is also a standard agenda item which is addressed at the onset of each Board and Committee meeting. Affected Directors are excluded from the quorum and vote in respect of any matters in which they have an interest. No material conflicts were reported by Directors in the year under review.

Director induction

On joining the Board, all new Directors receive a full induction. This provides an overview of the Company, the Company's operating environment and new developments thereof, the company's constitution, accounting and financial reporting developments, as well as any regulatory matters. As part of the induction training, detailed presentations by management, are factored in, so that the Directors gain a good sense of the Company's operations and central functions.

Training and development

Board members undergo regular training and education to enable them to fulfill their responsibilities. Directors receive functional presentations built into the annual Board Work Plan to gain a good sense of the company's operations and central functions. During the financial year under review, the Directors engaged in e-learning and facilitator-led training from credible sources on areas of governance. The Company ensures that the directors secure at least twelve hours of development per year in areas of governance from credible trainers.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

1. The Board lays solid foundations for management and oversight (Continued)

Training and development (continued)

The Board received training in 2022/23 on various aspects including:

- Sustainability opportunities and concerns – Sasini Plc.
- Embedding Sustainability in Sasini Plc.
- Moving sustainability and environmental, social, and governance (ESG) from the sidelines to mainstream at Sasini Plc.

Board evaluation

In line with the provisions of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board undertook an annual evaluation of its performance as an entity, its committees, the Chairman and each individual Director, including the Group Managing Director and the Company Secretary. This was aimed at enabling the board and its members and the committees to gauge their performance and identify areas of improvement. The evaluation was conducted by a third party firm.

The evaluation entailed a peer review for each director, the Group Managing Director and the Company Secretary. The mode used was questionnaires and individual interviews. The areas covered include the overall board engagements, conduct and participation in meetings, effectiveness of the committee as well as the support provided by the Company Secretary.

The Board Evaluation exercise resulted in a score of **VERY GOOD** on the performance and effectiveness of the Full Board. This points to a well-functioning and collegial board with good support from the Company Secretary. The Board continually looks for areas of improvement and develops an action plan to address any concerns.

Values, principles, standards, and norms of behavior

Good conduct, underpinned by ethics, is fundamental to the sustainability of the agribusiness industry and the creation of value. Good conduct is evidenced through our daily behavior and exhibited in our individual and collective actions and decisions. Sasini is committed to the highest standards of integrity and ethical behavior. The Board recognizes that for leadership to be effective it must be ethical. Our directors uphold the standards of conduct, including ethics, required of them by law, regulation, and policies, while demonstrating the behaviours that are consistent with our Values. The Board oversees the various tools, processes, and systems used to embed an ethical culture in the organization.

Alignment with the Sustainable Development Goals (SDGs)

The Group is focused on the following sustainable development goals:

- *SDG Goal Number 1: No poverty.*

Eradicating poverty remains one of the focus areas in keeping with our sustainable business agenda. We are aware that every initiative we take to address this global concern like provision of education facilities and employment opportunities, training of our staff and outgrower farmer communities, and gender equality are among some of the keys to unlocking enormous human potential and abating poverty.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

1. The Board lays solid foundations for management and oversight (Continued)

Alignment with the Sustainable Development Goals (SDGs) – (continued)

— *SDG Goal Number 3: Good health and well-being*

It is our strong policy position that as corporate citizens we have a moral duty to contribute to social sustainability in areas where we operate in. As such we have made it our business to ensure good health and well-being in several ways. Our farm produce comprises health giving beverages, namely, tea and coffee, and superfoods, such as macadamia nuts and avocados.

We have also made it possible for the host communities to access quality coffee, tea, macadamia, and avocado seedlings to help small-scale farmers/outgrowers increase farm productivity and meet the growing demands of the food chain while improving their socio-economic development and increasing their resilience to challenges associated with poverty and hunger.

The provision of health facilities is an area of strategic importance for Sasini PLC. The group maintains a well-equipped medical Centre with in-patient and out-patient treatment options within the tea operations as well as a satellite dispensary and a diagnostic laboratory. The facilities have ambulances on stand-by to transfer critical cases to larger facilities whenever such needs arise. These facilities cater for both the company employees and local community residents.

Additionally, we have formed wellness teams from within our establishment and are engaged in health enhancement activities such as, hiking, trekking, gym membership among other physical activities.

For us, access to clean water is a huge factor in our employees' and host communities' welfare. In this regard, we have invested in clean water systems to provide purified potable water direct from mains via purifying machines at the workplace and drilling of a borehole in the neighborhood of one of our host communities.

— *SDG Goal Number 4: Quality education*

Education is another area of strategic importance to Sasini PLC as it is a huge factor in solving poverty.

Lifting a community out of poverty means availing education facilities to it by investing in resources for schools and encouraging school attendance. This for us means developing talents, creating a more enlightened society and better-equipped citizens, and uplifting society's socio-economic status in the fight against poverty.

We have invested in the provision of learning facilities within our tea and coffee operations. Though collaboration with our key buyers, we have invested in early childhood education at our coffee operations and offer support to learning institutions through donations of learning material to schools around our coffee estates. Our Tea division maintains nursery and primary schools providing free education to the children of employees, dependents, and surrounding communities. The group supports education through bursaries and stipends while also providing funds to improve schools located near our plantations. We also provide resources such as computers, laboratory equipment, sports kits, and learning material to the schools.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

1. The Board lays solid foundations for management and oversight (Continued)

Alignment with the Sustainable Development Goals (SDGs) – (continued)

— *SDG Goal Number 5: Gender equality*

We encourage gender balance and through our Diversity and Inclusion Policy, we aim at attracting more women to managerial positions. When women are allowed to participate in gainful economic activities, a company and ultimately the country thrives. We have in place programs such as training and development, reward schemes and recognition, and work-life flexibility that enhance our goal of being an employer that promotes gender parity.

— *SDG Goal Number 7: Affordable and clean energy*

Implementing a gradual migration of energy usage to renewable energy sources, namely, Solar power at our tea estates ensures that we will be a sustainable consumer going forward. Over time, we intend to reduce reliance on hydroelectricity and diesel generated power by progressively promoting the uptake of renewable energy in our operations and minimize our GHG emissions.

— *SDG Goal Number 8: Decent work and economic growth*

Our investment in education and training is an important business strategy for promoting decent work and economic growth. This helps to create more productive and efficient workforce, increase employability, and improve living standards.

— *SDG Goal Number 9: Industry, innovation, and infrastructure*

We have through research continued to learn and invested in agricultural technological interventions and solutions that address the market's needs to enhance productivity and quality as well as improve on efficiencies and cost reductions. Our successful mechanization of harvesting and application of fertilizers using drones in our tea business has greatly improved our efficiency, cut our production costs and enhanced the quality of tea we produce for the market. This initiative is being extended to the automation of our tea factories.

— *SDG Goal Number 12: Responsible consumption and production*

We make the most efficient use of resources at our tea, coffee, macadamia, and avocado operations while reducing waste and minimizing its deleterious impact on the environment.

The gradual elimination of one-time plastic use and plastic water carboys in the office place is ongoing. We have put in place production procedures that adhere to food safety standards to produce safe products for people and the environment at all stages of the value chain from development, manufacturing, use, and safe disposal of byproducts.

— *SDG Goal Number 15: Life on land*

Reduction of greenhouse gas emissions, through prudent farm and factory practices to reduce the farmers' and neighboring communities' vulnerability to the adverse effects of climate change continues to be a mainstay of our production setups. Increasing the tree population through a sound afforestation program within our estates is something we are very proud of as well as biodiversity conservation through sustainable agriculture practices, protection, and preservation of habitats. Efficient use of water, protection of water courses, and riparian reserves, and reduction of the release of water pollutants through soak lagoons is an established practice in all our operations.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

1. The Board lays solid foundations for management and oversight (Continued)

The Board has established the following Committees to assist it in discharging its functions:

Governance, Nomination and Remuneration Committee, which is responsible for establishing the policies and practices of the Group regarding the human resources strategy, the remuneration of Directors and employees, and reviewing the overall human resources and remuneration framework; It also is responsible for advising the Board on the composition of the Company's Board and its Committees, maintaining proper succession plans, and evaluating performance.

Risk and Audit Committee, which is responsible for monitoring and advising the Board on Group's audit, risk management, and regulatory compliance policies and procedures; and

Finance, ICT, and Strategy Committee, which is responsible for advising the Board on matters of technology and innovation in supporting the Group's overall business strategy, reviewing the financial health and soundness of the organization, reviewing, and monitoring the effectiveness of the Group's IT systems and data security measures.

The Group Managing Director is responsible for the day-to-day management of Sasini Group with the authority to exercise all necessary powers, discretions and delegations authorized from time to time by the Board. The Group Managing Director's responsibilities are set out in the Board Charter. The Group Managing Director is supported by his Executive team which meets weekly to plan and monitor the execution of the Group's strategy.

2. Access to information and independent professional advice

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate. The Board collectively, and each Director individually, has the right to seek independent professional advice, at Sasini Group's expense, subject to the approval of the Chair, or the Board as a whole.

Board meetings

The Board meets on such number of occasions each year as the Board deems appropriate or as frequently as may otherwise be required to deal with urgent matters, which might arise between the scheduled meetings. For details of the current Directors, their qualifications, skills and experience, refer to the Directors' section on pages 3 to 5. For details of Directors' attendance at Board and Committee Meetings for the year ended 30 September 2023, refer to Directors' Meetings on page 63 and 64.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. Appointment and re-election of Directors

The composition, structure and proceedings of the Board are primarily governed by the Constitution and the laws governing corporations in jurisdictions where Sasini PLC operates. It is intended that the Board will comprise a majority of independent Non-Executive Directors. It is intended that the Board comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds that is appropriate to Sasini Group and its strategy. When appointing new Directors, the Board, together with the Nomination Committee, evaluates the balance of skills, knowledge and experience on the Board and, in light of the evaluation, determines the role and capabilities required for the appointment, subject to limits imposed by the Constitution and the terms served by existing Non-Executive Directors. At commencement of the Director selection process, the Board, together with the Nomination Committee undertakes appropriate checks on potential candidates to consider his or her suitability to fill a casual vacancy on the Board or for election as a Director. Prior to appointment, candidates are required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that he or she will have adequate time to fulfil his or her responsibilities as a Non-Executive Director of Sasini Group. Directors available for re-election at a general meeting are reviewed by the Nomination Committee and recommended to the Board. Directors are re-elected in accordance with the Constitution and the CMA regulations. Shareholders will be provided with details about each Director for re-election in the notice of meeting for the AGM to enable Shareholders to make a decision on re-election. Sasini Group enters into a written agreement with each Director and Senior Executive setting out the key terms, conditions and responsibilities of their position. Non-Executive Directors must inform the Chairperson before accepting any new appointment as a Director of another listed entity, another material directorship or other position with a significant time commitment attached.

4. Company Secretary

The Company Secretary, a member of the Institute of Certified Secretaries of Kenya (ICPSK) is the Secretary to all the Committees of the Board and offers the critical role of supporting the Board on procedural and regulatory matters while ensuring the Company adheres to Board policies and procedures. All Directors have direct access to the Company Secretary who is responsible to the Board on all matters relating to the conduct and functions of the Board and each of its Committees. The Company Secretary's responsibilities are set out in the Board Charter.

5. Diversity

Sasini PLC values a strong and diverse workforce and is committed to promoting a corporate culture that embraces diversity. The Group's policy is that no employee or job applicant will be treated less favourably on the grounds of race, colour, nationality, ethnic or national origin, gender (including gender reassignment), pregnancy, marital or civil partner status, sexual orientation, religious belief, age or disability, or on any other grounds which cannot be justified on job related terms. These policy principles are supported by our Code of Conduct. The Board is committed to achieving diversity in its widest sense. We ensure that briefs to external recruitment agencies and search consultants are aimed at improving diversity ratios and balance both at Board and senior management level and more widely within the business, while also reflecting the changing strategic needs of the Group. The Board will continue to support positively opportunities for talented individuals regardless of gender, ethnicity, age or social background. The board is engaged with the initiatives within the business in this area, while recognizing the need for more work to achieve true gender balance and greater diversity.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

6. Performance review of the Board and senior executives

The Governance, Nomination and Remuneration Committee is responsible for establishing the processes for reviewing the performance of the Board, the Board's Committees and individual Directors. The Board, Governance, Nomination and Remuneration Committee, Risk and Audit Committee and Finance, ICT, and Strategy Committee, periodically self-assess their performance against a range of set criteria developed annually by the Governance, Nomination and Remuneration Committee. The Governance, Nomination and Remuneration Committee has considered and reviewed the performance of the Board, individual Directors, the Board Committees and senior executives during the year ended 30 September 2023. A peer review has been undertaken for each Director seeking re-election at the AGM to enable the Board to recommend that Shareholders elect that Director at the AGM.

7. Performance review of Executive Management

The Governance, Nomination and Remuneration Committee is responsible for reviewing and recommending remuneration arrangements for the Managing Director and Executive Team who report directly to the Managing Director, including contract terms, annual remuneration and participation in Sasini Group's short and long term incentive plans.

8. The Board is structured to add value

Board Committees

(a) Governance, Nomination and Remuneration Committee

The role and responsibilities of the Committee are to:

- Advise the Board on the size and composition of the Board and its Committees and the selection and appointment of Directors to the Board and its Committees;
- Review and make recommendations to the Board on succession plans for the Board and ensure there are plans in place to manage the succession of the Managing Director and other Senior Executives;
- Advise the Board on the ongoing evaluation of the performance of the Board, its Committees and Directors and make recommendations to the Board accordingly;
- Develop a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- Conduct performance evaluation of the Board, its Committees and individual Directors and developing and implementing plans for identifying, assessing and enhancing Director competencies; and
- Establish and facilitate a Director induction process and provide appropriate professional development opportunities for Directors.

(b) Risk and Audit Committee

The role and responsibilities of the Committee are to:

- Oversee, review and supervise Sasini Group's risk management framework and promote a risk management culture;
- Assist the Board in discharging its responsibilities relative to the financial reporting process, the system of internal controls relating to all matters affecting Sasini Group's financial performance and the audit process;
- Assist the Board in monitoring compliance with laws and regulations and Sasini Group's Code of Conduct and Ethics;

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

8. The Board is structured to add value (Continued)

(b) Risk and Audit Committee (continued)

- Assist the Board to adopt and apply appropriate ethical standards in relation to the management of Sasini Group and the conduct of its business; and
- Review the adequacy of Sasini Group's insurance policies.

The responsibilities of the Committee in relation to external audit are as follows:

- Establish procedures for the selection, appointment and removal of the external auditor and for the rotation of external audit engagement partners;
- Review the external auditor's proposed audit scope and approach;
- Meet with the external auditor to review reports, and meet separately from Management, at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately;
- Establish policies as appropriate in regards to the independence, integrity and performance of the external auditor;
- Review of the independence of the external auditors and the appropriateness of any services provided by them to Sasini Group (if any), outside their statutory role;
- For the purpose of removing or appointing external auditors, review their performance, including their proposed fees, and if appropriate invite tenders from reputable and certified audit firms for provision audit services.

It is the policy of Sasini Group that its external auditing firm must be independent of it. The Risk and Audit Committee will review and assess the independence of the external auditor on an annual basis. The Risk and Audit Committee may obtain information from, and consult with, Management, the external auditor and external advisers, as it considers appropriate. The Risk and Audit Committee also has access to the external auditor to discuss matters without Management being present. The Risk and Audit Committee met four times during the year ended 30 September 2023.

(c) Finance, ICT, and Strategy Committee

The Committee is responsible for reviewing and, where appropriate, approving Sasini Group's Technology Strategy and overseeing its implementation. The Committee will assist the Board by:

- Reviewing key technology changes, innovations and trends in the marketplace and their potential for application within Sasini Group, including advising Sasini Group through industry meetings with experts and education visits to key technology partners, industries and regions;
- Reviewing and recommending to the Board management strategies relating to Sasini Group's Technology Strategy and their alignment with Sasini Group's overall strategy and objectives;
- Reviewing and monitoring Management's strategies and innovation framework for developing or implementing new technologies and systems; advising the Board in relation to Sasini Group's IT operations for the purpose of enhancing the Board's understanding of the use of technology as an enabler and a risk for Sasini Group;
- Reviewing and recommending to the Board major new technology projects and investments;

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

8. The Board is structured to add value (Continued)

(c) Finance, ICT, and Strategy Committee (continued)

- Monitoring and reviewing the post-implementation results of all key technology projects, including the achievement of expected benefits and return on investment;
- Reviewing and recommending to the Board, Management's strategies for sourcing of major technology suppliers and monitoring the technology governance framework for third party suppliers; Reviewing, monitoring and advising on the effectiveness of the ISMS Information Security Risk Management Policy and Procedure;
- Advising the Risk and Audit Committee on matters of technology, systems, data and intellectual property risk and security;
- Improving the efficiency of the Board by taking responsibility for "technology" tasks delegated to the Committee where such tasks should be discussed in depth;
- Reviewing and reporting to the Board on the effectiveness of incident response plans as they relate to technology risks and cyber security risks, including disaster recovery plans and ensuring regular testing and reporting to the Board on the results of testing;
- The delivery of technology services to Sasini Group, including performance outcomes for quality, stability and reliability and, where reliable information and metrics are available,
- The integration of IT operations and technology within the broader organisation, including strategies to minimise residual integration risk and maximise transparency across the organisation;
- Such other matters relating to Sasini Group's Technology Strategy as the Committee may require from time to time; and
- The integration of Sustainability and Environmental, Social, and Governance (ESG) Strategy within the broader organisation.

Board Skills Matrix

The Board has adopted a policy that it shall be composed of a majority of independent, Non-Executive Directors who, with the Group Managing Director, comprise an appropriate mix of skills, expertise, experience and diversity to meet the Board's responsibilities and objectives.

The Board is comprised of highly experienced business leaders who each meet the fundamental requirements necessary to govern a listed company in the Securities Exchange. The Company has a diverse Board that collectively has:

- Strategic capabilities and commercial acumen;
- IT strategies and infrastructure, networks and innovations in data security and storage;
- Financial management capability, the ability to analyse statements and assess financial viability;
- Risk management understanding and experience;
- Knowledge of corporate governance and compliance in listed entities;
- Experience in human resource management, including workplace culture, management development and succession, health and safety, diversity and remuneration;
- Experience on the boards of other significant listed entities;
- Experience in identifying and managing the process for mergers and acquisitions, including integration;
- International experience; and
- Experience in executive leadership.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

8. The Board is structured to add value (Continued)

(c) Finance, ICT, and Strategy Committee (continued)

Board Skills Matrix (continued)

The Board, with the assistance of the Governance, Nomination and Remuneration Committee, determines the size and composition of the Board, subject to the Company's Constitution. The Board will continue to monitor and update the Board skills matrix at least annually to ensure that as Sasini develops, the Board comprises the appropriate mix of skills and experience. The Board recognises the importance of succession and renewal. It continues to monitor the Board composition accordingly.

Induction and education

The Governance, Nomination and Remuneration Committee is responsible for implementing an effective training and education program for all new and existing Directors, ensuring that Sasini provides appropriate professional development opportunities for Directors. The Committee is required to regularly review the effectiveness of the program to ensure Directors maintain the skills and knowledge required to perform their role effectively. Any new Directors undergo an induction program in which they are given a full briefing on Sasini, its operations and the industries in which it operates. Management, with the Board, provides an orientation program for new Directors which includes discussions with executives and management, the provision of materials to the new Director such as all of the Company's governance documents, access to the recent Board and Committee papers, along with minutes of these meetings. The objectives of the induction are to familiarise the new Director with Sasini Group's strategies, the nature of the various businesses, financial position, operational and risk management.

9. The Board promotes ethical and responsible decision-making

(a) Code of Conduct and Ethics

The Board recognises the need to observe a high standard of corporate practice and business conduct. Accordingly, the Board adopted the Code of Conduct and Ethics, which outlines how Sasini expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All Sasini Group Directors, officers, employees and contractors (Personnel) must comply with the Code of Conduct and Ethics. This Code applies to all Personnel and all other people who represent Sasini Group or undertake work for the benefit of Sasini Group. Each member of Sasini Group and all Personnel are expected at all times to comply with all applicable laws. All Personnel are expected to conduct Sasini Group's operations with high legal, moral and ethical standards in all their dealings and to uphold Sasini Group's reputation as Sustainable Agribusiness. Specifically, all Personnel agree to act:

- Ethically, honestly, responsibly, diligently and with integrity;
- In full compliance with all laws and regulations that apply to Sasini Group and its operations and this Code; and
- In the best interests of Sasini Group. All Sasini Group Senior Management must lead by example and demonstrate a high regard for Sasini Group, and treat all Personnel with respect.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

9. The Board promotes ethical and responsible decision-making (Continued)

(b) Securities Trading Policy

Sasini Group has adopted the Securities Trading Policy that is intended to:

Explain the types of conduct in relation to dealings in securities that are prohibited under the CMA Act and establish a best practice procedure for the buying and selling of securities that protects Sasini Group, Directors and employees against the misuse of unpublished information that could materially affect the value of securities.

The Securities Trading Policy applies to:

- All Directors and officers of Sasini Group including the Group Managing Director;
- All direct reports to the Group Managing Director;
- All employees and contractors of Sasini Group;
- Their associates (as defined in the CMA Act) including, close family members and trusts and entities controlled by them; and
- Other persons identified by Sasini Group from time to time, (Restricted Persons).

The Securities Trading Policy sets out restrictions that apply to dealing with securities, including “trading windows”, during which Restricted Persons, may deal in Sasini Group’s Securities in the following periods.

10. The Board makes timely and balanced disclosure

The Board’s aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of Sasini Group. Sasini Group has adopted a Continuous Disclosure Policy to ensure compliance with the explicit requirements and the spirit and intent of its disclosure obligations under the CMA Act and NSE Listing regulations. The Board bears the primary responsibility for Sasini Group’s compliance with its continuous disclosure obligations and is therefore responsible for overseeing and implementing this Policy. The Board makes the ultimate decision on whether there is any materially price sensitive information that needs to be disclosed to the CMA and NSE. It is a standing agenda item at all Board meetings to consider any information that must be disclosed to the CMA and NSE in accordance with Sasini Group’s continuous disclosure obligations. The Board has appointed the Company Secretary as the Reporting Officer in order to streamline the day-to-day compliance with its continuous disclosure obligations. All Directors are required to notify the Reporting Officer if they believe there is materially price sensitive information which requires disclosure to the CMA and NSE.

