

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2022

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

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SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **DIRECTORS AND STATUTORY INFORMATION** **FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

Lawrence Chelimo Kibet, CPS (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

Harrison Hamilton 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

(+254-020) 3342166/71/72

Mobile

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E-mail

info@sasini.co.ke

Website

www.sasini.co.ke

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
DIRECTORS AND STATUTORY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

INDEPENDENT AUDITOR

KPMG Kenya
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 Limited
DTB Centre, Mombasa Road
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

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
ANNUAL REPORT AND FINANCIAL STATEMENTS
BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 and a BA and MA in Mathematics from Oxford University.

He is a Fellow of 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 Limited 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. 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 and Eveready East Africa PLC, which are quoted on the Nairobi Securities Exchange.

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

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 Ltd and Warren Enterprises Ltd. He is a Director of Sameer Africa PLC, a company listed on the Nairobi Securities Exchange Ltd.

He is also a Director of Sameer ICT Ltd, Sameer Telkom Ltd, Fidelity Shield Insurance Company Ltd and Frontier Optical Networks Ltd 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 26th May 2006.

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ANNUAL REPORT AND FINANCIAL STATEMENTS
BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

Dr. Steve Omenge Mainda PhD, - *Independent 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, Tausi Assurance Company Limited, Dubai Islamic Bank Kenya, 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 21st 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 28 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 KWV 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. He is the current Chairman of the Board of Directors of the United Nations Global Compact Kenya Network, the world's leading corporate sustainability program, as well as being a board member of The Kenya Association of Manufacturers.

He joined Sasini PLC on 1st March 2019.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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 holds serves the community in various capacities.

She was appointed to the Board of Sasini PLC on 9th 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 Consol Glass Kenya Ltd. She has a wealth of experience in Audit and Risk Management as well as in Financial Planning and Analysis.

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

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
SENIOR MANAGEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Dr. Samuel Kanga Odalo - *DBA, Group Financial Controller*

Dr. Samuel Odalo has over 32 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 as well as acting as the Group Managing Director from 1st October 2018 to 28th February 2019.

Mr. Lawrence Kibet - *Company Secretary*

Mr. Kibet holds a Bachelor of Laws (LL. B) Degree from the University of Nairobi, a Diploma in law from the Kenya School of Law and holds a Master of Business Administration degree in operations management, (MBA) from the University of Nairobi.

He also holds a Bachelor of Commerce (BCom. Hons.) Finance major, and Bachelor of Laws degrees from the University of Nairobi and is currently pursuing a Master of Public Policy and Management degree at the Strathmore Business School, Strathmore University. He has also attended various professional management and corporate governance capacity building courses.

He is a Certified Public Accountant (CPA (K)), an advocate of the high court of Kenya and a Certified Public Secretary (CPS (K)). Mr Kibet is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries (ICPSK) and Investor relations society (UK). Mr Kibet has over 15 years' experience in legal and corporate secretarial practice, corporate governance, policy management and investor relations. He has been involved in several Capital Markets transactions over the last ten years.

Mr. Kibet was appointed on 1st February 2016.

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 Ltd, Arroket Estate (Arroket & Kaptembwa) & Arroket Factory. He has previously served as a member of the Board of Directors – Tea Board of Kenya and currently the National vice Chairman of the Kenya Tea Growers Association (KTGA). Mr. Njibwakale 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 2022 (CONTINUED)

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

Mr. Muriithi has vast experience of over 28 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 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. Keah has over 18 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, 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 FIRST (71ST) ANNUAL GENERAL MEETING of the Company will be via electronic communication, **on Friday, 3rd March 2023 at 11.00 a.m.** to conduct the following business:

Ordinary business

1. To table the proxies and note the presence of a quorum.
2. To read the Notice convening the meeting.
3. To consider and if approved, adopt the Company's audited financial statements for the year ended 30th September 2022, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. Dividends

To confirm the interim dividend of 100% paid on 14 July 2022 to the shareholders on the register of members as at close of business on 2 June 2022.