11. The Board respects the rights of shareholders

Sasini Group respects the rights of its Shareholders and to facilitate the effective exercise of those rights, has adopted a Stakeholder’s Management Policy. The following information is available on Sasini Group’s website:

- A profile of Sasini Group and its businesses;
- Director and Executive Team profiles;
- Corporate governance overview; and
- All CMA announcements made to the market, including annual and half year financial results, are posted on Sasini Group’s website.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

11. The Board respects the rights of shareholders (Continued)

To encourage Shareholder engagement and participation at the AGM, Shareholders have the opportunity to attend the AGM, ask questions from the floor, participate in voting and meet the Board and the Executive Team in person. Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the notice of the meeting.

The Board recognizes and manages risk

Risk and Audit Committee in its function as a risk committee, the Risk and Audit Committee assists the Board in fulfilling its corporate governance responsibilities in regard to oversight of Sasini Group's risk management framework and internal control systems. The Risk Management Policy sets out the requirements, roles and responsibilities for managing risks across Sasini Group. The Risk and Audit Committee's primary role with respect to risk management is to:

- Consider the overall risk management framework and risk profile and annually review its effectiveness in meeting sound corporate governance principles and keep the Board informed of all significant business risks;
- Review with Management the adequacy of Sasini Group's systems for identifying, managing, and monitoring the key risks to Sasini Group in accordance with the Risk Management Policy;
- Obtain reports from Management on the status of any key risk exposures or incidents;
- Review the adequacy of the Sasini Group's process for managing risk and provide a recommendation to the Board regarding the same in accordance with the Risk Management Policy;
- Review any incident involving fraud or other material or significant break down of the Sasini Group's internal controls in accordance with the Risk Management Policy;
- Review any material or significant incident involving any break down of Sasini Group's risk management framework in accordance with the Risk Management Policy;
- Review the Sasini Group's insurance program having regard to Sasini Group's business and the insurable risks associated with its business and inform the Board regarding the same; and
- Review whether Sasini Group has any material exposure to any economic, environmental and social sustainability risks and if so, develop strategies to manage such risks to present to the Board.

Internal audit

The internal audit function provides objective assurance on the effectiveness of risk management, operational and transactional controls and governance. Internal Audit operates under an annual plan reviewed and considered by the Risk and Audit Committee and the findings are presented to the Risk and Audit Committee. The internal audit function is undertaken by external providers. Sasini Group has appointed an external provider to provide internal audit services.

Whistleblowing Policy

Sasini Plc has a whistleblowing policy and the Board and all employees have been informed on the same. The policy sets out the Company's whistleblowing procedures. It gives employees a platform to raise concerns with respect to suspected violations. This policy covers Sasini's commitment to issues such as corruption and human rights violations.

The Board ensures that any risks arising from any ethical issues are identified and managed through a clear defined process.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

11. The Board respects the rights of shareholders (Continued)

Data Protection Policy

Sasini Plc acknowledges that personal data is a key asset for the Company and therefore has put in place measures to ensure that this is protected in compliance with the Laws and Regulations. In line with this, the Company has put in place a policy that guides the collection, use and management of personal data and also gives the Board, employees and the general public guidance on compliance with the laws and regulations on data protection, protection of rights of the data subject who include employees, shareholders, suppliers, customers, business partners etc, transparency in data collection and processing as well as restrictions.

Information Technology Policy

Sasini Plc relies on information technology systems to support their operations. The ICT Policy aims to protect the company's investment in IT infrastructure, including networks and maintain high standards of cyber security, while protecting the Company's confidential and sensitive information. The policy facilitates the ease of use of the IT systems by staff and other stakeholders.

Procurement Policy

Sasini Plc has a procurement policy that governs the procurement of goods and services within the Company. This policy ensures that value is obtained by the business from the services and goods acquired. It also spells out the controls that need to be applied during procurement. The Company periodically reviews the policy as may be necessitated by market conditions and regulation.

Stakeholder Engagement policy

Sasini PLC acknowledges that effective management of Stakeholders will positively impact the Company's achievement of its strategy and long-term growth. Sasini Plc appreciates the interdependence between effective stakeholder management and organizational performance. Stakeholder engagement is therefore integral to the Company's sustainability and success.

The Policy has been prepared in line with and adherence to The Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 issued by The Capital Markets Authority. It proposes and seeks to adopt a stakeholder-inclusive approach bringing about greater inclusion of stakeholder needs, interests and legitimate expectations in decision making for better and enhanced corporate governance outcomes as well as the social dividend generated by the Company's activities. The purpose and objective of this policy is to govern Sasini Plc's stakeholder engagement towards the desired governance outcomes of good reputation, legitimacy, goodwill and relationship health towards improved relations with its varied stakeholders in all its activities and operations.

12. Economic, environmental and social sustainability risks

Sasini Group is committed to sustainability and acting in a responsible manner to promote employee well-being, minimise our impact on the environment and give back to the wider community. Sasini Group's ethos is to build partnerships with our employees, clients, investors, suppliers and communities based on mutual respect, trust and fairness.

The CMA Code of Corporate Governance Principles define 'material exposure' as a 'real possibility that the risk in question could substantively impact the listed entity's ability to create or preserve value for security holders over the short, medium or long term'.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

12. Economic, environmental and social sustainability risks (Continued)

Board and Board Committees Attendance

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to the Company to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the reporting year, the Board met six (6) times. Members of the Executive Leadership Team and other members of senior management attended meetings of the Board by invitation. Attendance at Board and standing Board committee meetings during financial year 2022/2023 is set out in the table below:

Full board

Members Present/In Attendance	November 2022	January 2023 Special	February 2023	May 2023	July 2023 Special	August 2023
Dr. J.B. Mcfie	√	√	√	√	√	√
Ms. Betty Koech	√	√	√	√	√	√
Ms. Rosemary Munyiri	√	√	√	√	√	√
Mr. Sameer Merali	√	√	√	√	√	√
Mr. Martin Ochieng'	√	√	√	√	√	√
Mr. A. H. Butt	√	√	√	√	√	√
Dr. Steve Mainda	√	√	√	Y	√	Y
Mr. Lawrence Kibet *	√	√	√	x	x	x
Ms. Victoria** Cherotich	x	x	x	√	√	√

* - Resigned effective 1 April 2023

** - Appointed on 1 April 2023

Finance, ICT, and Strategy Committee

Members Present/In Attendance	November 2022	January 2023	May 2023	August 2023
Mr. Sameer Merali	√	√	√	√
Mr. Martin Ochieng'	√	√	√	√
Mr. A. H. Butt	Y	√	√	√
Mr. Lawrence Kibet *	√	√	X	x
Ms. Victoria Cherotich **	x	x	√	√

* - Resigned effective 1 April 2023

** - Appointed on 1 April 2023

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

12. Economic, environmental and social sustainability risks (Continued)

Board and Board Committees Attendance (continued)

Risk and Audit Committee

Members Present/In Attendance	October 2022	January 2023 Special	January 2023	April 2023	July 2023
Ms. Betty Koech	√	√	√	√	√
Dr. J.B. Mcfie	√	√	√	√	√
Ms. Rosemary Munyiri	√	√	√	√	√
Mr. Sameer Merali	√	√	√	√	√
Mr. Akif Butt	√	√	√	Y	√
Mr. Martin Ochieng'	√	√	√	Y	√
Mr. Lawrence Kibet *	√	√	x	√	x
Ms. Victoria Cherotich **	x	x	x	√	√

* - Resigned effective 1 April 2023

** - Appointed on 1 April 2023

Governance, Nomination and Remuneration Committee

Members Present/In Attendance	October 2022	January 2023	April 2023	July 2023
Mr. Steve Mainda	√	Y	√	Y
Dr. J.B. Mcfie	√	√	√	√
Mr. A. H. Butt	√	√	√	√
Mr. Martin Ochieng'	√	√	√	√
Mr. Lawrence Kibet *	√	√	x	x
Ms. Victoria Cherotich **	x	x	√	√

* - Resigned effective 1 April 2023

** - Appointed on 1 April 2023

√ - In attendance

X- Absent Y- absent with apology

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

12. Economic, environmental and social sustainability risks (Continued)

Top ten shareholders at 30 September 2023

The ten largest shareholders of the Company as at 30 September 2023 were as follows:

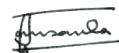
Names		Address	Shares	Percentage
1	Legend Investments Limited	PO Box 55358 - 00200 Nairobi	95,417,345	41.84%
2	Yana Towers Limited	PO Box 55358 - 00200 Nairobi	28,725,240	12.60%
3	East Africa Batteries Limited	PO Box 55358 - 00200 Nairobi	25,135,700	11.02%
4	Ismail, Gulamali	PO Box 90626 - 80100 Mombasa	18,064,800	7.92%
5	Tropical Veterinary Services Limited	PO Box 87496 - 80100 Mombasa	10,251,300	4.50%
6	NIC Custodial Services a/c 077	PO Box 44599 - 00100 Nairobi	9,921,700	4.35%
7	Jamal, Karim	PO Box 49863 - Nairobi	4,587,841	2.01%
8	Morjaria, Shardaben Vithaldas	PO Box 445 - 00600 Nairobi	2,059,780	0.90%
9	Schwartzman, Joseph	PO Box 30118 - 00100 Nairobi	1,972,100	0.86%
10	Steluc Limited	PO Box 10087 - 00100 Nairobi	1,500,000	0.66%
	Others	-	30,319,694	13.34%
Grand totals:			228,055,500	100.00%

Distribution of shareholders

Range		Records	Shares	Percentage
1	1 to 500	3,856	805,791	0.35%
2	501 to 1000	1,074	894,493	0.39%
3	1001 to 5000	1,219	2,912,330	1.28%
4	5001 to 10000	251	1,851,477	0.81%
5	10001 to 50000	268	6,050,693	2.65%
6	50001 to 100000	46	3,078,730	1.35%
7	100001 to 500000	43	8,894,750	3.90%
8	500001 to 1000000	4	3,177,830	1.39%
9	1000001 to 2000000000	12	200,389,406	87.87%
Grand totals:		6,773	228,055,500	100.00%



Dr. J.B. McFie, PhD
Chairman



Mr. Martin R. Ochieng'
Group Managing Director

Date: 05 January 2024.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **SUSTAINABILITY UPDATE 2023** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Through our business activities and business relationships, our operations can have an effect on the economy, environment, and people, and in turn make negative or positive contributions to sustainable development.

Sustainable business development refers to ‘development which meets the needs of the present generation without compromising the ability of future generations to meet their own needs’.

The company’s philosophy, vision, mission, values, governance, policies, and corporate responsibility continue to be geared towards sustainable business development, stewardship of, and sound protection of the primary factor in our business; the environment.

In addition to this, and in embracing the Ten Principles of the United Nations Global Compact, we have driven focus on key areas of strict adherence to human rights, the entrenchment of good labour practices and a strong focus on fighting corruption. Our focus is to do responsible business combining the good effects of the planet, people, and profits for prosperity.

Sasini PLC has eight subsidiary companies, three of which operate in the Export Processing Zones.

The principal activities of the company, which straddle the breadth of Kenya, include the growing, processing, packing, marketing and selling of tea, coffee, avocado, and macadamia nuts. It also has a division that packs tea and coffee for the local and international market.

All of the companies production activities are certified under various internationally recognized certification standards which include: ISO 22000:2018, Rainforest Alliance, C.A.F.E Practices, Fairtrade, Global G.A.P. FSSC, , Kosher, BRC GS and SMETA to assure our customers of prudent employment of food safety handling techniques, quality products and traceability at all levels of production.

Our purpose

To focus on innovative and efficient business practices, quality products and commitment to all our stakeholders

Our vision

To be the leading sustainable agribusiness in Africa.

Our strategic imperatives

- Actively pursue diversification to expand our revenue and profit base
- Deliberately pursue opportunities for bolt-on businesses to drive bottom line growth
- Entrench our ESG competence through SDG mainstreaming to create meaningful impact
- Use innovation and technology to drive efficiency and reduce costs
- Support our organic growth through strong geographic expansion
- Accelerate skill enhancement by focusing on talent development.

Our sustainability activities focus on the key areas highlighted in the table in page 67 below

Our key stakeholders

Our key stakeholders are the environment, organizations, individuals and communities who may be affected by the conduct of our business and or who may affect/influence the Company’s achievement of its business strategy and long-term growth.

The value chain making up the activities and operations of Sasini PLC is diverse. Therefore, the company’s stakeholders are both internal and external and fall into various categories and groups.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
SUSTAINABILITY UPDATE 2023
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

"
Stakeholder engagement
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	Stakeholder Group	Material Relationship	Means of Engagement	Material Interests	Outcomes
1	Employees	Employees' health, safety, welfare, and professional development are fundamental to Sasini's performance and key to enhancing our future-ready workforce.	<ul style="list-style-type: none"> – Regular dialogue sessions, town halls, and forums with senior management – Training activities (e.g., workshops and team-building sessions) – Employee engagement surveys – Employee grievance handling procedures. – Frequency of engagement is on a daily basis 	<ul style="list-style-type: none"> – Corporate strategy and growth plans – Job security – Remuneration and benefits – Career development opportunities – Occupational safety, health, and wellbeing – Labour and human rights – Work-life balance - Employee volunteerism – Workplace environment and conditions 	<ul style="list-style-type: none"> – Improved employee satisfaction – Better alignment of employee and Group goals – Increased productivity – Lower turnover rate – Enhanced safety and health for employees – Improved employee relations and trust in management – Enhanced skills and knowledge transfer

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
SUSTAINABILITY UPDATE 2023
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

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Stakeholder engagement (Continued)

	Stakeholder Group	Material Relationship	Means of Engagement	Material Interests	Outcomes
2	Out-growers and Suppliers	We work closely with partners in our value chain to ensure that their operations align with Sasini's Safety, Health, and Environment (SH&E) policies and standards, prioritising environmental performance, workplace safety, and employee health and wellbeing.	<ul style="list-style-type: none"> – Policies on SH&E – Supplier code of conduct – Day-to-day procurement processes – Regular supplier verification – Training programs – Incentives schemes – Engagement is on regular basis 	<ul style="list-style-type: none"> – Legal compliance – Quality – Innovation – Workers' safety, health, and wellbeing – Responsible procurement – Environment conservation – Ethical business conduct – Workplace environment and conditions 	<ul style="list-style-type: none"> – Revision of the Suppliers Code of Conduct – Service level agreements – Suppliers' agreements with out-growers
3	Shareholders and Investors	We are keen on good corporate governance and ESG integration and continue to build shareholder trust and confidence through open dialogue with shareholders and the investment community.	<ul style="list-style-type: none"> – AGM, meetings, and site visits – Media releases and interviews Investor briefings – Annual reports and financial statements – Announcement of results – Corporate website and social media platforms – Engagement is on a quarterly basis 	<ul style="list-style-type: none"> – Corporate governance – ESG disclosures aligned with leading global standards and frameworks – Sustainability performance tracking and reporting – Ethical workplace and marketing practices – Workplace environment and conditions 	<ul style="list-style-type: none"> – Increased transparency – Increased shareholder's value – Improved financial performance – Improved stakeholder management – Increased brand awareness – Better risk management – Improved stakeholder relations – Better alignment of investors and Group's goals

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
SUSTAINABILITY UPDATE 2023
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

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Stakeholder engagement (Continued)

	Stakeholder Group	Material Relationship	Means of Engagement	Material Interests	Outcomes
				<ul style="list-style-type: none"> – Workers' safety, health, and wellbeing 	
4	Community	We ensure that our developments do not affect the well-being of surrounding communities. We also invest in community development projects to foster collaborations that support the UN SDGs	<ul style="list-style-type: none"> – Group website and social media platforms – Corporate advertisements – Collaborations with charities and NGOs for community development – Corporate Social Responsibility (CSR.) – Participation in community development programs – Engagement is on a regular basis 	<ul style="list-style-type: none"> – Promoting environmental awareness and human rights – Advocating best practices in sustainability – Caring for the less fortunate – Advocacy and thought leadership in sustainability for the agriculture industry – Ethical business practices 	<ul style="list-style-type: none"> – Enhanced brand position – Community led development – Improved business goodwill – Awards and recognition
5	Business Partners	This include business associations of which Sasini are members, advocacy platforms, agricultural initiatives and peer led.	<ul style="list-style-type: none"> – Face-to-face meetings – Webinars – Organised conferences – Quarterly Calls – Surveys – Engagement is on a regular basis 	<ul style="list-style-type: none"> – To exchange knowledge on emerging issues i.e. corporate climate action, Net Zero – To develop a common position to tackle key issues affecting the agricultural service sector in the region 	<ul style="list-style-type: none"> – Enhanced international relationships – Increased brand reputation – Enhanced knowledge management by leveraging peer-to-peer learning and capacity building opportunities – Alignment with international frameworks

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
SUSTAINABILITY UPDATE 2023
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

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Stakeholder engagement (Continued)

	Stakeholder Group	Material Relationship	Means of Engagement	Material Interests	Outcomes
				<p>through developing a common approach and mainstream collective bargaining -To foster joint projects that enhance agricultural services initiatives and innovative solutions that can be scaled</p> <ul style="list-style-type: none"> – To align with global commitments that seek to accelerate global ambition and action i.e. climate change 	
6	Media	We raise greater awareness of the sustainability agenda and Sasini's sustainable practices by engaging the media regularly through mainstream news and information channels.	<ul style="list-style-type: none"> – Mainstream media platforms – Other information channels – Engagement is on a regular basis 	<ul style="list-style-type: none"> – Partnership to foster education on sustainability – Collaboration for advertisements – Cooperation on disclosing information about the Group – Relationships to foster enhanced brand and image on sustainable agriculture 	<ul style="list-style-type: none"> – Improved media ratings – Enhanced PRVs – Increased media impressions – Seamless native advertising – Accurate profiling of the Sasini story, strategy and performance – Objective reporting about our brand – Reaching new customers – Enhanced competitiveness

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
SUSTAINABILITY UPDATE 2023
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

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Stakeholder engagement (Continued)

	Stakeholder Group	Material Relationship	Means of Engagement	Material Interests	Outcomes
7	Regulators	We partner with key government agencies and regulators to elevate industry standards for sustainable agricultural practices, ethical business discipline, and health and safety standards.	<ul style="list-style-type: none"> – Sasini’s senior management representation on boards of various industry advocacy bodies -Long Standing partnership in various national programs – Thought leadership supports public policies and regulations about sustainability and sustainability reporting. – Engagement is on a quarterly basis 	<ul style="list-style-type: none"> – Programmes to cultivate responsible workplace practices – Sharing of industry best practices – Advocating ESG integration with financial reporting – Promoting occupational health and safety 	<ul style="list-style-type: none"> – Compliance – Alignments with the regulatory landscape – Enhanced thought leadership – Increased conversation leadership on topical regulatory issues i.e., regenerative agriculture, finance, licences, climate change etc
8	Customers	Delivering safe, high-quality products to our customers defines our purpose and financial success.	<ul style="list-style-type: none"> – Regular dialogue sessions – Customer satisfaction surveys - Customer feedback mechanisms – Compliance handling mechanisms – Engagement is on a regular basis 	Export <ul style="list-style-type: none"> – Product health and safety standards – Quality assurance – Workplace safety and health – Environment conservation – Ethical marketing practices 	<ul style="list-style-type: none"> – Customer satisfaction – Increased understanding of customer needs – Access to new customer segments – Better alignment of business opportunities with customer needs – Improved customer retention and lifetime value

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
SUSTAINABILITY UPDATE 2023
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

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Stakeholder engagement (Continued)

	Stakeholder Group	Material Relationship	Means of Engagement	Material Interests	Outcomes
				<ul style="list-style-type: none"> – Clean and safe workplace environment Local – Customer service and experience – Ethical market practices – Product health and safety standards – Quality assurance 	<ul style="list-style-type: none"> – Enhanced customer service and support – Increased customer engagement and feedback

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SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **SUSTAINABILITY UPDATE 2023** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

Stakeholder engagement (Continued)

We endeavour to involve our stakeholders in identifying, understanding, and responding to ESG issues and concerns. We report, explain clearly, and answer for our decisions, actions, and performance and failure thereof to affected stakeholders. To identify and understand the reasonable interests, concerns, needs, and legitimate expectations of our stakeholders, the Board and management of the Group have put in place mechanisms and processes that support constructive engagements and foster good relationships with them.

The stakeholder-inclusive approach brings about greater inclusion of stakeholder needs, interests and legitimate expectations in decision making for better and enhanced corporate governance outcomes as well as the social benefits generated by the Company's activities.

Sasini aims for meaningful engagement with all its stakeholders by clearly articulating its purpose, vision, and values and establishing effective engagement channels. It also ensures that activities with positive impacts are enhanced, and the negative ones are mitigated. We seek to demonstrate our deliberate intent to create value for all stakeholders based on our perceived responsibility. As a Group, we recognise and acknowledge our varied stakeholders and continue to interact with them through distinct types and levels of engagement to understand better factors they believe are critical for Sasini and the agriculture industry.

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During the financial year under review, we had constructive engagement with all our stakeholders to understand and address matters of mutual interests and concerns. The identified issues of material interest were addressed through various channels.

Sustainability Framework

Sasini PLC supports the United Nations Sustainable Development Goals (SDGs) and we have chosen to underpin our business future to align with the SDGs.

As a company with keen eye for the future, Sustainability is one of the key pillars of our business strategy. Our Sustainability framework is premised on three very critical principles of the Planet, People and Profits for prosperity, and we strongly believe that sustainable, ethical, and responsible business practices are vital business imperatives in creating triple effect value for the environment, society, and business. The Company's agenda is informed by various internal and external factors arising from the concerns of our stakeholders. These concerns are the material matters.

To establish material matters that impact the Company, we conduct materiality assessments to identify the risks and opportunities that impact the business operations. These are condensed into topics which are then aligned to SDGs. The identified material issues inform the sustainable development strategy.

The following key material matters are identified as those that could significantly impact value creation for the company in the foreseeable future.

1. Environment and Climate Change
2. Employee Development and Welfare
3. Product Safety, Quality, and Responsibility
4. Developing Communities
5. Business Ethics and Compliance
6. Sustainable Supply Chains

The environment is our key stakeholder. As part of the planet's ecosystem all business enterprises thrive on the planet's resources to develop, grow and make economic gains.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **SUSTAINABILITY UPDATE 2023** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

Sustainability Framework (Continued)

Our core businesses are anchored on agriculture, which is the mainstay of the Kenyan economy. Therefore, as a leading agricultural company, we have a duty of care and responsibility to the environment not only as stewards but also to demonstrate best practices in our farms. We adhere and align with the requirements of all the relevant regulatory authorities and certification bodies.

Agricultural innovation is critical to our being future fit entity and remains core to our strategic growth.

The continuing digitization in our operations and technological intervention through the investment in mechanized tea harvesting has helped us in reducing wastage, increasing efficiencies and containing cost of production. We have extended these benefits to select outgrower farmers looking to have all our outgrower farming community in the partnership loop.

As an entity focused on the successive growth of the economy, Sasini is an active enabler in the socio-economic development of women, person living with disability and the youth by providing them with platforms that can help to provide secure livelihoods and actively participates in the initiatives by communities in areas where we operate.

As corporate citizens we have a moral duty to contribute to social sustainability in areas where we operate. Provision of education and health are areas of strategic importance for Sasini PLC as well as for society. In promoting education and social welfare, the Group has constructed four (4) primary schools and one secondary school within the tea operations and also renders support to schools around our coffee operations. Our Tea division maintains nursery and primary schools providing free education to the children of employees, dependents, and surrounding communities. We see this as one critical means of developing talent and uplifting the society's socio-economic status. The Group supports education through bursaries and stipends while also providing funds to improve schools located near our plantations. We also provide resources such as computers, laboratory equipment, sports kits and learning material to schools.

The Group maintains a well-equipped medical center with in-patient and out-patient treatment options within the tea operations as well as satellite dispensary and a diagnostic laboratory. The facilities have ambulances on stand-by to transfer critical cases to larger facilities whenever such needs arise. These facilities cater for the company employees.

Strong governance structure, ethics and morals are the hallmarks of a thriving and successful society. As a responsible business we aim at inculcating strong culture, business ethos and conduct among our stakeholders. A strong moral attitude and ethical culture instills awareness and understanding of the consequences for non-compliance, creates accountability and transparency and builds confidence.

To address the material issues, we have a robust risk management programme. In addition, the company has in place a code of conduct and ethics at workplace and conducts training for staff on matters of ethics to drive the correct behavioral ethos.

Our commitments

Sasini PLC's vision is to become the leading agribusiness in Africa. The company strongly focuses on meeting its Environment Social and Governance (ESG) yardstick to ensure sustainable business operation as it continues to proactively integrate the United Nations Sustainable Developments Goals (SDGs) along with the fulfillment of its corporate social responsibility and create sustainable corporate value to all our stakeholders.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **SUSTAINABILITY UPDATE 2023** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

Our commitments (Continued)

Responsible and sustainable development is the business thinking and belief that Sasini PLC has always held since its establishment in 1952.

In line with the Company's chosen nine SDGs, namely, SDG 1- No Poverty, SDG 3-Good Health and Wellbeing, SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 7 – Affordable and Clean Energy, SDG 8 – Decent Work and Economic Growth, SDG 9 – Industry, Innovation and Infrastructure, SDG 12 – Responsible Consumption and Production and SDG 15 – Life on Land, and evolving ESG trends locally and globally, the Company will continue to refine its environmental, social and governance strategies and activities to enable its ESG initiatives aligned with the Nairobi Securities Exchange ESG Disclosures Guidance Manual to generate substantial benefits and long-term impact, thus promoting economic growth, environmental sustainability and social harmony. The Company will do its best to fulfill its corporate social responsibility, create sustainable business value, and make contribution to the realization of global economic, social and environmental sustainability.

Climate change is a challenge that calls all to action. To decarbonize the climate, we have in place a robust afforestation program that seeks to expand our tree populations within our estates. In addition to these efforts, we have embarked on the transition to a sustainable and clean energy future with the first phase being the solarization of our tea factories at Kipkebe and Keritor which are heavy consumers of hydroelectric power and wood fuel. This initiative will progressively be extended to our other operations over time.

We continue to be committed to a culture that values safety, inclusiveness, innovation, ethical behavior and engagement.

We remain strongly committed to increasing the diversity of our workforce, building a talent stream that provides career development and preferential advancement for women and vulnerable/underrepresented groups into mid and top management level position in our estates and factories and the selections are widely reflective of the communities we serve.

The COVID-19 pandemic brought with it unprecedented risk and opportunity. The pandemic created unexpected and persistent challenges for many businesses in ways previously unimaginable. We committed to refocusing our efforts through leadership commitment and employee engagement to strengthen our safety culture and reinforce work practices and also ensure the safety of our customers. As we return to near pre-pandemic time, we remain vigilant and cautious and continue to take all the appropriate precautions to protect and keep our employees safe as we provide them with additional support and relevant safety guidelines. The resilience and perseverance of our employees throughout the pandemic, never wavering from our commitment to serve our Tea, Coffee, Macadamia and Avocado customers all over, is truly inspiring. The pandemic brought the most rapid business and workforce transformation we have seen in recent time, supported by innovation, digitization and automation.

A strong and diligent governance is essential to our existence. Our Board of Directors and the management team are committed to purposeful decision-making, acting ethically and with integrity, providing leadership oversight of our sustainability strategy, managing risks and opportunities, and holding ourselves accountable. We do this to promote the long-term interests of our shareholders and other stakeholders.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **STATEMENT OF DIRECTORS' RESPONSIBILITIES** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of Sasini PLC (the Group and Company) which comprise the consolidated and company statements of financial position as at 30 September 2023, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and the information identified as subject to audit in the Directors' Remuneration Report and sustainability report.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with IFRSs as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the Directors to ensure the company and its subsidiaries keep proper accounting records which disclose with reasonable accuracy the financial position of the group and the company.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and the Company and of the Group and Company profit or loss and cash flows.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

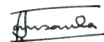
The Directors have made an assessment of the Company and its subsidiaries ability to continue as a going concern and have no reason to believe the Company and its subsidiaries will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on **05 January 2024**.



Dr. J.B. McFie, PhD
Chairman



Mr. Martin R. Ochieng'
Group Managing Director

Date: 05 January 2024



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Website www.kpmg.com/eafrica

INDEPENDENT AUDITORS' REPORT **TO THE MEMBERS OF SASINI PLC**

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sasini PLC ("the Company", the Company and its subsidiaries are referred to as "the Group") set out on pages 81 to 155, which comprise the consolidated and company statements of financial position as at 30 September 2023, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity, consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies .

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Sasini PLC as at 30 September 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRSs as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SASINI PLC (CONTINUED)**

Report on the audit of the consolidated and separate financial statements (Continued)

Key audit matters (continued)

Valuation of biological assets in the consolidated and separate financial statements	
See Note 3 (i) and Note 20	
The key audit matter	How the matter was addressed in our audit
<p>The Group's and Company's biological assets include unharvested tea leaves, coffee berries, standing timber and livestock which are measured at fair value less costs to sell.</p> <p>Estimating the fair value of coffee berries is a complex process involving a number of judgments and estimates regarding various inputs including estimating the expected harvest/yields and selling prices at the point of harvest and costs to be incurred to maturity of the biological asset as well as costs to sell at the point of harvest (incremental costs).</p> <p>Due to the nature of the standing timber, the valuation technique includes a discounted cash flow model that involves judgments and estimates regarding a number of inputs such as the useful life of standing timber, estimated number of standing trees at the reporting date, discount rate, expected harvest quantities or expected yield that is estimated based on historical trends derived from internal sources.</p> <p>Valuation of biological assets relating to unharvested tea, unharvested coffee berries and standing timber is a key audit matter because estimating the fair values is a complex process involving a number of judgments and estimates regarding various inputs.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> — Evaluating the effectiveness of the Group's and Company's design and implementation of the controls around standing timber and coffee berries. — Evaluating the Group's and Company's inputs and assumptions used in calculating the estimated cash flows with respect to yields and incremental costs by comparing previous estimates of yields and costs to maturity with the related historical yields and cost to maturity and with the Group's and Company's plans/budgets, as well as our understanding of the industry and the economic environment the Group and Company operates in — Evaluating the historical accuracy of the Group's and Company's estimated future prices by comparing previous forecasts for prices to actual outcomes (historical prices) and obtaining evidence and explanations for any material variances identified. — Evaluating the reasonableness of the number of standing trees at the reporting date by observing the physical tree counts as well as measuring the distance between the trees do determine the average number of trees per hectare and using the data to predict the expected number of trees for the total area covered by standing timber. — Evaluating the historical accuracy of the groups assessment of the useful life and harvested quantity with industry information and historical actual outcomes. — Involving our own valuation specialist in evaluating the appropriateness of the discount rates (weighted average cost of capital) used to discount cash flows relating to standing timber which included determination of the discount rate by adjusting the risk-free rate of return to the derivative of the equity risk premium and the stock beta to arrive at a Weighted Average Cost of Capital. — Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities in accordance with IFRS 13 <i>Fair Value Measurement</i>.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the *Sasini Plc, Annual Report and financial statements for the year ended 30 September 2023*, but does not include the consolidated and separate financial statements and our auditor's report thereon.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SASINI PLC (CONTINUED)**

Report on the audit of the consolidated and separate financial statements (Continued)

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated and separate financial statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SASINI PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (Continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you, solely based on our audit of the separate and consolidated financial statements, that in our opinion:

- (i) The information given in the report of the Directors on pages 26 to 33 is consistent with the consolidated and separate financial statements; and
- (ii) The auditable part of the Directors' Remuneration Report has been prepared in accordance with the Kenyan Companies Act, 2015;

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Joseph Kariuki – practicing certificate No. P/2102.

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 - 00100
Nairobi

Date: 05 January 2024

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023

		2023	2022
	Note	KShs'000	KShs'000
Revenue	8	5,718,437	7,345,305
Cost of sales	9	(4,345,369)	(5,544,659)
Gross profit		1,373,068	1,800,646
Fair value changes on biological assets	20(a)	223,541	543,413
Other income	10	115,427	144,684
Total operating income		1,712,036	2,488,743
Administration and establishment expenses	11(a)	(1,004,187)	(997,739)
Selling and distribution expenses	12	(46,511)	(44,372)
Results from operations		661,338	1,446,632
Finance income	13(a)	267,313	134,573
Finance cost	13(b)	(55,653)	(28,252)
Net finance income	13	211,660	106,321
Profit before tax	14	872,998	1,552,953
Income tax expense	15(a)	(330,442)	(384,941)
Profit for the year		542,556	1,168,012
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Net change in FV of debt investments at FVOCI	27	(17,917)	(10,832)
		(17,917)	(10,832)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of post-employment benefits, net of tax	31	1,397	(8,799)
		1,397	(8,799)
Total comprehensive income		526,036	1,148,381
Profit attributable to:			
Owners of the company		549,628	1,166,383
Non-controlling interest		(7,072)	1,629
		542,556	1,168,012
Total comprehensive income attributable to:			
Owners of the company		532,936	1,146,654
Non-controlling interest		(6,900)	1,727
		526,036	1,148,381
Earnings per share:			
Basic and diluted (KShs)	16	2.41	5.12

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **COMPANY STATEMENT OF PROFIT OR LOSS** **AND OTHER COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Notes	2023 KShs'000	2022 KShs'000
Revenue	8	1,722,611	2,792,609
Cost of sales	9	(1,603,217)	(2,487,331)
Gross profit		119,394	305,278
Fair value changes on biological assets	20(b)	230,160	241,425
Other income	10	<u>241,586</u>	<u>609,887</u>
Total operating income		591,140	1,156,590
Administration and establishment expenses	11(a)	(470,024)	(460,321)
Results from operations		<u>121,116</u>	<u>696,269</u>
Finance income	13(a)	25,873	20,995
Finance cost	13(b)	(55,653)	(38,782)
Net finance cost	13	(29,780)	(17,787)
Profit before tax	14	91,336	678,482
Income tax expense	15(a)	(37,208)	(106,387)
Profit for the year		<u>54,128</u>	<u>572,095</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of post-employment benefits, net of tax	31	<u>2,377</u>	<u>1,026</u>
Total comprehensive income		<u>56,505</u>	<u>573,121</u>
Basic and diluted (KShs)	16	<u>0.24</u>	<u>2.51</u>


The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC


ANNUAL REPORT AND FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

		2023	2022
ASSETS	Note	KShs'000	KShs'000
Non-current assets			
Property, plant and equipment	18(a)	11,151,429	11,132,410
Capital work-in-progress	18(c)	200,955	203,594
Intangible assets	19	8,895	14,526
Biological assets	20(a)	1,217,362	1,346,829
Right of use assets	21(a)	59,193	69,133
Other investments	27	<u>247,806</u>	<u>277,691</u>
		<u>12,885,640</u>	<u>13,044,183</u>
Current assets			
Inventories	23	1,216,682	739,051
Biological assets	20(a)	223,174	197,094
Trade and other receivables	24	1,065,898	812,426
Current income tax recoverable	15(b)	33,978	7,411
Short term deposits	26(a)	2,317	467,146
Cash and bank balances	26(b)	<u>871,119</u>	<u>1,088,406</u>
		<u>3,413,168</u>	<u>3,311,534</u>
TOTAL ASSETS		<u>16,298,808</u>	<u>16,355,717</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	228,055	228,055
Non-distributable reserves	29(a)	10,175,308	10,292,018
Distributable reserves	29(b)	<u>3,842,787</u>	<u>3,421,197</u>
		<u>14,246,150</u>	<u>13,941,270</u>
Non-controlling interest	29(c)	<u>293,118</u>	<u>300,018</u>
Total equity		<u>14,539,268</u>	<u>14,241,288</u>
Non-current liabilities			
Deferred tax liability	30	1,175,772	1,166,212
Lease liability	21(b)	47,363	48,869
Post-employment benefits	31	<u>117,025</u>	<u>130,410</u>
		<u>1,340,160</u>	<u>1,345,491</u>
Current liabilities			
Bank loan	37	28,882	-
Trade and other payables	32	368,990	510,020
Lease liability	21(b)	6,637	10,160
Current income tax payable	15(b)	-	238,145
Post-employment benefits	31	<u>14,871</u>	<u>10,613</u>
		<u>419,380</u>	<u>768,938</u>
TOTAL EQUITY AND LIABILITIES		<u>16,298,808</u>	<u>16,355,717</u>

The consolidated and separate financial statements set out on pages 81 to 155 were approved and authorised for issue by the Board of Directors on **05 January 2024** and signed on its behalf by:



Dr. J.B. McFie, PhD
Chairman



Mr. Martin R. Ochieng'
Group Managing Director

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

		2023	2022
ASSETS	Note	KShs'000	KShs'000
Non-current assets			
Property, plant and equipment	18(b)	7,304,773	7,330,442
Capital work-in-progress	18(c)	62,398	50,693
Intangible assets	19	6,100	9,699
Biological assets	20(b)	255,503	225,601
Right of use assets	21(a)	49,191	59,029
Investment in subsidiaries	22	<u>637,727</u>	<u>637,727</u>
		<u>8,315,692</u>	<u>8,313,191</u>
Current assets			
Inventories	23	469,583	331,589
Biological assets	20(b)	191,306	167,411
Trade and other receivables	24	245,233	202,018
Amounts due from related companies	25(a)	91,113	233,918
Current income tax recoverable	15(b)	24,072	-
Short term deposits	26(a)	-	165,269
Cash and bank balances	26(b)	<u>99,662</u>	<u>368,475</u>
		<u>1,120,969</u>	<u>1,468,680</u>
TOTAL ASSETS		<u>9,436,661</u>	<u>9,781,871</u>
EQUITY AND LIABILITIES			
Current liabilities			
Share capital	28	228,055	228,055
Non - distributable reserves	29(a)	7,338,311	7,298,276
Distributable reserves	29(b)	<u>1,172,298</u>	<u>1,383,884</u>
Total equity		<u>8,738,664</u>	<u>8,910,215</u>
Non-current liabilities			
Deferred tax liability	30	471,085	457,220
Post-employment benefits	31	21,364	21,306
Lease liability	21(b)	<u>47,363</u>	<u>48,869</u>
		<u>539,812</u>	<u>527,395</u>
Current liabilities			
Bank loan	37	28,882	-
Amounts due to related parties	25(c)	21,877	60,334
Trade and other payables	32	99,925	222,777
Lease liability	21(b)	6,637	10,160
Current income tax payable	15(b)	-	49,288
Post-employment benefits	31	<u>864</u>	<u>1,702</u>
		<u>158,185</u>	<u>344,261</u>
TOTAL EQUITY AND LIABILITIES		<u>9,436,661</u>	<u>9,781,871</u>

The consolidated and separate financial statements set out on pages 81 to 155 were approved and authorised for issue by the Board of Directors on **05 January 2024** and signed on its behalf by:



Dr. J.B. McFie, PhD
Chairman



Mr. Martin R. Ochieng'
Group Managing Director

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Bond fair value deficit KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total attributable to owners KShs'000	Non controlling interest KShs'000	Total equity KShs'000
2023:											
Balance as at 1 October 2022	228,055	98,530	9,712,585	361,205	130,530	(10,832)	3,421,197	-	13,941,270	300,018	14,241,288
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	549,628	-	549,628	(7,072)	542,556
Other comprehensive income,											
Fair value loss on investment in bonds	-	-	-	-	-	(17,917)	-	-	(17,917)	-	(17,917)
Reclassification of fair value loss on biological assets net of tax, from retained earnings to separate equity reserve	-	-	-	(72,987)	-	-	72,987	-	-	-	-
Revaluation reversal on disposal of land	-	-	(27,031)	-	-	-	27,031	-	-	-	-
Remeasurement of post employment benefits net of tax	-	-	-	-	1,225	-	-	-	1,225	172	1,397
Total other comprehensive income	-	-	(27,031)	(72,987)	1,255	(17,917)	100,018	-	(16,692)	172	(16,520)
Total comprehensive income for the year	-	-	(27,031)	(72,987)	1,225	(17,917)	649,646	-	532,936	(6,900)	526,036
Transactions with owners of the company recorded directly in equity											
Dividend declared and paid to											
Interim 2023 dividend declared and paid	-	-	-	-	-	-	(228,056)	-	(228,056)	-	(228,056)
Proposed dividend 2023	-	-	-	-	-	-	(114,028)	114,028	-	-	-
Total distribution to owners of the company	-	-	-	-	-	-	(342,084)	114,028	(228,056)	-	(228,056)
At 30 September 2023	228,055	98,530	9,685,554	288,218	131,755	(28,749)	3,728,759	114,028	14,246,150	293,118	14,539,268

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Bond fair value deficit KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total attributable to owners KShs'000	Non controlling interest KShs'000	Total equity KShs'000
2022:											
Balance as at 1 October 2021	228,055	98,530	9,741,029	289,179	139,427	-	2,526,452	114,028	13,136,700	307,291	13,443,991
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	1,166,383	-	1,166,383	1,629	1,168,012
Other comprehensive income											
Fair value loss on investment in bonds	-	-	-	-	-	(10,832)	-	-	(10,832)	-	(10,832)
Reclassification of fair value gain on biological assets net of tax, from retained earnings to separate equity reserve	-	-	-	72,026	-	- (72,026)	-	-	-	-	-
Revaluation reversal on disposal of buildings	-	-	(28,444)	-	-	-	28,444	-	-	-	-
Remeasurement of post employment benefits net of tax	-	-	-	-	(8,897)	-	-	-	(8,897)	98	(8,799)
Total comprehensive income for the year	-	-	(28,444)	72,026	(8,897)	(10,832)	1,122,801	-	1,146,654	1,727	1,148,381
Transactions with owners of the company recorded directly in equity											
Dividend declared and paid to Non-controlling interest	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Final 2021 dividend paid	-	-	-	-	-	-	-	(114,028)	(114,028)	-	(114,028)
Interim 2022 dividend declared and paid	-	-	-	-	-	-	(228,056)	-	(228,056)	-	(228,056)
Total distribution to owners of the company	-	-	-	-	-	-	(228,056)	(114,028)	(342,084)	(9,000)	(351,084)
At 30 September 2022	228,055	98,530	9,712,585	361,205	130,530	(10,832)	3,421,197	-	13,941,270	300,018	14,241,288

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
2023:								
Balance as at 1 October 2022	228,055	40,594	7,046,471	200,359	10,852	1,383,884	-	8,910,215
Profit for the year	-	-	-	-	-	54,128	-	54,128
Other comprehensive income								
Reclassification of fair value gain on biological assets net of tax, from retained earnings to separate equity reserve	-	-	-	37,658	-	(37,658)	-	-
Remeasurement of post employment benefits, net of tax (Note 30)	-	-	-	-	3,396	-	-	3,396
Deferred tax on remeasurement	-	-	-	-	(1,019)	-	-	(1,019)
Total comprehensive income for the year	-	-	-	37,658	2,377	16,470	-	56,505
Transactions with owners of the company recorded directly in equity								
Interim 2023 dividend paid paid	-	-	-	-	-	(228,056)	-	(228,036)
Final dividend proposed 2023	-	-	-	-	-	(114,028)	114,028	-
Total distribution to owners of equity	-	-	-	-	-	(342,084)	114,028	-
At 30 September 2023	228,055	40,594	7,046,471	238,017	13,229	1,058,270	114,028	8,738,664

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
2022:								
Balance as at 1 October 2021	228,055	40,594	7,046,471	216,737	9,826	1,023,467	114,028	8,679,178
Profit for the year	-	-	-	-	-	572,095	-	572,095
Other comprehensive income								
Reclassification of fair value gain on biological assets net of tax, from retained earnings to separate equity reserve	-	-	-	-	-	-	-	-
Remeasurement of post employment benefits, net of tax (Note 30)	-	-	-	(16,378)	-	16,378	-	-
	-	-	-	-	1,026	-	-	1,026
Total comprehensive income for the year	-	-	-	(16,378)	1,026	588,473	-	573,121
Transactions with owners of the company recorded directly in equity								
Final 2021 dividend paid	-	-	-	-	-	-	(114,028)	(114,028)
Interim 2022 dividend paid	-	-	-	-	-	(228,056)	-	(228,056)
Total distribution to owners of equity	-	-	-	-	-	(228,056)	(114,028)	(342,084)
At 30 September 2022	228,055	40,594	7,046,471	200,359	10,852	1,383,884	-	8,910,215

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

		2023	2022
Cash flows from operating activities	Note	KShs'000	KShs'000
Net cash flows generated from operations	33	339,041	1,660,038
Gratuity paid	31	(29,579)	(47,150)
Interest paid on lease liability		(6,746)	(744)
Income taxes paid	15(b)	(586,193)	(128,189)
Net cash (used in)/generated from operating		(283,477)	1,483,955
Cash flows from investing activities			
Interest received	13(a)	105,869	59,522
Purchase of other investments - (infrastructure bonds)	27	-	(288,523)
Redemption of other investments		29,408	-
Placement/(purchase) of short-term deposits	26(a)	464,829	(467,146)
Purchase of property and equipment	18(a)	(191,577)	(133,995)
Purchase of capital work-in- progress assets	18(c)	(141,950)	(59,593)
Purchase of intangible assets	19	(242)	(424)
Proceeds from sale of property and equipment		38,526	10,152
Net cash used in investing activities		304,863	(880,007)
Cash flows from financing activities			
Interest paid on other borrowings	13(b)	(17,030)	(13,416)
Payment of lease liability - principal		(5,029)	(17,697)
Borrowings received	37	816,566	852,548
Borrowings repaid	37	(787,684)	(852,548)
Dividends paid to non-controlling interest		-	(9,000)
Dividends paid on ordinary shares		(228,056)	(342,084)
Net cash used in financing activities		(221,233)	(382,197)
Net (decrease)/increase in cash and cash equivalents		(199,847)	221,751
Cash and cash equivalents at the beginning of the year		1,088,406	821,973
Effects of movements in exchange rates on cash		(17,440)	44,682
Cash and cash equivalents at the end of the year	26(b)	871,119	1,088,406

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2023

		2023	2022
Cash flows from operating activities	Note	KShs'000	KShs'000
Net cash flows generated from operations	33	(62,917)	610,749
Gratuity paid	31	(1,745)	(1,005)
Interest paid on lease liability	21(b)	(6,746)	(744)
Income taxes paid	15(b)	(<u>97,722</u>)	(<u>84,978</u>)
Net cash generated from operating activities		(<u>169,130</u>)	<u>524,022</u>
Cash flows from investing activities			
Interest received	13	17,389	9,531
Realisation/(purchase) of short-term deposits	26(a)	165,269	(165,269)
Purchase of property and equipment	18(b)	(47,619)	(44,094)
Purchase of capital work-in-progress	18(c)	(14,287)	(7,471)
Purchase of intangible assets	19	-	(333)
Proceeds from sale of property and equipment		<u>798</u>	<u>7,383</u>
Net cash used in from investing activities		<u>121,550</u>	(<u>200,253</u>)
Cash flows from financing activities			
Interest paid on other borrowings	13	(17,030)	(27,385)
Payment of lease liability	21(b)	(5,029)	(17,697)
Borrowings received	37	816,566	852,548
Borrowings repaid	37	(787,684)	(852,548)
Proceeds from redeemable preference shares		-	180,000
Dividends paid on ordinary shares		(<u>228,056</u>)	(<u>342,084</u>)
Net cash used in financing activities		(<u>221,233</u>)	(<u>207,166</u>)
Net (decrease)/increase in cash and cash equivalents		(268,813)	116,603
Cash and cash equivalents at the beginning of the year		368,475	247,324
Effects of movements in exchange rate on cash held		<u>-</u>	<u>4,548</u>
Cash and cash equivalents at the end of the year	26(b)	<u>99,662</u>	<u>368,475</u>

The notes set out on pages 91 to 155 form an integral part of the consolidated and separate financial statements.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

1. REPORTING ENTITY

Sasini PLC (the “Company”) is a limited liability Company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The consolidated financial statements of the company for the year ended 30 September 2023 comprise the company and its subsidiaries (together referred to as the “Group”).