5. Auditors: To note that Messrs KPMG Kenya continue in office as Auditors by virtue of Section 721 (2) of the Companies Act, 2015 and to authorize the Directors to fix the Auditors' remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Kenyan Companies Act, 2015.
6. To elect Directors:
 - (a) Dr. Steve Omende Mainda, who retires at this meeting in accordance with the provisions of the Company's Articles of Association and Clause 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. Special notice is hereby given pursuant to Section 287 of the Companies Act, 2015, that notice has been received of the intention to propose the following Resolution as an Ordinary Resolution at the 2023 Annual General meeting:

'That Dr Steve Omende Mainda who has attained the age of 70 years, be and is hereby re-elected a Director of the Company until he comes up for retirement by rotation'.
 - (b) Mr. Akif Hamid Butt, a Director retiring by rotation in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.
7. 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

SASINI PLC

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

8. To approve the Directors' Remuneration Report and the remuneration paid to the Directors for the year ended 30th September 2022.
9. To consider any other business for which due notice has been given.

BY ORDER OF THE BOARD



LAWRENCE KIBET, CPS (K)
COMPANY SECRETARY

Date: 10 January 2023.

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 6 February 2023 at 9:00 am and will close on Wednesday, 1 March 2023 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) 2022 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 propose to be at 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 Wednesday 1st March 2023 at 11.00am.
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 Wednesday 1 March 2023 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.

SASINI PLC

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

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 hour's 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 MOJA (71), wa Kampuni utakuwa kupitia mawasiliano ya kielektroniki, **Ijumaa, tarehe 3 Machi 2023, saa tano asubuhi** kuendesha shughuli zifuatazo:

Shughuli za Kawaida

1. Kuwasilisha majina ya wawakilishi na kutambua uwepo wa akidi.
2. Kusoma Ilani ya kuitisha mkutano.
3. Kuchunguza na ikikubaliwa, kuidhinisha taarifa za kifedha zilizokaguliwa za Kampuni za mwaka ulioishia 30 Septemba 2022, pamoja na Ripoti za Mwenyekiti, Wakurugenzi na Wahasibu.
4. Migao ya Faida

Kuthibitisha mgao wa faida wa muda wa asilimia 100 uliolipwa tarehe 14 Julai 2022 kwa wanahisa kwenye rejista la wanachama kufikia mwisho wa biashara tarehe 2 Juni 2022.

5. Wahasibu: Kutambua kuwa KPMG Kenya wanaendelea afisini kama Wahasibu kwa sababu ya Sehemu 721 (2) ya Sheria ya Makampuni, 2015 na kuwaidhinisha Wakurugenzi kuamua ujira wa Wahasibu wa mwaka wa kifedha unaofuata kuambatana na Sehemu 724 (1) ya Sheria za Makampuni Kenya, 2015.
6. Kuchagua Wakurugenzi:
 - (a) Dkt. Steve Omende Mainda, anayestaafu katika mkutano huu kufuatana na masharti ya Kanuni za Kampuni na Kifungu 2.5 cha Kanuni ya Desturi za Utawala wa Shirika kwa Watoaji Amana kwa Umma 2015. Ilani maalum inatolewa hapa kufuatana na sehemu 287 ya Sheria ya Makampuni, 2015, ilani hiyo imepokelewa ya dhamira ya kupendekeza Azimio lifuatalo kama Azimio la Kawaida katika mkutano mkuu wa kila mwaka wa 2023:

‘Kuwa Dkt. Steve Omende Mainda ambaye amefikisha umri wa miaka 70, awe na hapa anachaguliwa tena Mkurugenzi wa Kampuni mpaka afikie kustaafu kwa zamu.’
 - (b) Bw. Akif Hamid Butt, Mkurugenzi anayestaafu kwa zamu kufuatana na Kanuni za Kampuni na kwa kuwa anastahili, anajitolea kuchaguliwa tena.
7. Kufuatana na masharti ya Sehemu 769 ya Sheria ya Makampuni, 2015, wakurugenzi wafuatao, wakiwa wanachama wa Kamati ya Uhasibu, Hatari na Makubaliano ya Halmashauri wachaguliwe kuendelea kutumika kama wanachama wa kamati hiyo:
 - i) Bi. Betty Koech
 - ii) Bi. Rosemary Munyiri
 - iii) Bw. Sameer Merali
 - iv) Dkt. James McFie
8. Kuidhinisha Ripoti ya Malipo ya Wakurugenzi na malipo yaliolipwa Wakurugenzi ya mwaka ulioishia tarehe 30 Septemba 2022.

SASINI PLC

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

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

KWA AMRI YA HALMASHAURI



LAWRENCE KIBET, CPS (K)

KATIBU WA KAMPUNI

Tarehe: 10 Januari 2023.

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 6 Februari 2023 saa tatu asubuhi na kutafungwa Jumatano tarehe 1 Machi 2023 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.
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 Jumatano 1 Machi 2023 saa tano za asubuhi.
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.

SASINI PLC

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

8. Wanahisa wanaotaka kuuliza maswali yoyote au kutaka ufafanuzi kuhusu Mkutano Mkuu wa Mwaka wanaweza kufanya hivyo kufikia Jumatano tarehe 1 Machi 2023 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 kumi na mbili 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 kumi na mbili 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 kuwa 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 ya 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 our 70-year history, 2022 has been the most successful year operationally and profit-wise. Despite the remnant and continuing effects of Covid 19, and the negative impact of the Russian-Ukrainian war, the group dug deep to maximize its potential and post impressive results”: Dr. J. B. McFie, PhD., Chairman.

Operating Environment:

We started the financial year under review very strongly despite having adverse weather conditions in the first quarter that negatively affected our tea business specifically. We continued to see the positive effects of organizational automation, systemic cost containment and overall strong management rigor on driving efficiency in field, manufacturing, and commercial operations. This resilience endured throughout the period under review and ensured that the Group had an extremely successful year.

The Group posted a profit after tax of KShs 1.168 billion against the prior year's profit of KShs. 573.2 million. This was anchored on our larger tea and coffee business units returning very good results and an improved contribution from our Macadamia business. We had a record year in our tea, coffee estates, coffee trading, and macadamia units. Our fruit business faced several strong headwinds arising from negative price movements in the markets and the continued negative effects of COVID-19 and the European war crisis on global logistics. Our local retail business went through a re-organization to shed excess cost components from it and ended the year with a strong financial performance never achieved before.

The tea business unit returned excellent results for the year based on efficiency in tea production, improved factory processes, cost containment measures in the field, continuing automation, high tea price realizations, interest income from fixed deposits, as well as the sale of raw timber. We received very strong support from our out-growers in supplementing our own tea production, significantly boosting the overall performance. The unit withstood adverse weather conditions characterized by drought, chills, and incidences of hail damage to tea bushes to achieve excellent production volumes.

The coffee business also had a stellar year on the back of higher coffee price realization, stable coffee production volumes, and excellent coffee trading activities at the coffee mill. During the year, we closed our dairy unit in one of our subsidiary companies, Mweiga Estate Limited, to stem the cash drain and strengthen our results.

The Group closed the year in a very healthy liquidity position of cash and bank balance of KShs 1,088.41 million, short-term deposits of KShs 467.146 and other investments of KShs 1,833.24 million, totaling to KShs 1,740.09 million, after payment of dividends to shareholders worth KShs 342.08 million. The deposits were spread in tier-one banks and Government Infrastructure Bonds. This position has contributed to our business transformation strategy during the year.