The Group is primarily involved in growing and processing of tea and coffee, commercial milling and marketing of coffee, value addition of related products, forestry, sourcing and processing avocados, processing macadamia nuts, dairy operations and livestock.

The address of its registered office and principal place of business is as follows:

3rd Floor, Rivaan Centre
Off Brookside Grove
Muguga Green, Westlands
PO Box 30151 – 00100
Nairobi

The shares of the Company are listed on the Nairobi Securities Exchange (NSE).

Where reference is made to accounting policies to Group or Company it should be interpreted as being applicable to consolidated or separate financial statements as the context requires.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated and separate financial statements (the financial statements) are prepared in accordance with and comply with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and the Kenya Companies Act, 2015. Details of the Group’s and Company’s significant accounting policies are included in Note 3.

For Kenyan Companies Act 2015 reporting purposes, the balance sheet is represented in these financial statements by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income.

(b) Basis of accounting and measurement

The consolidated and separate financial statements have been prepared on the historical cost basis as modified by revaluation of certain items of property, plant and equipment, biological assets which is measured at fair value less cost to sell, Other investments (government bonds) which is measured at Fair value through the other comprehensive income and a liability for staff gratuity subjected to actuarial valuation.

(c) Functional and presentation currency

The financial statements are presented in Kenya shillings (KShs), which is the Group’s and Company’s functional currency. Except as otherwise indicated, financial information presented in Kenya shillings has been rounded to the nearest thousand (KShs‘000).

(d) Going concern

The Group’s and Company’s management has made an assessment of the Group and Company’s ability to continue as a going concern and is satisfied that the Group and Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group’s and Company’s ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

2. BASIS OF PREPARATION (Continued)

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) *Subsidiaries*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2023. The subsidiaries are shown in Note 22.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained. Subsequently, it is accounted as an equity accounted investee or at Fair Value through Other Comprehensive Income (FVOCI) financial asset depending on the level of influence retained; and
- Recognises any surplus or deficit in profit or loss.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (continued)

(ii) *Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Monetary assets and liabilities carried in foreign currencies are translated into Kenya Shillings at the rate of exchange ruling at the reporting date. Transactions during the year in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(c) Revenue recognition

The Group recognises revenue mainly from sale of agricultural produce to the export and local markets. Revenue is shown net of value added tax (VAT), returns, rebates and discounts.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

For the sale of agricultural produce to the export market, revenue is recognised when control of the agricultural produce has been transferred to the final customer by selling agents; In case of an FOB incoterm arrangement, the revenue is recognised when the good is transferred to the shipping agent while on a CIF incoterm arrangement, revenue is recognised at the point of delivery to the customer. The proceeds from sale are collected within 14 days for auction sales and as per contract terms for direct sales between 10 to 45 days. A receivable is recognised by the Group upon the agents confirming that the agricultural produce has been delivered to the final customer as this represents the point at which the right to consideration becomes unconditional. The payment terms is as per contracts.

For the sale of agricultural produce to the local market, revenue is recognised when control of the agricultural produce has been transferred, being at the point the customer purchases the goods at the retail outlet (direct sales) or when the agricultural produce is delivered to the customer. Payment is due immediately at the point the customer takes control of the agricultural produce. Under the Group's standard contract terms, customers do not have a right to return due to the nature of the agricultural produce.

For the sale of trees and nurseries, revenue is recognised when control of the seedlings and trees has been transferred, being at the point the customer collects and pays for the goods at the farm. Payment is due immediately at the point the customer takes control of the trees and nurseries.

. Contracts with customers do not have a significant financing component and there are no variable considerations.

The Group and Company will recognise revenue in accordance with that core principle by applying the following five steps:

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue recognition (continued)

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

(d) Taxation

Tax expense comprises current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

(i) Current taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Taxation (continued)

(ii) *Deferred tax – continued*

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities.

(e) Investments in subsidiary companies

The investments in subsidiary companies are accounted for at cost in the Company's statement of financial position less any provisions for impairment losses. Where in the opinion of the Directors, there has been an impairment of value of an investment; the loss is recognised as an expense in the period in which the impairment is identified.

(f) Financial instruments

(i) *Recognition and initial measurement*

Financial assets and financial liabilities are recognised in the Group and Company's statement of financial position when the Group and Company becomes a party to the contractual provisions of the instrument except for trade receivables and debt securities issued, that are initially recognised when they are originated.

Financial assets and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) *Classification and subsequent measurement*

The Group and Company classify their financial assets in the following categories; amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The classification of financial assets and their subsequent accounting will be determined by the application of dual tests examining the contractual cash flow characteristics of the financial instruments and the Group and Company's business model for managing the assets.

Financial assets may be held at amortised cost only where both:

- the asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that consist solely of principal and interest on the outstanding principal.

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that consist solely of principal and interest on the outstanding principal.

Financial liabilities are measured at amortised cost using the effective interest rate (EIR) model, unless the option to fair value liabilities is taken.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(iii) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) *Impairment of Non- derivative financial assets*

— Financial instruments

The Group and Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group and Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and amounts due to related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and Company's historical experience and informed credit assessment and including forward-looking information.

The Group and Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group and Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group and Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group and Company considers this to be Baa3 or higher per GCR, S&P and Moody's ratings. Or BBB- or higher per GCR, S&P and Moody's ratings.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(iv) *Impairment of Non- derivative financial assets - continued*

— Financial instruments and contract assets - continued

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and Company is exposed to credit risk.

— Measurement of the Expected Credit Losses

ECLs are probability -weighted estimate of credit losses. Credit losses are measured as the present value of all cash short falls. ECLs are discounted at the effective interest rate of the financial asset.

— Credit Impaired financial assets

At each reporting date, the Group and Company assess whether the financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

These include: Significant financial difficulty of the debtor, a breach of contract such as a default probability being more than 90 days past due and it is probable that the debtor will enter bankruptcy or other financial reorganization. The Group and Company has a default period of 60 days.

— Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and recognised in the OCI.

— Write off

The gross carrying amount of the financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers the Group has a policy of writing off the gross carrying amount when the financial asset is 90 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes assessment with respect to the timing and amount of write – off based on whether there is reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(v) *Derecognition of financial assets and liabilities*

The Group and Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises its financial liabilities when its contractual obligation are discharged or cancelled or expired. On derecognition of financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss.

(g) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently at revalued amounts except bearer plants carried at cost on initial and subsequent measurement less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset including pruning, thinning, labour, tipping etc.

A bearer plant is defined as a plant that:

- (a) is used in the production or supply of agricultural produce;
- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce, except for scraps sales.

The Group's and Company's tea and coffee bushes meet the above definition and are classified as bearer plants.

Revaluation increases arising on the revaluations are recognised in other comprehensive income and accumulated in the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising out of revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Additionally, accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any surplus remaining in the revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Work-in-progress represents costs incurred in acquisition/installation of an item of property, plant and equipment which is not in use, including immature bearer plants. Work-in-progress is not depreciated until the assets are completed and brought into use but is tested for impairment when there is an indicator for impairment as such this has been presented separately on the statement of financial position.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (continued)

Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Subsequent expenditures such as improvements, replacements, pruning, thinning etc are capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the Company. Ongoing repairs and maintenance is expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The depreciation of bearer plants is triggered upon maturity. No depreciation is provided on freehold land. Other items of property, plant and equipment are depreciated on the straight line basis to write down the cost or revalued amount of each asset to its residual value over its estimated useful life for current and comparative periods as follows:

Buildings and improvements	12 – 45 years
Plant, machinery and tools	12.5% p.a
Rolling stock*	3.5% - 25% p.a
Farm implements and trailers	12.5% p.a
Furniture, fittings and equipment	12.5% -33% p.a
Bearer plants	2.0% p.a

*Rolling Stocks are powered and unpowered vehicles used by the Group and Company.

Useful lives, residual values and depreciation methods are reviewed on an annual basis and adjusted prospectively, if appropriate. An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is de-recognised.

The carrying values of the property, plant and equipment are assessed when there are indicators and adjusted for impairment where it is considered necessary. See Note 3(u)

(h) Intangible assets

An intangible asset arises from the purchases of accounting software. Acquired intangible assets are measured on initial recognition at cost.

The Group and Company recognises an intangible asset at cost if, and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and/ or Company and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite.

The intangible assets are amortised on a straight-line basis over their useful lives (5 years).

Amortisation method, useful lives and residual values are reviewed at each reporting date.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Biological assets

Biological assets consist of livestock, trees and unharvested coffee berries, tea leaves and avocado fruits that are growing on bearer plants. They are measured on initial recognition and at each reporting date at fair value less cost to sell. Costs to sell include all costs that would be necessary to sell the assets including transportation costs. Any changes to the fair value are recognised in profit or loss in the period in which they arise. The fair value net of deferred tax is transferred to a fair value reserve in equity as a non-distributable reserve.

The fair value of livestock is determined based on the market prices of livestock of similar age, breed and sex. Where meaningful market determined prices do not exist to assess the fair value of the Group's and Company's other biological assets, the fair value is determined based on the net present value of expected future cash flows, discounted at appropriate pre-tax rate. The fair value of unharvested coffee berries and tea leaves is determined using estimated future market prices less costs to sell based on the biological transformation of the produce at the reporting date.

All costs incurred relating to mature biological assets such as picking, dressing, pruning, labour, transportation etc are recognised in profit or loss in the period in which they are incurred. Costs incurred relating to immature biological assets such as thinning, fertilizers etc are factored in the fair value adjustment. Agricultural produce is measured at fair value less cost to sell at the point of harvest.

Biological assets that are expected to be realised within 12 months (coffee and tea produce) at the reporting date are classified as current assets. See Note 20.

(j) Share capital

Ordinary shares are classified as equity. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

(k) Leases

At inception of a contract, the Group and Company assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and Company uses the definition of a lease in IFRS 16.

The Group and Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and Company's incremental borrowing rate. Generally, the Group and Company uses its incremental borrowing rate as the discount rate. The Group and Company determines its incremental borrowing rate by analysing its bank borrowings and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group and Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and Company presents right-of-use assets and lease liabilities as separate lines in the statement of financial position.

Short-term leases and leases of low-value assets

The Group and Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases as a lessor

The Group leases out its investment property consisting of its own commercial properties. All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the group is disclosed in Note 21. The Group recognises lease payments from operating leases as income on a straight-line basis and the costs, including depreciation, incurred in earning the lease income as an expense.

(l) Inventories

Tea, coffee, macadamia nuts, consumables and trees nurseries inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads, where appropriate, that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for costs of realisation. Consumable stores are stated at the weighted average cost less provisions for obsolescence, slow moving and defective stocks.

The cost of finished goods and work in progress comprise the fair value less cost to sell of agricultural produce at the point of harvest, raw materials, direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

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ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Employee benefit

The Group operates a defined contribution retirement benefits scheme for its non-unionised employees. For the unionised employees, the Group operates a gratuity scheme.

(i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan which an entity pays fixed contribution into a separate entity and has no legal or constructive obligation to pay further amounts. The expense is recognised in profit or loss.

Contributions from the Group and Company, at a rate of 12.5% of the basic salary of each employee, are expensed in the year the services are rendered and paid over to a separate trustee administered fund. The Group and Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute. The Group's and Company's contributions to the above schemes are charged to profit or loss in the year to which they relate. Prepaid contribution is recognised as an asset, to the extent that a cash refund or a reduction in future payments is available.

(ii) Gratuity

The Group and Company grants its employees a gratuity in the form of a payment on the retirement date based on the number of years in the service. The entitlement to gratuity under the collective bargaining agreements with the trade unions and long service awards are recognised when they accrue to employees. The gratuity scheme is funded by the Group and Company. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the reporting date.

The remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the Group and Company may transfer those amounts recognised in other comprehensive income within equity

The liability recognised in the statement of financial position is the present value of the estimated future cash outflows, calculated by an independent actuary using the projected unit credit method. The Service cost and net interest on the gratuity is recognized in profit or loss/profit or loss.

(iii) Accrued annual leave

The monetary liability for employees accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(iv) Other short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Provisions

A provision is recognised in the statement of financial position when the Group and Company have a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of discount is recognised as finance cost.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

(p) Finance income and finance costs

Finance income comprises foreign currency exchange gains, interest income on funds invested at FVOCI, dividend income, gains on the disposal of FVOCI financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise foreign currency exchange losses, interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a gross basis. The Group and Company records foreign currency transaction on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The foreign currency monetary items are translated using the closing rate while exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised by the Group and Company in profit or loss in the period in which they arise.

(q) Dividends

Dividends payable to the Group's and Company's shareholders are recognised as a liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity.

(r) Related party transactions

The Group and Company discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and Group or related companies.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Impairment of non-financial assets

The carrying amounts of the Group's and Company's non-financial assets, other than investment properties, inventories, deferred tax assets and biological assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss unless the asset is carried at revalued amount in accordance with the revaluation model in IAS 16. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with the requirements of IAS 16. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

Impairment losses recognised in respect of cash-generating units are allocated first reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

(u) New standards, amendments and interpretations

(i) New standards, amendments and interpretations effective and adopted during the year

The Group and Company have adopted the following new standards and amendments during the year ended 30 September 2023, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 October 2022.

New standard or amendments	Effective for annual periods beginning on or after
— Onerous contracts: Cost of Fulfilling a Contract (Amendments to IAS 37).	1 January 2022
— Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
— Annual improvements to IFRS standards 2018-2020	1 January 2022
— Reference to Conceptual Framework (Amendments to IFRS 3)	1 January 2022

The above standards and amendments did not have a material impact on the Group's and Company's financial statement.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) New standards, amendments and interpretations (continued)

(ii) *New standards, amendments and interpretations in issue but not effective for the year ended 30 September 2023*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 September 2023 and have not been early adopted by the Group and Company. The Group and Company are in the process of assessing the impact of these standards on the Group's and Company's financial statements.

New standard or amendments	Effective for annual periods beginning on or after
— Classification of liabilities as current or non-current (Amendments to IAS 1))	1 January 2023
— Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
— Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
— Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
— International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)	23 May 2023
— Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2024
— Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
— Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
— IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	1 January 2024
— Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
— Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	Optional

All standards and interpretations will be adopted at their effective date except for those standards and interpretations that are not applicable to the Group or Company.

4. USE OF ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

(i) *Biological assets*

In determining the fair value of standing timber, the Group and Company use the present value of expected future cash flows from the assets discounted at the current market determined pretax rate. The fair value of unharvested coffee berries and tea leaves is determined using estimated future market prices less costs to sell based on the biological transformation of the produce at the reporting date. The objective of calculating the present value of expected cash flows is to determine the fair value of biological assets in their present location and condition.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (continued)

(i) *Biological assets – continued*

The Group and Company determines an appropriate discount rate to be used and in estimating net cash flows. The discount rate has been determined using the Capital Asset Pricing Model (CAPM) where the cost of equity is obtained by adding the risk-free rate of return to the derivative of the equity risk premium and the stock beta to arrive at a Weighted Average Cost of Capital. Management uses budgeted information relating to production and expected future market prices of tea, coffee, livestock and trees. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed to reduce any differences between estimates and actual experience. The significant assumptions are set out in Note 20 to the financial statements.

Critical judgements are made by the Directors in determining the fair values of biological assets. The key assumptions are set out in Note 20.

(ii) *Property, plant and equipment*

Directors make estimates in determining the depreciation rates for property, plant and equipment. The rates used are set out in the accounting policy for property, plant and equipment. These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

The Group and Company measures its property, plant and equipment at revalued amounts with changes in revaluation values being recognised in other comprehensive income. The Group and Company engages independent valuers to determine fair values of property, plant and equipment. The details of property, plant and equipment and the assumptions applied are disclosed in Note 3(g) and Note 18

(iii) *Income taxes and deferred tax*

Significant judgement is required in determining the Group's and Company's provision for deferred and current income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the year in which such determination is made.

(iv) *Post-employment benefit obligation*

The cost of the unfunded service gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on scheme assets and future salary increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details of post-employment benefits and the assumptions applied are disclosed in Note 3(n) and Note 31.

(v) *Allowance for impairment of financial assets*

The Group and Company uses an Expected Credit Loss (ECL) model to assess any need for impairment of financial assets. Under the ECL model, the Group and Company calculates the allowance for credit losses using a provisioning matrix by considering on a discounted basis, the cash shortfalls it would incur in various default scenarios for .

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (continued)

(v) *Allowance for impairment for accounts receivable – continued*

prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. For other assets other than financial assets, if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Details of the allowance for impairment are disclosed in Note 5(b) and Note 24.

(b) Critical accounting judgements

In the process of applying the Group's and Company's accounting policies, Directors make certain judgements that are continuously assessed based on prior experience and other determinants including expectations of future events that, under the circumstances are deemed to be reasonable as described below:

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and Company's principal financial instruments comprise cash and cash equivalents, short-term deposits, receivables, bank loans, payables and debt instruments at FVOCI. These instruments arise directly from its operations. The Group does not speculate or trade in derivative financial instruments.

The Group's and Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The Directors review and agree policies for managing these risks.

The board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by management under policies approved by the Board of Directors.

Management identifies, evaluates and manages financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimising on the return on the risk.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(i) Interest rate risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the group's long and short term obligations with floating interest rates.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the exposure to interest rate risks. The Group's exposure to interest rate risk is with regards to fluctuation in interest rates in the market which affects the returns on the investments held by the Group.

The Group and the Company does not have exposure to floating rate instruments. As such, there is no significant exposure to interest risk as most of the financial instruments are fixed term instruments.

(ii) Currency risk

The Group and Company are exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group entities. The currencies in which these transactions primarily are denominated are US Dollar (USD) and Sterling Pound (GBP).

The Group's and Company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the reporting date. All gains or losses on changes in currency exchange rates are accounted for in profit or loss.

The following are the exchange rates that existed at the financial year end for the following significant currencies:

	<u>Average rates</u>		<u>Closing rates</u>	
	2023	2022	2023	2022
	KShs	KShs	KShs	KShs
US Dollar (USD)	132.56	115.37	148.10	120.73
Sterling Pound (GBP)	162.97	147.72	180.56	130.66
Euro	141.75	125.09	156.00	117.13

The Group and Company operate in Kenya and its assets and liabilities are carried in the local currency. The Group's and Company's exposure to foreign currency risk was as follows:

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ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(ii) Currency risk – continued

All figures are in thousands of Kenya shillings (KShs'000)

Group:

2023:	USD	GBP	EURO	Total
Assets				
Trade and other receivables	766,936	3,966	12,351	783,253
Cash and cash equivalents	179,723	79	240	180,042
At 30 September	946,659	4,045	12,591	963,295
Liabilities				
Trade and other payables	(12,383)	-	-	(12,383)
At 30 September				
Net balance sheet position	934,276	4,045	12,591	950,912
2022:	USD	GBP	EURO	Total
Assets				
Trade and other receivables	425,342	8,571	15,468	449,381
Cash and cash equivalents	370,358	2,566	9,199	382,123
At 30 September	795,700	11,137	24,667	831,504
Liabilities				
Trade and other payables	(33,700)	-	-	(33,700)
At 30 September				
Net balance sheet position	762,000	11,137	24,667	797,804

Company:

All figures are in thousands of Kenya shillings (KShs'000)

Assets	2023 USD	2022 USD
Trade and other receivables	146,093	69,546
Cash and cash equivalents	28,306	166,347
At 30 September	174,399	235,893
Liabilities		
Trade and other payables	(2,795)	(32,177)
Net balance sheet position	171,604	203,716

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ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(ii) Currency risk – continued

The following table demonstrates the effect on the Group and Company's statement of profit or loss and other comprehensive income of applying a sensitivity for a reasonable possible change in the exchange rate of the main transaction currencies, with all other variables held constant.

	Change in currency rate	Group		Company	
		Effect on profit before tax KShs' 000	Effect on equity KShs' 000	Effect on profit before tax KShs' 000	Effect on equity KShs' 000
USD					
2023	10%	93,428	65,399	17,160	12,012
	(10%)	(93,428)	(65,399)	(17,160)	(12,012)
2022	10%	76,200	53,340	20,372	14,260
	(10%)	(76,200)	(53,340)	(20,372)	(14,260)
GBP					
2023	10%	405	283	-	-
	(10%)	(405)	(283)	-	-
2022	10%	1,114	780	-	-
	(10%)	(1,114)	(780)	-	-
EUR					
2023	10%	1,259	881	-	-
	(10%)	(1,259)	(881)	-	-
2022	10%	2,467	1,727	-	-
	(10%)	(24,67)	(1,727)	-	-

(ii) Price risk

Price risk arises from the fluctuation in the prices of the commodities that the Group deals in. Sale and purchase prices are determined by the market forces and other factors that are not within the control of the Group. The Group does not anticipate that tea and coffee prices will decline significantly in the foreseeable future and therefore has not entered into derivative or other contracts to manage the risk of a decline in the prices. The Group reviews its outlook for tea and coffee prices regularly in considering the need for active financial risk management.

The Group and Company has analysed price risk with respect to tea and coffee due to materiality of these two products. The other products do not have a significant price risk impact.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(iii) Price risk – continued

The following are the annual average prices (per kg) for coffee and tea that existed at the financial year end:

	2023 KShs	2022 KShs
Coffee	581	728
Tea	<u>264</u>	<u>220</u>

The following table demonstrates the effect on the Group and Company's statement of profit or loss and other comprehensive income on applying the sensitivity for a reasonable possible change in the coffee and tea prices, with all other variables held constant.

		Group		Company	
	Change in price	Effect on profit before tax KShs' 000	Effect on equity KShs' 000	Effect on profit before tax KShs' 000	Effect on Equity KShs' 000
Coffee					
2023	10%	152,919	107,043	151,316	105,921
	(10%)	(152,919)	(107,043)	(151,316)	(105,921)
2022	10%	265,914	186,140	257,992	180,594
	(10%)	(265,914)	(186,140)	(257,992)	(180,594)
Tea					
2023	10%	337,567	236,297	-	-
	(10%)	(337,567)	(236,297)	-	-
2022	10%	307,852	215,497	-	-
	(10%)	(307,852)	(215,497)	-	-

(b) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The largest concentrations of credit exposure within the Group arises from deposits held with various service providers, term deposits and cash and cash equivalents held with banks. The Group only places significant amounts of funds with recognised financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant.

A significant proportion of the Group's trading is through established auctions for coffee and tea and a small proportion via direct export contracts with known parties. The receivables are collected within a period of less than one month.

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ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (continued)

The Group's exposure to credit risk is summarised in the table below:

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Trade receivables – Net	765,288	436,960	135,614	79,270
Other receivables	74,398	87,314	29,241	16,458
Amounts due from related companies	-	-	91,113	233,918
Other investments	247,806	277,691	-	-
Bank balances and short-term deposits	<u>871,513</u>	<u>1,553,928</u>	<u>98,954</u>	<u>533,243</u>
	<u>1,959,005</u>	<u>2,355,893</u>	<u>354,922</u>	<u>862,889</u>

Details of the past due status analysis and impairment of trade receivables is disclosed as below:

Past due status of trade receivables:	Group				Company			
	Loss rate	2023 KShs'000	Loss rate	2022 KShs'000	Loss rate	2023 KShs'000	Loss rate	2022 KShs'000
Current- not overdue	2.9%	289,932	5.9%	230,357	11%	102,123	26.9%	37,211
Past due 1- 30 days	3.42%	232,236	9.7%	98,725	18.9%	17,276	27.9%	15,947
Past due 31 - 60 days	8.6%	228,420	12.6%	59,876	20.6%	764	28.6%	26,112
Past due 60 - 90 days	8.6%	14,700	17.6%	48,002	29.3%	15,451	33.3%	-
Past due over 90 days	<u>13.7%</u>	<u>43,172</u>	<u>30.7%</u>	<u>56,461</u>	<u>47.9%</u>	<u>36,780</u>	<u>45.7%</u>	<u>43,750</u>
Gross trade receivables		<u>808,460</u>		<u>493,421</u>		<u>172,394</u>		<u>123,020</u>
Allowances for impairment		<u>(43,172)</u>		<u>(56,461)</u>		<u>(36,789)</u>		<u>(43,750)</u>
Net trade receivables		<u>765,288</u>		<u>436,960</u>		<u>135,614</u>		<u>79,270</u>

As at 30 September 2023, the exposure to credit risk for credit sales by Geographic region included 70% to Europe and 25% to the United States and 5% in Asia. The impairment losses/reversals arising from the trade and other receivables are recognised in the profit and loss as disclosed in Note 24.

(i) Intercompany receivables

For the Company, the calculated ECL which represents the loss rate of 4.80% (2022 – 1.93%) considers historical experience over the last 12 months, current conditions, exchange rates and country risk. The decrease in the loss rate was due to recovery from COVID-19. This was applied to the gross outstanding amount and resulted in a loss allowance of KShs 4,593 thousand for the year ended 30 September 2023. The impairment losses arising from the intercompany receivables are not material to the financial statements thus included in the administration expenses. The exposure to credit risk for intercompany receivables is as below:

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ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (continued)

(i) Cash and cash equivalents

	Loss rate	2023 KShs'000	Company Loss rate	2022 KShs'000
Age analysis of intercompany receivables:				
Current -not over due	4.80%	95,706	1.93%	23,921
1 - 60 days	4.80%	-	1.93%	71,640
60 - 120 days	<u>4.80%</u>	<u>-</u>	<u>1.93%</u>	<u>142,950</u>
		<u>95,706</u>		<u>238,511</u>
Allowance for impairment		(4,593)		(4,593)
Net intercompany receivables		<u>91,113</u>		<u>233,918</u>

The Group and Company held cash and bank balances of KShs 871 million and KShs 99 million respectively (2022 – Group – KShs 1,088 million and KShs 368 million). The cash and bank balances are held with banks and financial institution counterparties, which are rated between A1 to Ba1, based on GCR, S&P and Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have insignificant credit risk due to the short term nature of the balances. As at 30 September 2023 the expected credit loss arising from the exposure was immaterial to the financial statements.

(ii) Short-term deposit

The Group and Company held short-term deposit of KShs 2.3 million and KShs Nil million respectively (2022 – Group – KShs 467 million and Company Nil). The short term deposits are held with banks and financial institution counterparties, which are rated between A1 to Ba1, based on GCR, S&P and Moody's ratings.

Impairment on short term equivalents has been measured on a 12-months expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its short-term deposits have insignificant credit risk based on the short maturity period. As at 30 September 2023 and the prior period the expected credit loss arising from the exposure was immaterial to the financial statements.

(iii) Other investments

The Group held Government infrastructure bonds of KShs 247 million (2022 – KShs 277 million). The investments are issued by the government of Kenya, which is rated B, based on Fitch ratings.

Impairment on investments equivalents has been measured using the general approach since the financial asset is measured through fair value through profit or loss. There are no significant increase in credit risk from initial recognition. Only the ECLs within 12 months of a reporting date have been calculated. Interest income is calculated on the gross carrying amount of the financial asset. As at 30 September 2023 the expected credit loss arising from the exposure was immaterial to the financial statements.

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ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulties in meeting its obligations from its financial liabilities. The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's management maintains flexibility in funding by maintaining availability under committed credit lines.

The maturity analysis of the Group's financial liabilities is as follows:

Group:	0-1 Month	2-3 Months	4-12 Months	Over 1 year	Total
2023:	KShs'000	KShs'000	KShs '000	KShs '000	KShs'000
Trade and other payables	291,393	13,032	64,565	-	368,990
Bank Loan	-	-	28,882	-	28,882
Lease liability	<u>3,145</u>	<u>-</u>	<u>9,513</u>	<u>59,359</u>	<u>72,017</u>
	<u>294,538</u>	<u>13,032</u>	<u>102,960</u>	<u>59,359</u>	<u>469,889</u>
2022:					
Trade and other payables	291,845	7,468	210,707	-	510,020
Lease liability	<u>3,072</u>	<u>-</u>	<u>8,703</u>	<u>72,017</u>	<u>83,792</u>
	<u>294,917</u>	<u>7,468</u>	<u>219,410</u>	<u>72,017</u>	<u>593,812</u>
Company:	0-1 Month	2-3 Months	4-12 Months	Over 1 year	Total
2023:	KShs'000	KShs'000	KShs '000	KShs '000	KShs'000
Trade and other payables	34,767	9,412	55,746	-	99,925
Bank Loan	-	-	28,882	-	28,882
Due to related party	21,877	-	-	-	21,877
Lease liability	<u>3,145</u>	<u>-</u>	<u>9,513</u>	<u>59,359</u>	<u>72,017</u>
	<u>59,789</u>	<u>9,412</u>	<u>94,141</u>	<u>59,359</u>	<u>222,701</u>
2022:					
Trade and other payables	141,753	16,261	64,763	-	222,777
Due to related party	60,334	-	-	-	60,334
Lease liability	<u>3,072</u>	<u>-</u>	<u>8,703</u>	<u>72,017</u>	<u>83,792</u>
	<u>205,159</u>	<u>16,261</u>	<u>73,466</u>	<u>72,017</u>	<u>366,903</u>

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group and Company processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group and Company operations.

The Group objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group and Company reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Operational risk (continued)

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group and Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirement for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

(e) Climate-related risk

Agricultural risk is the risk of direct or indirect loss arising from adverse agricultural conditions such as disease outbreaks, floods, droughts and other adverse weather events caused by climatic changes.

The Group's and Company's risk management process with respect to climate-related risks focuses on anticipating, avoiding and/or reacting to shocks attributable to adverse agricultural conditions. The Group's and Company's objective is to achieve an efficient risk management system for agriculture that preserves the value of agricultural outputs, strengthens the viability of farm businesses, and ensures an environment which supports and sustains continued investment in the farming sector.

(f) Capital management

The primary objectives of the Group's and Company's capital management are to ensure that the Group complies with capital requirements and maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group and Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Group and Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Group's approach to capital management as regards the objectives, policies or processes during the year.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

6. DETERMINATION OF FAIR VALUES

A number of the Group's and Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover items measured at fair value.

Level 1

Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The other investments is classified and measured at fair value through other comprehensive income as the Group holds them with an objective of both collecting contractual cash flows and selling financial assets.

Asset	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair valuation measurements
Other investments	Measured in whole or in part by reference to published quotes in an active market	Not applicable	Not applicable

Level 2

Included in level 2 category are assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Biological assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services.

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Non-financial assets				
Biological assets - livestock	<u>1,113</u>	<u>1,117</u>	<u>439</u>	<u>516</u>

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

6. DETERMINATION OF FAIR VALUES (Continued)

Level 3

Assets and liabilities measured using inputs that are not based on observable market data are categorised as level 3. Nonmarket observable inputs mean that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date.. Therefore, unobservable inputs reflect the Group's and Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

The fair value of financial instruments approximates to the carrying amount because of their short-term nature.

The following table shows an analysis of non-financial assets held at fair value as at 30 September 2023 and 2022:

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Non-financial assets				
Property, plant and equipment*	11,008,111	10,982,641	7,295,689	7,320,848
Biological assets-Trees, tea and coffee	<u>1,439,423</u>	<u>1,542,806</u>	<u>446,370</u>	<u>392,496</u>
Total assets	<u>12,447,534</u>	<u>12,525,447</u>	<u>7,742,059</u>	<u>7,713,344</u>

*The carrying amount relates only to classes of property, plant and equipment carried at revalued amounts.

On 30 September 2019, Knight Frank Valuers Limited, professionally valued the Group's machinery, equipment, furniture building and freehold land. The valuation was on an open market value basis, except for land, where the Direct Capital Comparison method was used. For the direct capital comparison method, the assumption was that the value of the appraised property is equal to the value of a known comparable property, with due allowance being given for differences factors between the appraised property and the compared property such as the condition, location, level and amount of services provided, accessibility, plot size, planning and zoning regulations, transacting parties, motive of sale and tenure and the unexpired term. Fully developed properties; for example depots have been valued on the basis of sales of similar developed properties in the particular locations with due regard to their rental income potential.

Buildings or any other fixture or improvement on land whose revenue contribution cannot be assessed easily or where the structures are dilapidated, have been valued on depreciated replacement cost basis. Discounted cash-flow testing was performed to assess whether there is a reduction in the values assessed based on depreciated replacement cost basis. Based on discounted cash-flows testing performed as at 30 September 2019 no reduction in values under depreciation replacement cost were assessed to be necessary in arriving to fair values.

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ANNUAL REPORT AND FINANCIAL STATEMENTS **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)**

6. DETERMINATION OF FAIR VALUES (Continued)

Level 3 (continued)

The Group and Company performs valuation of its property, plant and equipment on a regular basis to ensure there is no material difference between the fair value and carrying amounts of property, plant and equipment. At the end of each annual reporting period the Group and the Company engage independent appraiser to perform assessment whether there is a material change in fair value as compared to the carrying amounts of property, plant and equipment. As a result of such assessment performed as at 30 September 2023 it was concluded that there is no material difference between the fair value of property, plant and equipment and their carrying amounts that would require full scope valuation.

Following the revaluation, the movement in property plant and equipment has been disclosed in note 18.

The fair value of the biological asset is determined based on the present value of expected net cash flows derived from sale of agricultural produce, discounted at the pre-tax discount rate. The details of the valuation inputs of the biological assets have been disclosed in note 20.

The fair value measurement of revalued items of property plant and equipment and the biological assets have been categorized as a level 2 and 3 fair value based on the inputs to the valuation techniques.

7. SEGMENT INFORMATION

The Group is currently organised in five divisions; Tea, Coffee, Macadamia, Avocado and Others. These divisions are the basis on which the Group reports its segment information. The principal activities of these divisions are as follows:

- Tea - Growing and processing of tea
- Coffee - Growing and processing of coffee
- Macadamia - Growing and processing of Kernels
- Avocado - Growing and processing of Avocado
- Others - Dairy operations, commercial milling and marketing of coffee, value additions of related products, renting of growing land and the leasing of plant and machinery.

Segment profit before tax and interest is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

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FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

7. SEGMENT INFORMATION (Continued)

	Tea KShs'000	Coffee KShs'000	Macadamia KShs'000	Avocado KShs '000	Other KShs'000	Consolidated KShs'000
30 September 2023:						
Revenue						
Total sales	3,424,120	1,743,269	151,367	395,270	16,411	5,730,437
Intergroup sales	-	-	-	-	(12,000)	(12,000)
Net sales to external customers	3,424,120	1,743,269	151,367	395,270	4,411	5,718,437
Other income	2,998	97,463	39	2,364	12,563	115,427
	<u>3,427,118</u>	<u>1,840,732</u>	<u>131,406</u>	<u>397,634</u>	<u>16,974</u>	<u>5,833,864</u>
Results						
Operating results on operating income	750,505	(185,350)	(135,612)	22,388	(14,134)	437,797
Operating results on biological assets	(37,922)	261,463	-	-	-	223,541
Operating results before interest and tax	<u>712,583</u>	<u>76,113</u>	<u>(135,612)</u>	<u>22,388</u>	<u>(14,134)</u>	<u>661,338</u>
Assets and liabilities						
Segment assets	<u>4,639,199</u>	<u>10,688,826</u>	<u>550,082</u>	<u>119,537</u>	<u>301,165</u>	<u>16,298,808</u>
Segment liabilities	<u>918,509</u>	<u>661,258</u>	<u>89,529</u>	<u>25,946</u>	<u>64,298</u>	<u>1,759,540</u>
Other segment information						
Capital expenditure - tangible fixed asset	<u>212,553</u>	<u>84,139</u>	<u>11,238</u>	<u>25,597</u>	-	<u>333,527</u>
Depreciation and amortisation	137,858	40,370	28,192	8,017	69,098	283,535
Income tax expense	-	-	-	-	330,442	330,442
Interest income	-	-	-	-	105,869	105,869
Interest expense	-	-	-	-	23,776	23,776
Average number of employees	<u>1,227</u>	<u>1,029</u>	<u>33</u>	<u>11</u>	-	<u>2,300</u>

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ANNUAL REPORT AND FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

7. SEGMENT INFORMATION (Continued)

Segment information is as presented below:

	Tea KShs'000	Coffee KShs'000	Macadamia KShs'000	Avocado KShs '000	Other KShs'000	Consolidated KShs'000
30 September 2022:						
Revenue						
Total sales	3,234,291	2,873,226	858,572	372,818	18,398	7,357,305
Intergroup sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(12,000)	(12,000)
Net sales to external customers	3,234,291	2,873,226	858,572	372,818	6,398	7,345,305
Other income	<u>12,613</u>	<u>109,492</u>	<u>316</u>	<u>10,199</u>	<u>12,064</u>	<u>144,684</u>
	3,246,904	2,982,718	858,888	383,017	18,462	7,489,989
Results						
Operating results on operating income	577,064	59,801	295,182	(16,691)	(12,137)	903,219
Operating results on biological assets	<u>258,069</u>	<u>285,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,413</u>
Operating results before interest and tax	<u>835,133</u>	<u>345,145</u>	<u>295,182</u>	<u>(16,691)</u>	<u>(12,137)</u>	<u>1,446,632</u>
Assets and liabilities						
Segment assets	<u>4,005,525</u>	<u>10,918,356</u>	<u>744,461</u>	<u>148,774</u>	<u>538,601</u>	<u>16,355,717</u>
Segment liabilities	<u>940,763</u>	<u>741,418</u>	<u>99,116</u>	<u>31,190</u>	<u>301,942</u>	<u>2,114,429</u>
Other segment information						
Capital expenditure - tangible fixed asset	<u>128,843</u>	<u>68,323</u>	<u>8,704</u>	<u>(12,283)</u>	<u>-</u>	<u>193,587</u>
Depreciation and amortisation	130,150	40,079	26,247	6,725	64,322	267,523
Income tax expense	-	-	-	-	384,941	384,941
Interest income	-	-	-	-	(59,522)	(59,522)
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,160</u>	<u>14,160</u>
Average number of employees	<u>1,244</u>	<u>1,028</u>	<u>260</u>	<u>10</u>	<u>25</u>	<u>2,567</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

7. SEGMENT INFORMATION (Continued)

Segment information

Segment results include revenue and expenses directly attributable to a segment.

Segment revenue is the revenue that is directly attributable to a segment plus the relevant portion of the Group's revenue that can be allocated to the segment on a reasonable basis. Segment revenue excludes finance income.

Segment expenses are expenses resulting from the operating activities of a segment plus the relevant portion of an expense that can be allocated to the segment on a reasonable basis. Segment expenses exclude finance costs and income taxes.

Segment assets comprise intangible assets, property, plant and equipment, capital work-in-progress, right of use assets, biological assets, inventories, trade and other receivables as well as cash and bank balances. Segment assets exclude income taxes.

Segment liabilities comprise lease liabilities, trade and other payables as well as post-employment benefits. Segment liabilities exclude income taxes.

Capital expenditure represents the total cost incurred during the year to acquire segment assets (property, plant and equipment and biological assets) that are expected to be used during more than one year.

The principal activity of the Company is growing and selling coffee beans. Therefore, the Company has one operating segment. The main product is sold in the auction. The customers' necessary details including geographical areas at the auction are not available as majority of them are selling agents.

8. REVENUE

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Tea	3,375,674	3,078,525	-	-
Coffee	1,529,188	2,659,138	1,513,157	2,579,921
Livestock & dairy produce	3,772	2,208	296	272
Retail- Blended coffee	92,814	86,738	92,814	86,738
Milling and handling income	58,196	67,083	58,513	68,195
Marketing commission	46,677	44,413	46,677	44,413
Avocado	395,270	372,818	-	-
Macadamia	151,367	858,572	-	-
Trees and nursery sales	61,069	169,411	11,154	13,070
Miscellaneous income	4,410	6,399	-	-
	<u>5,718,437</u>	<u>7,345,305</u>	<u>1,722,611</u>	<u>2,792,609</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

8. REVENUE (Continued)

Performance obligations and revenue recognition policies

Revenue from sale of goods is recognised as and when control is transferred to the customer; through delivery, collection depending on the agreement as outlined herein below. The proceeds from sale are collected within 14 days for auction sales and as per contract terms for direct sales (usually between 10 to 45 days). Geographically 70% of the export sales is done in Europe, 25% in USA and 5% to Asia.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Tea	The customer obtains control of the made tea on the fall of the hammer during the auction process for teas sold at the auction. For international private sales, the customer obtains control in line with the various shipping incoterms (FOB, CIF etc) Invoices are generated at that point in time. The credit period varies between 20 to 45 days depending on the agreement between the Group and the customer.	Revenue is recognised when the customer obtains control of the made tea inventory. Upon delivery and or confirmation that the goods have been transferred to the customer, the Group is satisfied that the performance obligation has been met and revenue is recognised at this point on the basis of a bill of lading (for international private sales) and the accounting sales report shared by the auction broker (for auction sales).
Coffee	The customer obtains control of the made coffee on the fall of the hammer during the auction process for coffee sold at the auction. For international private treaty sales, the customer obtains control in line with the various shipping incoterms (FOB) Invoices are generated at that point in time. The credit period varies from 15 to 25 days depending on the agreement between the Group and Company and the customer.	Revenue is recognised when the customer obtains control of the coffee inventory. Upon the confirmation that the goods have been transferred to the customer, the Group and Company is satisfied that the performance obligation has been met and revenue is recognised at this point on the basis of a bill of lading (for international private sales) and the accounting sales report shared by the auction broker (for auction sales).
Avocado	The customer obtains control in line with the various shipping terms (FOB). Invoices are generated at that point in time. The credit period varies from 10 to 45 days depending on the agreement between the Group and the customer. Customers are allowed to raise concerns around quality of the fruits over an item and a credit note is issued in respect of the same under specified conditions.	Revenue is recognised when the customer obtains control of the avocado inventory. Upon the confirmation that the goods have been transferred to the customer, the Group is satisfied that the performance obligation has been met and revenue is recognised at this point on the basis of a bill of lading for export sales and delivery notes for local sales.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

8. REVENUE (Continued)

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Macadamia nuts	The customer obtains control in line with the various shipping terms (FOB, CIF etc) Invoices are generated at that point in time. The credit period varies from 20 to 45 days depending on the agreement between the subsidiary and the customer.	Revenue is recognised when the customer obtains control of the kernels and shells inventory as well as the transport. Upon delivery and or (collection by the shipping Company), the Group and Company is satisfied that the performance obligation has been met and revenue is recognised at this point on the basis of a bill of lading for export sales and delivery notes for local sales.
Trees and nursery sales	The customer obtains control on collection of the trees and seedlings. These are cash sales.	Revenue is recognised when the customer obtains control of the trees and nurseries. Upon payment and collection by the customer, the Group is satisfied that the performance obligation has been met and revenue is recognised at this point.