The exchange rate during the reporting period reached a high of KShs 120.73/US\$, while the cumulative average for the year sat at KShs 115.37/US\$ and boosted our export proceeds substantially.

SASINI PLC

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

Cost of doing business

The company endured a difficult time during the year due to a lot of uncertainties in the market and other extraneous factors that impacted the business environment notwithstanding the heightened general election tension. Some of these include the Russia-Ukraine conflict and China's extensive lockdowns continued to constrain Kenya's economy by further exacerbating supply chain disruptions, and the Russia-Ukraine conflict that spiked global prices of key imports such as fuel, grains, and fertilizer. Additionally, export volumes to Russia and Ukraine (1% of total exports), consisting mostly of tea and horticulture, declined. This resulted in global inflation rising significantly this year. This was compounded by the drought in Europe, Africa, and Asia that caused the prices of food items to shoot up as countries conserved limited supplies for their domestic use. In response to their inflation, the US, UK, and EU also raised their interest rates with the resultant effect of drawing capital from emerging and frontier economies, such as Kenya. This strengthened the dollar and made local markets less attractive to investors as other currencies such as the Kenya Shilling suffered depreciation. In Kenya, inflation went up sharply, rising to a 62-month high of 8.3 percent in July due to the higher cost of imported goods, fuel, and raw materials. The CBK raised its base rate by 0.5 percentage points, signaling the higher demands in the domestic debt space as banks adjusted to the tightening of the market.

The company continued to strongly manage the effects of COVID-19 by adhering strictly to mitigation measures to help curb the pandemic's spread. We rolled out a company-wide vaccination drive that saw all our employees get at least 2 doses of the COVID Vaccine during the year. We recorded no new cases of the disease in our employment base during the year.

The company's Board has stayed committed to our goal of advancing our business through all forms of growth towards being the continent's No. 1 agribusiness. The Board continued to help management drive operations based on the strategic pillars agreed on and set 3 years ago to deliver a profit after tax more than KShs 1 billion. Having achieved that in the year under review, the Board intends to work with the leadership team to craft a new strategic direction that will assess ways of accelerating the organization's growth toward that continental goal. The Board envisages that this new strategic platform will be rolled out by June 2023.

We also continued to strengthen our commitment to the strategic pillar of driving and growing our business sustainably. We continued to entrench our nine (9) chosen Sustainable Development Goals (SDGs) into our operations having successfully aligned our efforts with the global goals set by the United Nations Global Compact, the world's biggest corporate sustainability initiative. Sasini PLC remains one of the strong members of the United Nations Global Compact and is committed strongly to this global initiative with very ambitious goals. That commitment and strength saw our Group Managing Director, Mr. Martin Ochien'g being chosen to lead the Global Compact Network Kenya as the new Chairman of their Board, a strong accolade not just to Mr. Ochien'g but to Sasini PLC and its sustainability efforts and drives. Sasini PLC commits to continue nesting its business harmoniously with the society in the environment it operates in. We will entrench our leadership in this area not just in the agricultural sector but in the larger regional economy basing our work on the very critical principles of creatively protecting the **planet**, prudently managing **people**, to create sustainable **profits** for long-lasting **prosperity**.

We continue to drive focus on our 9 SDGs being;

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

SASINI PLC

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

Cost of doing business (continued)

Our approach to these sustainable efforts is based on the ten principles of the Global Compact comprising the following 4 key thematic areas;

1. Our respect for human rights
2. Our strict adherence to good labor practices
3. Our focused attention to protecting the environment and,
4. Our total dislike of and intolerance to corruption.

Towards advancing our commitment to this course, Sasini PLC will this year launch its first Sustainability Report that will be based on the Global Reporting Initiative (GRI) standards and be entrenched in aspects of reporting on the Environment, Social/Sustainability and Governance (ESG) best practices. We aim to release this sustainability report in the 2nd quarter of the new financial year.