The Group and Company sales are composed of KShs 4,704,598,000 (2022 – KShs 5,883,104,000) and KShs 1,550,786,000 (2022 – KShs 2,297,812,000 for direct sales to customers and KShs 1,013,839,000 (2022 – KShs 1,462,201,000) and KShs 171,825,000 (2022 – KShs 494,797,000) as auction sales respectively. Three customers constitute 10% of the revenue recognised during the year.

9. COST OF SALES	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
General charges	466,165	389,450	139,196	127,078
Farm maintenance	426,388	368,705	130,538	112,820
Production expenses	635,127	512,310	48,279	57,754
Green leaf purchases	890,816	1,135,032	-	-
Coffee purchases and other charges	913,611	1,773,182	939,069	1,772,233
Livestock expenses	2,398	6,218	437	573
Retail trading expenses	65,618	62,865	65,618	62,865
Coffee mill expenses	39,665	38,645	39,665	38,645
Transport and insurance	56,614	58,711	-	-
Depreciation of property, plant and equipment	236,308	211,905	64,052	50,541
Biological harvest	326,928	438,340	176,363	264,822
Avocado purchases	148,966	184,350	-	-
Macadamia purchases	<u>136,765</u>	<u>364,946</u>	<u>-</u>	<u>-</u>
	<u>4,345,369</u>	<u>5,544,659</u>	<u>1,603,217</u>	<u>2,487,331</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

10. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Net gain on disposal of property, plant and equipment	10,378	3,845	363	2,548
Management fees	-	-	134,191	116,201
Rent income	1,977	1,102	9,394	8,500
Dividend income	-	-	-	351,000
Sundry income	<u>103,072</u>	<u>139,737</u>	<u>97,638</u>	<u>131,638</u>
	<u>115,427</u>	<u>144,684</u>	<u>241,586</u>	<u>609,887</u>

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
(a) Administration and establishment expenses				
Staff costs (Note 11(b))	359,935	381,985	170,839	170,474
Insurance and medical costs	32,731	34,586	8,073	10,024
Depreciation of property, plant and equipment	31,414	32,270	11,383	12,228
Amortisation of right of use assets				
Leases	9,940	15,605	9,838	15,504
Amortisation of intangible assets	5,873	7,743	3,599	5,453
Auditors' remuneration	18,424	16,845	9,280	9,050
Directors' emoluments	57,371	71,994	57,371	71,994
Legal and professional fees	32,426	19,416	18,878	12,367
Secretarial costs	2,100	5,415	2,100	2,415
Travelling and accommodation	18,905	12,796	8,859	12,287
Office expenses	247,350	211,739	79,910	59,812
Other administration costs	94,146	92,864	77,325	68,888
Bank charges	28,869	17,519	4,177	3,909
Other expenses	<u>64,703</u>	<u>76,962</u>	<u>8,392</u>	<u>5,916</u>
	<u>1,004,187</u>	<u>997,739</u>	<u>470,024</u>	<u>460,321</u>
(b) Staff costs				
Salaries and wages	321,599	348,566	149,294	151,929
Pension costs	<u>38,336</u>	<u>33,419</u>	<u>21,545</u>	<u>18,545</u>
	<u>359,935</u>	<u>381,985</u>	<u>170,839</u>	<u>170,474</u>

12. SELLING AND DISTRIBUTION EXPENSES

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Warehousing and storage charges	<u>46,511</u>	<u>44,372</u>	<u>-</u>	<u>-</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

13. NET FINANCE INCOME/(COST)

(a) Finance income

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Interest income	105,869	59,522	17,389	9,531
Realised foreign exchange gain	137,159	43,481	6,680	-
Unrealised foreign exchange gain	<u>24,285</u>	<u>31,570</u>	<u>1,804</u>	<u>11,464</u>
	<u>267,313</u>	<u>134,573</u>	<u>25,873</u>	<u>20,995</u>

(b) Finance cost

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Interest expense	(23,776)	(14,160)	(23,776)	(28,129)
Realised foreign exchange loss	(31,877)	(12,886)	(31,877)	(10,653)
Unrealised foreign exchange loss	<u>-</u>	<u>(1,206)</u>	<u>-</u>	<u>-</u>
	<u>(55,653)</u>	<u>(28,252)</u>	<u>(55,653)</u>	<u>(38,782)</u>
Net finance income (cost)	<u>211,660</u>	<u>106,321</u>	<u>(29,780)</u>	<u>(17,787)</u>

14. PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging/(crediting):

Depreciation of property, plant and equipment	267,722	244,175	75,435	62,769
Amortisation of intangible assets	5,873	7,743	3,599	5,453
Amortisation of right of use assets	9,940	15,605	9,838	15,504
Directors' emoluments:				
- Fees	11,485	10,444	11,485	10,444
- Other remuneration	45,886	61,550	45,886	61,550
Pension costs	38,336	33,419	21,545	18,545
Auditor's remuneration	18,424	16,845	9,280	9,050
Interest expense	23,776	14,160	23,776	28,129
Unrealised exchange losses	-	1,205	-	-
Realised foreign exchange losses	31,877	12,886	31,877	10,653
Interest income	(105,869)	(59,522)	(17,389)	(9,531)
Unrealised foreign exchange gain	(24,285)	(31,570)	(1,804)	(11,464)
Realised foreign exchange gain	(137,159)	(43,481)	(6,680)	-
Net gain on disposal of assets	<u>(10,378)</u>	<u>(3,845)</u>	<u>(363)</u>	<u>(2,548)</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

15. TAX EXPENSE

(a) Statement of comprehensive income	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Current tax expense/(credit)				
Income tax on the taxable profit for the year at 30% (2022 – 30%)	320,202	370,463	25,409	117,799
Capital gains tax	1,307	-	-	-
Prior year over provision	(28)	-	(1,047)	-
Total current tax	<u>321,481</u>	<u>370,463</u>	<u>24,362</u>	<u>117,799</u>
Deferred tax expense/(credit)				
Deferred tax (credit)/expense				
arising from operating activities	42,744	(22,132)	(3,045)	(4,393)
Deferred tax charge/(credit) on biological assets fair value	(30,908)	29,265	16,199	(7,019)
Effect of change in tax rate	-	-	-	-
Prior year under/(over) provision	(2,875)	7,345	(308)	-
Total deferred tax charge	<u>8,961</u>	<u>14,478</u>	<u>12,846</u>	<u>(11,412)</u>
Taxation expense for the year	<u>330,442</u>	<u>384,941</u>	<u>37,208</u>	<u>106,387</u>
Reconciliation of tax expense:				
Accounting profit before taxation	872,998	1,552,953	91,336	678,482
Tax applicable rate at 30% (2022 – 30%)	261,899	465,886	27,401	203,545
Tax effects of items not allowed for tax or tax exempt	71,932	(88,769)	11,162	(97,158)
Movement in unrecognized deferred	(486)	479	-	-
Prior year (over)/under provision of deferred tax	(2,875)	-	(1,047)	-
current tax	(28)	7,345	(308)	-
	<u>330,442</u>	<u>384,941</u>	<u>37,208</u>	<u>106,387</u>
(b) Statement of financial position				
	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	230,734	(11,540)	49,288	16,467
Charge for the year	321,481	370,463	24,362	117,799
Paid during the year	(586,193)	(128,189)	(97,722)	(84,978)
Balance carried forward	<u>(33,978)</u>	<u>230,734</u>	<u>(24,072)</u>	<u>49,288</u>
Presented as:				
Tax recoverable	(33,978)	(7,411)	(24,072)	-
Tax payable	-	238,145	-	49,288
	<u>(33,978)</u>	<u>230,734</u>	<u>(24,072)</u>	<u>49,288</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

16. EARNINGS PER SHARE

Earnings per share on normal operations is calculated by dividing profit or loss for the year of KShs 549,628,000 (2022 – KShs 1,166,383,000) attributable to ordinary equity holders of the parent by parent the KShs 228,055,500 (2022 – KShs 228,055,500). Earnings per share on biological assets is calculated by dividing the fair value gain or loss on biological assets for the year KShs (72,987,000) (2022 – KShs 72,977,760) attributable to ordinary equity holders of the parent the KShs 228,055,500 (2022 – KShs 228,055,500) ordinary shares outstanding during the year. Basic and diluted earnings per share are the same.

	Group		Company	
	2023	2022	2023	2022
	KShs	KShs	KShs	KShs
Earnings per share on normal operations	2.73	4.80	0.07	2.58
Earnings per share on biological assets*	(0.32)	0.32	0.17	(0.07)
Net earnings per share (KShs)	<u>2.41</u>	<u>5.12</u>	<u>0.24</u>	<u>2.51</u>

* The biological assets form part a significant portion of the assets and expenses thus material to the financial statements.

17. DIVIDEND PER SHARE

An interim dividend of 100% (KShs 1.00 per share) (2022 – KShs.1.00 per share) was declared and paid on 3 July 2023. The Directors recommend the payment of a final dividend of 50% (KShs. 0.50 per share: 2022: Nil) payable on or about 22 March 2024 to the members on the register at the close of business on 22 February 2024 subject to withholding taxes where applicable. This amounts to a total dividend of 150% (KShs 1.50 per share for the year: 2022 – KShs.1.00 per share). Payment of dividends is subject to withholding tax at the rate of 5% for residents, 10% for non-resident shareholders or 0% depending with the percentage shareholding.

	Group		Company	
	2023	2022	2023	2022
	KShs	KShs	KShs	KShs
Dividends per share distributed to shareholders (KShs)	<u>1.00</u>	<u>1.50</u>	<u>1.00</u>	<u>1.50</u>
Dividends per share declared (KShs)	<u>0.50</u>	<u>1.00</u>	<u>0.50</u>	<u>1.00</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

18. PROPERTY, PLANT AND EQUIPMENT

(a) Group

2023	Freehold land KShs '000	Bearer plants KShs '000	Buildings and improvements KShs '000	Plant and machinery KShs '000	Rolling stock and implements KShs '000	Furniture, fittings and KShs '000	Total KShs '000
Cost or valuation							
At 1 October 2022	8,825,000	756,726	1,183,867	1,197,441	341,723	112,367	12,417,124
Additions	-	-	6,986	7,585	109,802	67,204	191,577
Transfer from WIP – Note18(c)	-	-	85,462	37,850	-	-	123,312
Disposals	(27,039)	-	-	(210)	(9,854)	-	(37,103)
At 30 September 2023	<u>8,797,961</u>	<u>756,726</u>	<u>1,276,315</u>	<u>1,242,666</u>	<u>441,671</u>	<u>179,571</u>	<u>12,694,910</u>
Depreciation							
At 1 October 2022	-	606,957	183,911	282,516	152,788	58,542	1,284,714
Charge for the year	-	6,451	62,284	105,231	76,172	17,584	267,722
Disposals	-	-	-	(42)	(8,913)	-	(8,955)
	-	<u>613,408</u>	<u>246,195</u>	<u>387,705</u>	<u>220,047</u>	<u>76,126</u>	<u>1,543,481</u>
Carrying amount as at 30 September 2023	<u>8,797,961</u>	<u>143,318</u>	<u>1,030,120</u>	<u>854,961</u>	<u>221,624</u>	<u>103,445</u>	<u>11,151,429</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (continued)

2022	Freehold land KShs '000	Bearer plants KShs '000	Buildings and improvements KShs '000	Plant and machinery KShs '000	Rolling stock and implements KShs '000	Furniture, fittings and KShs '000	Total KShs '000
Cost or valuation							
At 1 October 2021	8,825,000	756,726	1,197,077	1,165,958	281,472	101,424	12,327,657
Additions	-	-	19,285	26,687	76,781	11,242	133,995
Transfer from WIP – Note 18	-	-	3,896	4,807	-	-	8,703
Disposals	<u>-</u>	<u>-</u>	<u>(36,391)</u>	<u>(11)</u>	<u>(16,530)</u>	<u>(299)</u>	<u>(53,231)</u>
At 30 September 2022	<u>8,825,000</u>	<u>756,726</u>	<u>1,183,867</u>	<u>1,197,441</u>	<u>341,723</u>	<u>112,367</u>	<u>12,417,124</u>
Depreciation							
At 1 October 2021	-	600,506	129,718	187,030	103,007	38,758	1,059,019
Charge for the year	-	6,451	62,139	95,488	60,045	20,052	244,175
Disposals	<u>-</u>	<u>-</u>	<u>(7,946)</u>	<u>(2)</u>	<u>(10,264)</u>	<u>(268)</u>	<u>(18,480)</u>
	<u>-</u>	<u>606,957</u>	<u>183,911</u>	<u>282,516</u>	<u>152,788</u>	<u>58,542</u>	<u>1,284,714</u>
Carrying amount as at 30 September 2022	<u>8,825,000</u>	<u>149,769</u>	<u>999,956</u>	<u>914,925</u>	<u>188,935</u>	<u>53,825</u>	<u>11,132,410</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (continued)

The Group's building and freehold land was revalued on 30 September 2019 by Knight Frank Valuers Limited, a firm of registered independent valuers, on the market value existing use basis as disclosed in Note 6.

There were no idle assets at 30 September 2023 and 2022. There was no property given as security as at 30 September 2023 and 2022.

Significant inputs applied by the valuer in arriving at the fair value are unobservable, consequently, the Directors have classified the fair value measurement as level 3

Carrying amount under historical cost

The carrying amount of property, plant and equipment measured under revaluation *(which is all property, plant and equipment excluding bearer plants)* would have been as stated below if property, plant and equipment had been carried under the cost model.

2023						
Group	Land and development KShs '000	Building & improvements KShs '000	Plant & machinery KShs '000	Rolling stock & implements KShs '000	Furniture, fittings & equipment KShs '000	Total KShs '000
Cost	42,466	842,813	940,015	484,429	290,557	2,600,280
Accumulated depreciation	-	(224,567)	(439,590)	(305,135)	(106,856)	(1,076,148)
Net book value	42,466	618,246	500,425	179,294	183,701	1,524,132
2022						
Group	Land and development KShs '000	Building & improvements KShs '000	Plant & machinery KShs '000	Rolling stock & implements KShs '000	Furniture, fittings & equipment KShs '000	Total KShs '000
Cost	42,474	750,365	894,789	384,480	236,015	2,308,123
Accumulated depreciation	-	(159,972)	(328,743)	(212,871)	(82,438)	(784,024)
Net book value	42,474	590,393	566,046	171,609	153,577	1,524,099

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company

2023	Land and development	Bearer plants	Buildings and improvements	Plant and machinery	Rolling stock and implements	Furniture, fittings and equipment	Total
Cost or valuation	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
At 1 October 2022	6,819,000	121,511	338,390	204,683	95,473	40,128	7,619,185
Transfers from work in progress - Note 18(c)	-	-	2,582	-	-	-	2,582
Additions	-	-	-	7,503	35,030	5,086	47,619
Disposals	-	-	-	-	(2,845)	-	(2,845)
At 30 September 2023	<u>6,819,000</u>	<u>121,511</u>	<u>340,972</u>	<u>212,186</u>	<u>127,658</u>	<u>45,214</u>	<u>7,666,541</u>
Depreciation							
At 1 October 2022	-	111,917	66,694	44,559	41,919	23,654	288,743
Depreciation	-	510	21,615	20,259	26,461	6,590	75,435
Disposals	-	-	-	-	(2,410)	-	(2,410)
At 30 September 2023	-	<u>112,427</u>	<u>88,309</u>	<u>64,818</u>	<u>65,970</u>	<u>30,244</u>	<u>361,768</u>
Carrying amount at 30 September 2023	<u>6,819,000</u>	<u>9,084</u>	<u>252,663</u>	<u>147,368</u>	<u>61,688</u>	<u>14,970</u>	<u>7,304,773</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

2022	Land and development	Bearer plants	Buildings and improvements	Plant and machinery	Rolling stock and implements	Furniture, fittings and equipment	Total
Cost or valuation	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
At 1 October 2021	6,819,000	121,511	335,890	204,533	68,951	36,081	7,585,966
Transfers from work in progress - Note 18(c)	-	-	2,014	-	-	-	2,014
Additions	-	-	486	150	39,112	4,346	44,094
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,590)</u>	<u>(299)</u>	<u>(12,889)</u>
At 30 September 2022	<u>6,819,000</u>	<u>121,511</u>	<u>338,390</u>	<u>204,683</u>	<u>95,473</u>	<u>40,128</u>	<u>7,619,185</u>
Depreciation							
At 1 October 2021	-	111,407	45,369	31,384	30,079	15,789	234,028
Depreciation	-	510	21,325	13,175	19,626	8,133	62,769
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,786)</u>	<u>(268)</u>	<u>(8,054)</u>
At 30 September 2022	<u>-</u>	<u>111,917</u>	<u>66,694</u>	<u>44,559</u>	<u>41,919</u>	<u>23,654</u>	<u>288,743</u>
Carrying amount at 30 September 2022	<u>6,819,000</u>	<u>9,594</u>	<u>271,696</u>	<u>160,124</u>	<u>53,554</u>	<u>16,474</u>	<u>7,330,442</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

Significant inputs applied by the valuer in arriving at the fair value are unobservable, consequently, the Directors have classified the fair value measurement as level 3. See the Group disclosures above.

Carrying amount under historical cost

The carrying amount of property, plant and equipment measured under revaluation (*which is all property, plant and equipment excluding bearer plants*) would have been as stated below if property, plant and equipment had been carried under the cost model.

2023						
Company	Land and development KShs '000	Building & improvements KShs '000	Plant & machinery KShs '000	Rolling stock & implements KShs '000	Furniture, fittings & equipment KShs '000	Total KShs '000
Cost	39,582	228,511	145,766	155,173	88,864	657,896
Accumulated depreciation	-	(72,867)	(71,358)	(110,251)	(41,364)	(295,840)
Net book value	39,582	155,644	74,408	44,922	47,500	362,056
2022						
Company	Land and development KShs '000	Building & improvements KShs '000	Plant & machinery KShs '000	Rolling stock & implements KShs '000	Furniture, fittings & equipment KShs '000	Total KShs '000
Cost	39,582	225,929	138,263	122,988	83,779	610,541
Accumulated depreciation	-	(51,188)	(50,161)	(75,728)	(36,533)	(213,610)
Net book value	39,582	174,741	88,102	47,260	47,246	396,931

(c) Capital work in progress

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	203,594	152,704	50,693	45,236
Additions	141,950	59,593	14,287	7,471
Impairment	(21,277)	-	-	-
Transfer to property, plant and equipment – Note 18(a) and (b)	(123,312)	(8,703)	(2,582)	(2,014)
Balance carried forward	<u>200,955</u>	<u>203,594</u>	<u>62,398</u>	<u>50,693</u>

Capital work-in-progress relates to buildings and leasehold improvements under construction and bearer plants (avocado, tea and coffee bushes) that have not gone through full biological transformation.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

19. INTANGIBLE ASSETS

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
At 1 October 2022/2021	110,168	109,744	54,381	54,048
Additions	<u>242</u>	<u>424</u>	<u>-</u>	<u>333</u>
At 30 September	<u>110,410</u>	<u>110,168</u>	<u>54,381</u>	<u>54,381</u>
Amortisation				
At 1 October 2022/2021	95,642	87,899	44,682	39,229
Charge for the year	<u>5,873</u>	<u>7,743</u>	<u>3,599</u>	<u>5,453</u>
	<u>101,515</u>	<u>95,642</u>	<u>48,281</u>	<u>44,682</u>
Carrying value				
At 30 September	<u>8,895</u>	<u>14,526</u>	<u>6,100</u>	<u>9,699</u>

Intangible assets relate to software costs.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

20. BIOLOGICAL ASSETS

(a) Group

	Current			Non-current			
	Coffee produce KShs'000	Tea produce KShs'000	Sub total KShs'000	Forestry KShs '000	Livestock KShs'000	Sub total KShs'000	Total KShs'000
2023:							
Carrying value at 1 October 2022	191,719	5,375	197,094	1,345,712	1,117	1,346,829	1,543,923
(Loss)/gain due to biological transformation at fair value	211,695	11,479	223,174	371	(4)	367	223,541
Decreases due to harvest at fair value	(191,719)	(5,375)	(197,094)	(129,834)	-	(129,834)	(326,928)
Carrying value as at 30 September 2023	<u>211,695</u>	<u>11,479</u>	<u>223,174</u>	<u>1,216,249</u>	<u>1,113</u>	<u>1,217,362</u>	<u>1,440,536</u>
2022:							
Carrying value at 1 October 2021	295,329	14,431	309,760	1,127,541	8,908	1,136,449	1,446,209
(Loss)/ gain due to biological transformation at fair value	191,719	5,375	197,094	346,751	(432)	346,319	543,413
Decreases due to harvest at fair value	(295,329)	(14,431)	(309,760)	(128,580)	-	(128,580)	(438,340)
Sale of livestock	-	-	-	-	(7,359)	(7,359)	(7,359)
	(103,610)	(9,056)	(112,666)	218,171	(7,791)	210,380	97,714
Carrying value as at 30 September 2022	<u>191,719</u>	<u>5,375</u>	<u>197,094</u>	<u>1,345,712</u>	<u>1,117</u>	<u>1,346,829</u>	<u>1,543,923</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

20. BIOLOGICAL ASSETS (Continued)

(a) Group (continued)

The Group is involved in the growing, processing and selling of coffee and tea. At 30 September 2023, the Group also had 224 (2022 – 220) livestock.

The Group has 708 (2022 – 708) hectares of mature coffee bushes. The Group harvested 564,714 (2022 – 843,365) Kgs of coffee.

The Group has 1,006,488 (2022 – 1,020,895) number of standing timber. The Group harvested 82,700 (2022 – 60,115) number of standing timber.

The Group has 1,463 (2022 – 1,463) hectares of mature tea bushes and Nil (2022 – Nil) hectares of immature tea bushes. The Group harvested 21,611,982 (2022 – 21,609,959) Kgs of green tea leaves.

(b) Company

	Current		Non-current			
	Coffee produce	Sub	Forestry	Livestock	Sub	Total
2023:	KShs ‘000	total	KShs ‘000	KShs ‘000	total	KShs ‘000
		KShs ‘000			KShs ‘000	
Carrying value as at 1 October 2022	167,411	167,411	225,084	517	225,601	393,012
Gains/(losses) due to biological transformation at fair value	191,306	191,306	38,932	(78)	38,854	230,160
Decreases due to harvest at fair value	(167,411)	(167,411)	(8,952)	-	(8,952)	(176,363)
Carrying value as at 30 September 2023	191,306	191,306	255,064	439	255,503	446,809

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

20. BIOLOGICAL ASSETS (Continued)

(b) Company (continued)

	Current		Non-current			
	Coffee produce KShs '000	Sub total KShs '000	Forestry KShs '000	Livestock KShs '000	Sub total KShs '000	Total KShs '000
2022:						
Carrying value as at 1 October 2021	264,822	264,822	150,592	995	151,587	416,409
Gains/(losses) due to biological transformation at fair value	167,411	167,411	74,493	(479)	74,014	241,425
Decreases due to harvest at fair value	(264,822)	(264,822)	-	-	-	(264,822)
	<u>97,411</u>	<u>97,411</u>	<u>74,493</u>	<u>(479)</u>	<u>74,014</u>	<u>(23,397)</u>
Carrying value as at 30 September 2022	<u>167,411</u>	<u>167,411</u>	<u>225,085</u>	<u>516</u>	<u>225,601</u>	<u>393,012</u>

Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value is determined based on the net present value of the expected future cash flows from those assets, discounted at appropriate pre-tax rates.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

20. BIOLOGICAL ASSETS (Continued)

(c) Fair value determination: Group and Company

In determining the fair value of biological assets where the discounting of expected cash flows has been used, the Directors have made certain assumptions and techniques below:

Type	Valuation technique	Key assumptions and significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Tea produce (Level III)	The valuation model considers the fair value of the un-harvested green leaf as at 30 September 2023. Green leaf volumes were determined by assuming a 7 - day plucking cycle for harvested leaf using budgeted production as at 30 September 2023 data. This was then valued using the 2023 similar competitors' out-grower average price.	<ul style="list-style-type: none"> – Estimated green leaf price per kilogram of KShs 28.25 (2022: KShs 26.75); – Expected yields of the tea bearer plants will reasonably compare to the budgeted amounts of 406,334 Kilograms per harvest cycle; – Climatic conditions will remain the same. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> – The out-grower green leaf prices per kilogram were higher/(lower); – The estimated unharvested volumes were higher/(lower) – The estimated harvest cycle was longer/(shorter)
Coffee produce (Level III)	The valuation model considers the fair value of the un-harvested coffee berries as at 30 September 2023. Coffee berry volumes were determined based on the budgeted production for the next six months from the year end representing the harvest cycle for coffee. This was then valued using the projected auction price per kilogram, adjusted for costs to sell.	<ul style="list-style-type: none"> – The market price for coffee in US\$ per kilogram will be US\$ 4.01. (2022: US\$ 4.96); – Expected yields of the coffee bearer plants will reasonably compare to the budgeted amounts; – The exchange rate will be KShs 154.54 to the US\$; – Climatic conditions will remain the same. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> – The realisation price per kilogram were higher/(lower); – The estimated unharvested volumes were higher/(lower) – The estimated exchange rates (USD/KShs) were higher (lower).

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

20. BIOLOGICAL ASSETS (Continued)

(b) Fair value determination: Group and Company (continued)

Type	Valuation technique	Key assumptions and significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Livestock (Level II) This comprises cattle and sheep	Market comparison: The fair values are based on the market price of livestock of similar age, weight and market values.	Not applicable	Not applicable
Forestry (Level III)	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for periods between 10 and 20 years. The expected net cash flows are discounted using a risk adjusted cashflows to reflect the expected inflation on price and attrition.	<ul style="list-style-type: none"> – Useful life and date of harvest of the trees – Estimated future trees realisation price per tree of KShs 3,000 to KShs 7,000 (2022 – KShs 1,000 to KShs 7,000); and – Discount rate of 18.20 %. (2022 - 12.73% to 13.44%). – Risk adjusted cashflows to reflect the weighted average cost of capital. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> – The estimated tree prices were higher (lower); and – The discount rates were lower (higher).

Avocado and Macadamia nuts recognised in the revenue are obtained from out growers and thus the valuation of biological assets related to these have not been included in the financial statements.

Agricultural activity is often exposed to climatic, disease and other natural risks. During the year no event occurred that gave rise to a material item of income or expense (2022 – Nil). The Group has mitigated the risk of droughts by having dams that are used for irrigation during the dry season. In addition, new forestry plants, are planted with significant spacing to allow for the plantation to hold on water for longer periods.

The business has an agronomist risk management tool to mitigate the crop production risk including the following

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

20. BIOLOGICAL ASSETS (Continued)

(b) Fair value determination: Group and Company (continued)

- (i) Smart climate change agriculture; planting of shade trees, mulching and irrigation rounds to combat adverse weather conditions. Sasini Plc has a Rain Forest Alliance due to its forest cover area.
- (ii) Relational agency model; ensuring there are onsite agricultural extension services for tea, coffee and trees. This guarantees the best market pricing of the coffee beans , green leaf and the CBM for the trees through treaty sales and auction sales to mitigate the market and price risk.
- (iii) Insurance policy to cater for workers welfare (WIBA), fidelity guarantees insurance policy, burglary and fire on the coffee stocks, tea stocks and firewood
- (iv) Governance; management through an independent board who have wealth of experience in coffee, tea and forestry sub-sectors. Compliance to regulatory bodies (NEMA, KRA, CMA, AFFA-Coffee Directorate etc.)
- (v) Integrated coffee varieties farming; Sasini Plc has also adopted improved coffee varieties, Ruiru II which are resistant to coffee berry diseases and early maturing crop varieties

21. LEASES

The Group has a prepaid lease on land and the Company has a lease for its office premises. The lease on the office premise typically runs for a period of 6 years, without an option to renew the lease after that date.

The Group and Company as a lessee

(a) Right-of-use assets

Right-of-use assets relate to leased head office

	Group		Company	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
At October 2022/2021	71,314	56,919	59,029	46,511
Recognition on initial application	-	59,029	-	59,029
Opening depreciation charge	(2,181)	(31,210)	-	(31,007)
Depreciation charge for the year	(9,940)	(15,605)	(9,838)	(15,504)
At 30 September	<u>59,193</u>	<u>69,133</u>	<u>49,191</u>	<u>59,029</u>

As at 30 September 2023, the future minimum lease payments under non-cancellable operating leases for Group and Company were payable as follows:

Maturity analysis – Contractual undiscounted cash flows	2023	2022
	KShs '000	KShs '000
Tenancy		
Less than one year	12,658	11,775
Between one and five years	<u>59,359</u>	<u>72,017</u>
Total undiscounted lease liability at 30 September	<u>72,017</u>	<u>83,792</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

21. LEASES (Continued)

The Group and Company as a lessee (continued)

(b) Lease liability

	2023 KShs '000	2022 KShs '000
At October 2022/2021	59,029	17,697
Initial recognition	-	59,029
Interest expense	6,746	744
Payment in the year	(11,775)	(18,441)
At 30 September	<u>54,000</u>	<u>59,029</u>
Amounts due for settlement within one year	6,637	10,160
Amounts due for settlement after one year	<u>47,363</u>	<u>48,869</u>

At 30 September **54,000** **59,029**
The weighted average incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial recognition is 12.41% (new lease), 12.43% (previous lease).

(c) Amount recognised in profit or loss

	2023 KShs '000	2022 KShs '000
Finance cost on lease liability	<u>6,746</u>	<u>744</u>

(d) Amount recognised in the statement of cash flows

Total cash outflow for leases	<u>11,775</u>	<u>18,441</u>
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The Group's leasehold land was revalued on 30 September 2019 by Knight Frank Valuers Limited, a firm of independent valuers, on the market value existing basis. The fair value of the land is estimated at KShs 4.2 billion (2022 – KShs 4.2 billion). The revaluation has not been adopted in the financial statements.

The Group and Company as a lessor

The Group and Company leases out various properties. The leases are classified as operating leases from a lessor perspective.

(i) Operating lease

The Group and Company have leased out various properties to related entities. The Group and Company have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets

Rental income recognised by the Group and Company during the year to 30 September 2023 was KShs 1,977,000 and 9,394,000. Respectively (2022 – KShs 1,102,000 and 8,500,000).

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

22. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	KShs'000	KShs'000
As at 1 October 2022 and 2021	637,727	817,727
Decrease in shares	<u>-</u>	<u>(180,000)</u>
As at 30 September	<u>637,727</u>	<u>637,727</u>

The details of subsidiary companies which are all incorporated in Kenya are as follows:

Name of subsidiary	← 2023 →		← 2022 →	
	Percentage of equity held	Cost	Percentage of equity held	Cost
	%	KShs'000	%	KShs'000
Kipkebe Limited	100	13,177	100	13,177
Keritor Limited (100% held by Kipkebe Limited)	100	-	100	-
Mweiga Estate Limited	85	101,450	85	101,450
Aristocrats Coffee & Tea Exporters Limited	100	1,000	100	1,000
Sasini Avocado Limited	100	10,000	100	10,000
Sasini Avocado EPZ Limited	100	48,100	100	48,100
Sasini Fruits and Nuts EPZ Kenya Limited	100	234,000	100	234,000
Sasini EPZ Park Limited	100	<u>230,000</u>	100	<u>230,000</u>
		<u>637,727</u>		<u>637,727</u>

Sasini Fruits and Nuts EPZ Limited redeemed its preference shares issued to Sasini Plc in 2022 amounting KShs180 million.

Consolidated financial statements have been prepared incorporating the financial statements of the Company and its subsidiaries as at 30 September 2023 and 2022.

23. INVENTORIES

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Made tea	313,867	23,502	-	-
Tea and tree nurseries	6,602	2,938	-	-
Coffee	432,938	288,438	406,888	287,846
Consumables	334,869	240,893	62,695	43,743
Macadamia nuts	<u>128,406</u>	<u>183,280</u>	<u>-</u>	<u>-</u>
	<u>1,216,682</u>	<u>739,051</u>	<u>469,583</u>	<u>331,589</u>

The amount of inventories recognised as an expense is KShs 1,160,567,151 (2022 – KShs 729,978,675 Group and KShs 192,382,275 (2022 – KShs141,472,713 Company) which was recognised in cost of sales. There were no inventory write-offs or write backs during the year (2022 - Nil).

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'00	KShs'000
Trade receivables	808,460	493,421	172,394	123,020
Allowances for impairment	(43,172)	(56,461)	(36,780)	(43,750)
Net trade receivables	<u>765,288</u>	<u>436,960</u>	<u>135,614</u>	<u>79,270</u>
Prepaid expenses	130,288	159,458	33,713	30,730
Other receivables	74,398	87,314	29,241	16,458
Value Added Tax (VAT)	<u>95,924</u>	<u>128,694</u>	<u>46,665</u>	<u>75,560</u>
	<u>1,065,898</u>	<u>812,426</u>	<u>245,233</u>	<u>202,018</u>
Allowances for impairment:				
At 1 October 2022/2021	56,461	65,616	43,750	43,451
Impairment (reversal)/loss for the year	(13,289)	(9,155)	(6,970)	299
At 30 September	<u>43,172</u>	<u>56,461</u>	<u>36,780</u>	<u>43,750</u>
Age analysis of trade receivables:	Loss rate			
Current -not past due	0%	289,932	230,357	102,123
Past due 1 – 30 days	0%	232,236	98,725	17,276
Past due 31 – 60 days	0%	228,420	59,876	764
Past due 61-90 days	0%	14,700	48,002	15,451
More than 90 days past due	100%	<u>43,172</u>	<u>36,780</u>	<u>43,750</u>
		<u>808,460</u>	<u>493,421</u>	<u>172,394</u>
		<u>436,960</u>	<u>135,614</u>	<u>79,270</u>

25. SUBSIDIARY BALANCES

(a) Amount due from related companies

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Subsidiaries:				
Aristocrats Tea & Coffee Exporters Limited	-	-	43,628	40,571
Mweiga Estates Limited	-	-	8,561	54,990
Kipkebe Limited	-	-	9,649	-
Sasini Fruits and Nuts EPZ Kenya Ltd	-	-	-	52,569
Sasini EPZ Park Limited	-	-	1,169	9,808
Sasini Avocado Limited	-	-	-	107
Sasini Avocado EPZ Limited	-	-	32,699	80,466
Provision for related party receivables	<u>-</u>	<u>-</u>	<u>(4,593)</u>	<u>(4,593)</u>
	<u>-</u>	<u>-</u>	<u>91,113</u>	<u>233,918</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

25. SUBSIDIARY BALANCES (Continued)

(b) Amount due from related companies

		2023		2022
Aged analysis:	Loss rate	KShs'000	Loss rate	KShs'000
Current – not over due	4.80%	95,706	1.93%	23,921
1 – 60 days		-	1.93%	71,640
60 – 120 days		<u>-</u>	1.93%	<u>142,950</u>
		95,706		238,511
Allowance for impairment		<u>(4,593)</u>		<u>(4,593)</u>
Net intercompany receivables		<u>91,113</u>		<u>233,918</u>

(c) Amounts due to related companies:	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Sasini Avocado Limited	-	-	970	-
Sasini Fruits and Nuts EPZ Kenya Ltd	-	-	20,907	-
Mweiga Estates Limited	-	-	-	-
Kipkebe Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,334</u>
	<u>-</u>	<u>-</u>	<u>21,877</u>	<u>60,334</u>

The amounts outstanding are unsecured and will be settled in cash. Interest is charged to Sasini Fruits and Nuts EPZ Kenya Limited at 9%. The other balances are interest free. Kipkebe Limited balance relates to mop up of excess cash for group treasury management.

26. SHORT TERM DEPOSITS AND CASH AND BANK BALANCES

(a) Short term deposits

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Current investments				
Short term deposits	<u>2,317</u>	<u>467,146</u>	<u>-</u>	<u>165,269</u>

Short-term deposits relate to deposits with banks with original maturities between four (4) to 12 months from the date of acquisition with interest rates ranging from 7% to 10% per annum.

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Cash on hand	1,923	1,624	708	501
Bank balances	248,740	691,383	52,227	348,371
Demand deposits	<u>620,456</u>	<u>395,399</u>	<u>46,727</u>	<u>19,603</u>
	<u>871,119</u>	<u>1,088,406</u>	<u>99,662</u>	<u>368,475</u>

Demand deposits relate to deposits with banks with original maturities within (3) months from the date of acquisition.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

27. OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Non-current investments				
Government infrastructure bonds	<u>247,806</u>	<u>277,691</u>	<u>-</u>	<u>-</u>

The Group designated the investments shown below as equity securities at FVOCI because these securities represent investment that the Group intends to hold them to collect and sell. The investments mature within 15 to 21 year at interest rates of between 12.3% to 12.7% per annum.

The movement for the investment was as follows:

	Group	
	2023	2022
	KShs'000	KShs'000
As at 1 October 2022 and 2021	277,691	-
Purchase of Government bonds	-	288,523
Redemption of Government bonds	(29,408)	-
Revaluation gain	17,440	-
Fair value loss through OCI	(17,917)	(10,832)
As at 30 September	<u>247,806</u>	<u>277,691</u>

28. SHARE CAPITAL

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Authorised:				
At 1 October 2022/2021 and 30 September: 300,000,000 ordinary shares of KShs 1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:				
At 1 October 2022/2021 and 30 September: 228,055,500 ordinary shares of KShs 1 each	<u>228,055</u>	<u>228,055</u>	<u>228,055</u>	<u>228,055</u>

All shares rank equally with regard to the company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

29. RESERVES

(a) Non-distributable reserves

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Revaluation reserve	9,685,554	9,712,585	7,046,471	7,046,471
Capital reserve	98,530	98,530	40,594	40,594
Defined benefit reserve	131,755	130,530	13,229	10,852
Bonds fair value reserve	(28,749)	(10,832)	-	-
Biological assets fair value reserve	<u>288,218</u>	<u>361,205</u>	<u>238,017</u>	<u>200,359</u>
	<u>10,175,308</u>	<u>10,292,018</u>	<u>7,338,311</u>	<u>7,298,276</u>

These reserves were formulated and approved by the shareholders of the Group and Company.

(b) Distributable reserves

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Retained earnings	3,728,759	3,421,197	1,058,270	1,383,884
Proposed dividends	<u>114,028</u>	<u>-</u>	<u>114,028</u>	<u>-</u>
	<u>3,842,787</u>	<u>3,421,197</u>	<u>1,172,598</u>	<u>1,383,884</u>

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
(c) Non-controlling interest	<u>293,118</u>	<u>300,018</u>	<u>-</u>	<u>-</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

29. RESERVES (Continued)

(c) Non-controlling interest (continued)

The following table summarises the information relating to Mweiga Estates Limited which has a material Non- Controlling interest before inter – group eliminations;

30 September 2023	
In KShs'000 NCI percentage	Mweiga Estate Limited 15%
Non-current assets	2,016,671
Current assets	101,443
Non-current liabilities	(142,724)
Current liabilities	(21,269)
Net assets underlying NCI	1,954,121
Underlying NCI	293,118
Revenue	20,975
Profit	(47,149)
OCI	1,166
Total comprehensive income	(45,983)
Profit allocated to NCI	(7,072)
OCI allocated to NCI	175
Cash flows from operating activities	(107,175)
Cash flows from investing activities	-
Cash flows from financing activities	-
Net increase in cash and cash equivalents	(107,175)

Proposed dividends

Proposed dividends are dividends recommended by the Directors but not yet paid by end of the reporting period. The proposed dividends is utilized through payment of the dividends.

Bond fair value reserve

The bonds fair value relates to increases / decreases in the fair value of other investments. The fair value movements are recognized in other comprehensive income.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

29. RESERVES (Continued)

(c) Non-controlling interest (continued)

30 September 2022	
In KShs'000 NCI percentage	Mweiga Estate Limited 15%
Non-current assets	2,051,898
Current assets	157,230
Non-current liabilities	(144,723)
Current liabilities	(64,288)
Net assets underlying NCI	2,000,117
Underlying NCI	300,018
Revenue	81,153
Profit	10,862
OCI	651
Total comprehensive income	11,513
Profit allocated to NCI	1,629
OCI allocated to NCI	98
Cash flows from operating activities	70,439
Cash flows from investing activities	-
Cash flows from financing activities	(60,000)
Net increase in cash and cash equivalents	10,439

Revaluation reserve

The revaluation reserve for the year ended 30 September 2022 and 2023 relates to increases in the fair value of property, plant and equipment recognized in equity.

Defined benefit reserve

Defined benefit reserve relates to remeasurement of post-employment benefits at the reporting date. The remeasurements comprise actuarial gains and losses on valuation of the gratuity scheme.

Biological assets fair value

The biological assets fair value relates to increases/decreases in the fair value of biological assets. The fair value movements are recognized in profit and loss but for purposes of monitoring the distribution of these reserves, the Directors have transferred the amounts from retained earnings to a separate equity reserve account. The reserve is utilized through the fair value losses on valuation of biological assets.

Fair value reserve

The fair value comprises the cumulative net change in fair value of other investments at FVOCI.

Capital reserve

These capital reserve relates to historical equity redemption reserves that are non-distributable. The reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares out of distributable profits.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

30. DEFERRED TAX (ASSET)/LIABILITY

Recognised deferred tax (assets)/liabilities:

Deferred tax liabilities and assets during the year arose from the following:

Group

			Current year movement		
	Balance at 1 October KShs '000	Prior year under/(over) through P&L KShs '000	through P&L KShs '000	through OCI KShs '000	Balance at 30 September KShs '000
2023					
Property, plant and equipment	816,908	(2,875)	(9,463)	-	804,570
Other temporary differences	(113,849)	-	52,207	599	(61,043)
Biological assets	463,153	-	(30,908)	-	432,245
	1,166,212	(2,875)	11,836	599	1,175,772

			Current year movement		
	Balance at 1 October KShs '000	Prior year under/(over) through P&L KShs '000	through P&L KShs '000	through OCI KShs '000	Balance at 30 September KShs '000
2022					
Property, plant and equipment	844,339	-	(27,431)	-	816,908
Other temporary differences	(122,722)	7,345	5,299	(3,771)	(113,849)
Biological assets	433,888	-	29,265	-	463,153
	1,155,505	7,345	7,133	(3,771)	1,166,212

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

30. DEFERRED TAX (ASSET)/LIABILITY (Continued)

Company

2023	Balance at 1 October KShs '000	Prior year through KShs '000	Movement through P&L KShs '000	Movement through OCI KShs '000	Balance at September KShs '000
Property, plant and equipment	368,313	(308)	(5,328)	-	362,677
Other temporary	(29,022)	-	2,283	1,019	(25,720)
Biological assets	117,929	-	16,199	-	134,128
	457,220	(308)	13,154	1,019	471,085

2022	Balance at 1 October KShs '000	Movement through P&L KShs '000	Movement through OCI KShs '000	Balance at September KShs '000
Property, plant and equipment	376,069	(7,756)	-	368,313
Other temporary	(32,824)	3,363	439	(29,022)
Biological assets	124,948	(7,019)	-	117,929
	468,193	(11,412)	439	457,220

Presented in the statement of financial position as below:

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Entities with net deferred tax asset		-	-	-
Entities with net deferred tax liability	<u>1,175,772</u>	<u>1,166,212</u>	<u>471,085</u>	<u>457,220</u>
	<u>1,175,772</u>	<u>1,166,212</u>	<u>471,085</u>	<u>457,220</u>

Unrecognised deferred tax asset arising from tax losses:

Deferred tax assets of KShs 99,502,615 (2022 – KShs 83,319,743) have not been recognised in respect of tax losses relating to subsidiaries Mweiga Estates Limited – KShs 298,747,730 (2022 – KShs 243,663,441), and Sasini Avocado Limited – KShs 33,027,654 (2022 – KShs 34,069,037) because it is not probable that future taxable profit will be available against which the subsidiaries can use the benefits.

31. POST EMPLOYMENT BENEFITS

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	141,023	154,086	23,008	21,384
Paid during the year	(29,579)	(47,150)	(1,745)	(1,005)
Charge for the year	22,448	21,517	4,361	4,094
Remeasurements	(1,996)	<u>12,570</u>	(3396)	(1,465)
Balance carried forward	<u>131,896</u>	<u>141,023</u>	<u>22,228</u>	<u>23,008</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

31. POST EMPLOYMENT BENEFITS (Continued)

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Non-current portion	117,025	130,410	21,364	21,306
Current portion	<u>14,871</u>	<u>10,613</u>	<u>864</u>	<u>1,702</u>
	<u>131,896</u>	<u>141,023</u>	<u>22,228</u>	<u>23,008</u>
Charged to profit or loss				
Current service costs	5,526	6,183	1,286	1,442
Interest costs	<u>16,922</u>	<u>15,334</u>	<u>3,075</u>	<u>2,652</u>
	<u>22,448</u>	<u>21,517</u>	<u>4,361</u>	<u>4,094</u>
Credited to other comprehensive income (OCI)				
Actuarial loss/(gain) on obligation	(1,996)	12,570	(3,396)	(1,465)
Related tax	<u>599</u>	<u>(3,771)</u>	<u>1,019</u>	<u>439</u>
Net amount charged/(credited) to OCI	<u>(1,397)</u>	<u>8,799</u>	<u>(2,377)</u>	<u>(1,026)</u>

The post-employment benefit relates to provision for staff gratuity. The Company has entered into collective bargaining agreements with trade unions representing its employees that provide for gratuity payments. The gratuity arrangements are unfunded.

An actuarial valuation was carried out by The Actuarial Services Company Limited, registered actuaries, as at 30 September 2022 and 2023.

The principal assumptions used were as follows:

	2023	2022
Discount rate	17.50%	13.00%
Future salary increases	9.00%	8.00%

Sensitivity analysis

The results of the actuarial valuation are more sensitive to changes in financial assumptions than to changes in demographic assumptions. A 1% change in the discount rate or salary at the reporting date holding other factors constant would have changed the liability to amounts shown below.

	Group		Company	
	Increase	Decrease	Increase	Decrease
A 1% increase in discount rate:				
Liability at 30 September 2023				
KShs '000)	<u>126,383</u>	<u>137,878</u>	<u>21,066</u>	<u>23,523</u>
Liability at 30 September 2022				
(KShs '000)	<u>133,709</u>	<u>149,041</u>	<u>21,323</u>	<u>24,913</u>
A 1% increase in salaries:				
Liability at 30 September 2023				
(KShs '000)	<u>137,664</u>	<u>126,489</u>	<u>23,103</u>	<u>21,425</u>
Liability at 30 September 2022				
(KShs '000)	<u>148,575</u>	<u>134,024</u>	<u>24,349</u>	<u>21,790</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

31. POST EMPLOYMENT BENEFITS (Continued)

Maturity profile

Time to maturity of membership	Group 2023 KShs '000	Group 2022 KShs '000	Company 2023 KShs '000	Company 2022 KShs '000
< 1 year	14,871	10,613	864	1,702
1 – 5 years	44,771	40,976	4,467	3,201
> 5 Years	<u>72,254</u>	<u>89,434</u>	<u>16,897</u>	<u>18,105</u>
Totals	<u>131,896</u>	<u>141,023</u>	<u>22,228</u>	<u>23,008</u>

Assumptions for staff gratuity

An actuarial valuation was carried out on the unionisable staff gratuity scheme as at 30 September 2023. The Group and Company operates an unfunded Gratuity arrangement. As the arrangement is unfunded; gratuity benefits are paid out of the Company's general revenues. Upon retirement or resignation, the arrangement provides a benefit of 22 days basic pay per year worked to members with over 10 years of service. The arrangement also pays a death in service or ill health retirement benefit of 22 days total pay per year worked to members with over 5 years of service for members. The arrangement also provides death benefits equal to 22 days basic pay per year worked.

The principle features of the actuarial valuation are as follows:

Actuarial Method	-	Projected Unit Credit Method
Rate of interest	-	11.50% per annum
Rate of Salary escalation	-	8% per annum
Retirement age	-	55 years
Pre-retirement mortality	-	A1949/52 Ultimate
Withdrawal	-	Based on average actual experience of the Group
Ill-health retirement	-	At rates consistent with similar arrangements
Expenses	-	No explicit allowances

32. TRADE AND OTHER PAYABLES

	Group 2023 KShs'000	Group 2022 KShs'000	Company 2023 KShs'000	Company 2022 KShs'000
Trade payables	42,641	16,649	8,479	13,401
Other payables*	<u>326,349</u>	<u>493,371</u>	<u>91,446</u>	<u>209,376</u>
	<u>368,990</u>	<u>510,020</u>	<u>99,925</u>	<u>222,777</u>

* Other payables relate to staff related accruals, professional fees, out growers provisions, ERP annual maintenance accrual, certifications and insurance provisions.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

33. CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Profit before tax	872,998	1,552,953	91,336	678,482
Adjustments for:				
Depreciation and amortization	283,535	267,523	88,872	83,726
Interest income	(105,869)	(59,522)	(17,389)	(9,531)
Interest on lease liability (Note 21(b))	6,746	744	6,746	744
Interest cost	17,030	13,416	17,030	27,385
Effects of exchange differences on cash	-	(44,682)	-	(4,548)
Gratuity provision (Note 31)	22,448	21,517	4,361	4,094
Revaluation loss on demolition	-	28,444	-	-
Gain on disposal of property and equipment (Note 10)	(10,378)	(3,845)	(363)	(2,548)
Impairment of capital WIP	21,277	-	-	-
Biological asset transformation (Note 20)	(223,541)	(543,413)	(230,160)	(241,425)
Biological assets harvest (Note 20)	<u>326,928</u>	<u>445,699</u>	<u>176,363</u>	<u>264,822</u>
Operating profit before working capital changes	1,211,174	1,678,834	136,796	801,201
Working capital changes:				
Inventories	(477,631)	(254,150)	(137,994)	(239,937)
Trade and other receivables	(253,472)	96,791	(43,215)	106,894
Related party balances	-	-	104,348	(166,831)
Trade and other payables	(141,030)	<u>138,563</u>	(122,852)	<u>109,422</u>
Cash flows generated from operating activities	<u>339,041</u>	<u>1,660,038</u>	<u>(62,917)</u>	<u>610,749</u>

34. RELATED PARTY TRANSACTIONS

The following transactions were entered into with the related parties enlisted herein:

(a) Purchase of goods and services

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Ryce East Africa Limited	26,722	8,058	16,095	8,058
Yansam East Africa Limited	-	-	-	-
Ryce Engineering Limited	-	142	-	-
Sameer Management Limited	-	3,270	-	-
Sameer Africa PLC	-	1,460	-	-
Yana Tyre Centre	-	151	-	128
Yana Oil	<u>1,321</u>	<u>1,177</u>	<u>925</u>	<u>916</u>
	<u>28,043</u>	<u>14,258</u>	<u>17,020</u>	<u>9,102</u>

The above purchases relate to entities under common control. The Group and entity purchased vehicles and machineries from Ryce East Africa Limited.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

34. RELATED PARTY TRANSACTIONS (Continued)

(b) Management fees charged to subsidiaries

	Company	
	2023	2022
	KShs'000	KShs'000
Kipkebe Limited	103,125	97,135
Mweiga Estates Limited	876	2,790
Sasini EPZ Park Limited	2,744	1,480
Sasini Fruits and Nuts EPZ Limited	13,722	7,398
Sasini Avocado EPZ Limited	<u>13,722</u>	<u>7,398</u>
	134,189	116,201

(c) Key management compensation (excluding directors' emoluments)

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Short term employee benefits	137,409	105,354	64,433	62,182
Post-employment benefits	<u>11,171</u>	<u>7,500</u>	<u>5,148</u>	<u>4,514</u>
	148,580	112,854	69,581	66,696

(d) Directors' emoluments

Fees and sitting allowances	11,485	10,444	11,485	10,444
Other remuneration	<u>45,886</u>	<u>61,550</u>	<u>45,886</u>	<u>61,550</u>
	57,371	71,994	57,371	71,994

Other details in relation to related party balances are disclosed in Note 25.

35. CAPITAL COMMITMENTS

	Group		Company	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Authorised and contracted for	<u>1,184</u>	<u>2,219</u>	<u>-</u>	<u>-</u>

36. CONTINGENT LIABILITIES

Guarantees with the bankers relate to performance guarantees that were issued by Banks to the Group and Company to guarantee satisfactory completion of the performance obligations in favour of third parties. These amounted to KShs 241,224,000 as at 30 September 2023. (2022: KShs 229,791,102)

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

37. BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Balance as at 1 October 2022/2021		-		-
Amount borrowed during year	816,566	852,548	816,566	852,548
Repayment of loan in the year	(787,684)	(879,402)	(787,684)	(879,402)
Exchange (gain)/loss	<u>-</u>	<u>26,854</u>	<u>-</u>	<u>26,854</u>
Balance at 30 September	<u>28,882</u>	<u>-</u>	<u>28,882</u>	<u>-</u>

During the year, Sasini PLC obtained an unsecured banking facility from Standard Chartered Bank Kenya PLC of USD 7.3 million. The interest rate charged on the facility was 4.00% per annum above 3 months LIBOR on maturity of the facility.

38. EVENTS AFTER REPORTING DATE

No material events or circumstances have arisen between the accounting date and the date of this report.

SASINI PLC**FIVE YEAR COMPARATIVE STATEMENTS****PRODUCTION AND SALES
STATISTICS**

	2023	2022	2021	2020	2019
TEA					
Area – Hectares	1,463	1,463	1,463	1,463	1,463
Production – Tonnes	13,913	13,263	12,906	12,446	9,318
Sales – Tonnes	12,803	14,047	12,875	12,803	9,200
Sales proceeds - KShs/Kg	264	220	179	175	165

COFFEE

Area – Hectares	708	708	708	775	775
Production – Tonnes	565	843	714	513	986
Sales – Tonnes	361	824	747	691	797
Sales proceeds - KShs'000/tonne	581	728	664	468	313

COFFEE MILLING AND

Parchment received – Tonnes	5,277	6,646	5,471	5,379	7,212
Clean coffee milled – Tonnes	3,845	4,885	4,004	3,838	5,136
Parchment received – Tonnes	3,825	4,958	4,241	3,919	5,179

COFFEE TRADING

Coffee Purchased – Tonnes	1,713	2,819	2,511	1,550	1,312
Coffee trading sales – Tonnes	1,696	2,562	2,445	1,684	1,188
Coffee trading sales – Containers	88	121	118	88	62
Coffee trading sales proceeds	1,330,482	2,081,312	1,641,050	952,805	602,300

MACADAMIA

Sales – Containers	6	27	16	8	6
Sales proceeds - KShs/Kg	1,349	1,720	1,429	1,771	1,787

AVOCADO

Sales – Containers	89	106	64	67	30
Sales – proceeds - KShs/Carton	794	636	671	514	642

SASINI PLC

FIVE YEAR COMPARATIVE STATEMENTS (CONTINUED)

Results	2023 KShs '000	2022 KShs '000	2021 KShs '000	2020 KShs '000	2019 KShs '000
Turnover	<u>5,718,437</u>	<u>7,345,305</u>	<u>5,389,963</u>	<u>4,145,408</u>	<u>2,794,830</u>
Gains/(losses) of biological assets arising from changes in fair value less costs to sell	<u>223,541</u>	<u>543,413</u>	<u>541,148</u>	(<u>47,375</u>)	(<u>5,843</u>)
Profit/(loss) before taxation and non- controlling interest	872,998	1,552,953	768,096	41,492	(361,299)
Taxation (charge)/credit	(<u>330,442</u>)	(<u>384,941</u>)	(<u>194,896</u>)	(<u>28,887</u>)	<u>23,562</u>
Profit/(loss) after taxation before non- controlling interests	<u>542,556</u>	<u>1,168,012</u>	<u>573,200</u>	<u>12,605</u>	(<u>337,737</u>)
Made up as shown below:					
Profit/(loss) arising from operating activities	622,615	1,094,357	438,066	74,258	(314,197)
(Loss)/profit arising from changes in fair value of biological assets less costs to sell after tax	(<u>72,987</u>)	72,026	129,778	(<u>57,989</u>)	(<u>3,232</u>)
Non-controlling interest	(<u>7,072</u>)	<u>1,629</u>	<u>5,356</u>	(<u>3,664</u>)	(<u>20,308</u>)
	<u>542,556</u>	<u>1,168,012</u>	<u>573,200</u>	<u>12,605</u>	(<u>337,737</u>)
Dividends	(<u>342,084</u>)	(<u>228,056</u>)	(<u>228,056</u>)	===== -	(<u>114,028</u>)

SASINI PLC

FIVE YEAR COMPARATIVE STATEMENTS

Capital employed	2023	2022	2021	2020	2019
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	11,151,429	11,132,410	11,268,638	11,386,598	11,455,879
Intangible assets	8,895	14,526	21,845	18,944	12,192
Biological assets	1,217,362	1,346,829	1,136,449	1,012,880	1,211,030
Right of use assets	59,193	69,133	25,709	41,314	10,408
Capital work-in-progress	200,955	203,594	152,704	127,243	89,103
Other investments	247,806	277,691	-	-	-
Deferred tax asset	-	-	3	7,582	8,865
Net current assets	<u>2,993,788</u>	<u>2,542,596</u>	<u>2,139,698</u>	<u>1,637,480</u>	<u>1,443,261</u>
	<u>15,879,428</u>	<u>15,586,779</u>	<u>14,745,046</u>	<u>14,232,041</u>	<u>14,230,738</u>
Financed by					
Share capital	228,055	228,055	228,055	228,055	228,055
Reserves	13,904,067	13,713,215	12,794,617	12,520,872	12,351,755
Non-controlling interests	293,118	300,018	307,291	304,138	305,245
Proposed dividend	<u>114,028</u>	<u>-</u>	<u>114,028</u>	<u>-</u>	<u>-</u>
Equity	<u>14,539,268</u>	<u>14,241,288</u>	<u>13,443,991</u>	<u>13,053,065</u>	<u>12,885,055</u>
Non-current liabilities	<u>1,340,160</u>	<u>1,345,491</u>	<u>1,301,055</u>	<u>1,178,876</u>	<u>1,345,683</u>
	<u>15,879,428</u>	<u>15,586,779</u>	<u>14,745,046</u>	<u>14,232,041</u>	<u>14,230,738</u>
Ratios					
Earnings per share on operating activities (KShs)	2.73	4.80	1.91	0.33	(1.38)
Earnings/(loss) per share on biological assets (KShs)	(0.32)	0.32	0.58	(0.25)	(0.01)
Dividend per share (KShs)	1.50	1.00	1.00	-	0.50
Dividend cover (times covered)	1.82	4.80	3.82	-	(1.38)
Capital employed per share	69.63	68.35	64.66	62.48	62.4



PROXY FORM FOR SASINI PLC ANNUAL GENERAL MEETING

**THE COMPANY SECRETARY,
SASINI PLC
P. O. BOX 9287 – 00100
NAIROBI**

I/We.....

of being a member/member of Sasini PLC do hereby

appointof.....or

failing him/herof
failing whom, the Chairman of the Meeting, as my/our proxy, to vote for me/us and on my/ our behalf
at the Annual General Meeting of the Company to be held on Thursday, 7 March 2024 and at any
adjournment thereof.

As witness my/our hand(s) this..... day of.....2024

Signature

Notes:

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his/her stead and a proxy need not be a member of the Company.
2. In the case of a member being a Limited Company, this form must be completed under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
3. The Proxy Form must be delivered to Image Registrars Limited not later than 11.00 a.m. on Tuesday, 5 March 2024.

Completed Proxy Forms should be sent by post to Image Registrars Limited of P.O Box 9287 – 00100 Nairobi or hand delivered to their offices at Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street. Alternatively, duly signed proxies can be scanned and emailed to sasinishares@image.co.ke in PDF format.



ELECTRONIC COMMUNICATIONS PREFERENCE FORM

Please complete in BLOCK CAPITALS

Fullnameofmember(s):

Address:

CDSC No (if known)

(This can be found on your CDSC Statement)

Mobile Number

Date:

Signature:

Please tick **ONE** of the boxes below and return to Image Registrars at P.O. Box 9287-00100
 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/We approve to register to participate in the virtual Annual General
 Meeting to be held on

☐

Consent for use of the Mobile Number provided

I/We would give my/our consent for the use of the mobile number provided for
 purposes of voting at the AGM

☐

**Notes:**

1. A completed form of proxy should be emailed to sasinishares@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than Tuesday, 5 March 2024 at 11.00am. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Tuesday, 5 March 2024. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Tuesday, 5 March 2024 to allow time to address any issues.
2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words “the Chairman of the Meeting or” and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
5. A proxy form is available on the Company’s website via this link: www.sasini.co.ke / Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.

A “vote Abstain” option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.



FOMU YA UWAKILISHI

KATIBU WA KAMPUNI
SASINI PLC
S.L.P 9287 – 00100
NAIROBI

Mimi/Sisi

Wa..... nikiwa/tukiwamwanachama/wanachamawa

Sasini PLC, namchagua/twamchagua..... Wa

..... au

akikosa yeye.....

wa.....akikosa, Mwenyekiti aliyechaguliwa wa Mkutano, kuwa mwakilishi wangu/wetu, kunipigia/kutupigia kura kwa niaba yangu/ yetu kwenye Mkutano Mkuu wa Mwaka wa Kampuni utakaofanyika Alhamisi, tarehe 7 Machi 2024 na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii siku ya 2024

Sahihi

Maelezo:

1. Mwanachama mwenye haki ya kuhudhuria na kupiga kura anastahili kumchagua mwakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake na mwakilishi si lazima awe mwanachama wa Kampuni.
2. Katika hali ambapo mwanachama ni kampuni, fomu hii lazima ijazwe chini ya muhuri wa kawaida au kwa idhini ya afisa au mwanasheria aliyeidhinishwa kwa maandishi.
3. Fomu ya Uwakilishi lazima ifikishwe kwa Image Registrars Limited kabla ya saa tano asubuhi, Jumanne tarehe 5 Machi 2024.
4. Fomu za Uwakilishi zilizojazwa zipelekwe kwa njia ya posta kwa Image Registrars Limited
5. S.L.P 9287 – 00100 Nairobi au zipelekwe kwa mkono katika afisi zao Absa Towers (zamani Barclays Plaza), ghorofa ya 5, Barabara ya Loita. Au pia fomu za uwakilishi zilizojazwa kisawa zinaweza kupigwa picha na kutumwa kwa sasinishares@image.co.ke kwa umbo la PDF.



FOMU YA UPENDELEO WA MAWASILIANO YA KIELEKTRONIKI

Tafadhali jaza kwa HERUFI KUBWA

Jina kamili la mwanachama/ wanachama.....

.....

.....

Anwani.....

.....

.....

Nambari ya Akaunti ya CDSC (ikiwa inajulikana) (Hii inaweza kupatikana kwenye Taarifa ya CDSC)
 Nambari ya simu ya mkono.....

Tarehe:

Sahihi:

Tafadhali weka alama kwenye kisanduku kimojawapo hapa chini na urejeshe kwa Image Registrars limited S.L.P. 9287 – 00100 Nairobi, ghorofa ya 5 Absa Towers (awali Barclays Plaza), barabara ya Loita:

Kibali cha Usajili

Mimi/Sisi nakubali/twakubali kujisajili kushiriki katika Mkutano Mkuu wa Mwaka kwa mtandao utakaofanyika Ijumaa, tarehe

.....

Idhini ya utumizi wa Nambari ya Simu ya Mkono iliyotolewa Mimi/Sisi
 nitatoa/tutatoa idhini ya utumizi wa nambari ya simu ya mkono iliyotolewa kwa nia ya upigaji kura
 katika Mkutano Mkuu wa Mwaka

**Maelezo:**

1. Fomu iliojazwa ya uakilishi itumwe kwa barua pepe sasinishares@image.co.ke au ipelekwe kwa Image Registrars Limited, ghorofa ya 5 Absa Towers (awali Barclays Plaza), barabara ya Loita, S.L.P. 9287-00100 GPO, Nairobi, ili ipokelewe kabla na isipite Jumanne tarehe 5 Machi 2024 saa tano asubuhi. Mtu yeyote anayechaguliwa kama mwakilishi awasilishe nambari yake ya simu ya mkono kwa Kampuni kabla ya Jumanne tarehe 5 Machi 2024. Usajili wowote wa uwakilishi utakaokataliwa utajulishwa kwa mwanahisa anayehusika kabla na sio baada ya Jumanne tarehe 5 Machi 2024 kuruhusu muda kushughulikia maswala yoyote.
2. Katika hali ambapo mwanachama ni shirika, Fomu ya Uakilishi lazima ijazwe chini ya muhuri wa kawaida au kwa idhini ya afisa au mwanasheria wa shirika hilo aliyeidhinishwa kwa maandishi.
3. Kama mwanahisa una haki ya kumteua mwakilishi mmoja au zaidi kutekeleza haki zako zote au zozote za mwanahisa kuhudhuria na kuzungumza na kupiga kura kwa niaba yako katika mkutano. Uteuzi wa Mwenyekiti wa mkutano kama mwakilishi umejumuishwa kurahisisha. Kuteua mtu mwingine yeyote kama mwakilishi, futa maneno “Mwenyekiti wa Mkutano au” na uweke jina kamili la mwakilishi wako katika nafasi iliotolewa. Mwakilishi si lazima awe mwanahisa wa Kampuni.
4. Kujaza na kutuma fomu ya uakilishi hakutokuzuia kuhudhuria mkutano na mwenyewe kupiga kura kwenye mkutano; katika hali hiyo kura zozote zilizopigwa na mwakilishi wako zitaachwa.
5. Fomu ya uwakilishi inapatikana katika mtandao wa Kampuni kupitia kiungo hiki: www.sasini.co.ke.
Nakala asili za fomu ya uakilishi zinapatikana pia katika anwani inayofuata: Afisi za Image Registrars Limited, ghorofa ya 5 Absa Towers (awali Barclays Plaza), Barabara ya Loita.

Hiari ya “kuacha kupiga kura” imejumuishwa kwenye fomu ya uakilishi. Athari ya kisheria ya kuchagua hiari hii kwenye azimio lolote ni kuwa utachukuliwa kama hukupiga kura kwa azimio husika. Idadi ya kura kuhusiana na kura zipi zinazuiliwa, hata hivyo zitahesabiwa na kurekodiwa, lakini kupuuzwa katika kujumlisha idadi ya kura za kukubali au kupinga kila azimio.