I would like to report that we have continued to drive and manage the business on the principles of good ethics and governance. This needs good and effective leadership and a healthy corporate culture, supported by robust systems and processes and a good understanding of risk. We will continue to stay abreast of developments in good governance and practice and have well-developed plans to ensure that we continue meeting international standards of excellent corporate governance.

We remember and hold in admiration our late Director Dr. Naushad Noorali Merali who left us in 2021. I would like to report that we managed that transition from Dr. Merali excellently and have continued to manage the enterprise on his legacy principles of teamwork, efficiency, and a positive attitude.

Looking ahead

According to the Central Bank of Kenya (CBK), a recent report revealed stronger optimism for the country largely due to business prospects in the green economy, agriculture, manufacturing, MSMEs, automotive industry, renewed investor confidence post-election and anticipated new government policies. There is also headroom for growth in construction, fintech, and real estate. Nevertheless, there are concerns about the high domestic and global inflation, the rise in energy costs, unpredictable weather conditions, decline in consumer demand and the continuing war in Ukraine.

The Group intends to continue driving its steady performance into the new year and are hopeful for a strong business outlook continuing the impetus already set from this year's performance, and on the background of the stable and higher prices being realized in the commodity marketplace. The weakening of the local currency is expected to persist in the medium term.

Sasini PLC has now joined a small elite list of companies that post over 1 billion Kes. in profit after tax. We are very proud of the feat and have set a strong platform that will help us drive toward maintaining this position. In designing a new strategic direction, we will explore ways of further driving that growth towards even greater results to reward our shareholders more strongly while driving staff growth and development as well. We firmly believe that if we continue this path that we have chosen, we will in the short to medium term, achieve our goal of being Africa's premier agribusiness.

We have maintained in place a very strong and stable leadership team tasked with driving toward that goal. Our Board remains steadfast in its effort to positively influence this strong commitment and underpin that with corresponding and consistent performances and results. The global pandemic that was COVID is slowly receding, but we must be ready to face new challenges brought about by the Russia/Ukraine crisis as well as other micro and macro issues and events that affect our business.

We stride into the new year with very strong ambitions of reducing our long reliance on our tea and coffee businesses by continuing to strengthen and grow our fruit and nuts businesses. Whereas tea and coffee remain the basis of what Sasini PLC is as a corporate and will remain a core part of our business and growth, we intend to drive further growth with the new crops and seek further strategic opportunities outside our current business operations.

SASINI PLC

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

Looking ahead (continued)

Our focus on attracting, training, and retaining good talent to help us achieve our goals remains a cornerstone of our work and eventually our continued success. We promise to continue entrenching and driving a strong performance culture in our business, and central to this will be our continued attention and focus on our employees.

In doing this, we intend to retain our razor-sharp focus on cost containment to help boost our profitability. We will be prudent with how we spend our operational funds but will invest where we need to, especially if that investment drives revenue and profit growth through efficiency, expansion, and general improvement. Our automation work will continue in the factories and back offices to underpin the work already done in the fields on this aspect. This year, we will see the commissioning of our 1.5 MW solar power generation station in our tea business to advance our drive toward generating and using renewable sources of energy. This aligns directly with our SDG on responsible use of power and clean energy. We will enhance the efficiency of our fruit business by further investing in proper storage extensions in our pack house to improve operations in that unit and our macadamia nuts division will continue to build strong relationships with our farmers while advancing our cracking and packing facilities and skills towards being Kenya's best nut business over the next few years.

To maintain our success, we will retain strong attention on being profitable and generating the cash we need for our stability and to drive re-investment and capital expansion.

As we prepare to craft a new strategic route to enhance our current achievements, we will continue focusing on aspects of business growth that complement our existing skill base but will also look to innovation as well as acquiring new skills that can challenge us to deliver in areas and business units we do not have today. Our commitment to our customers and clients remains as strong as ever and will only be matched by our commitment to our staff. We will continue to invest in skills development for our employees with an aim of making our organization as robust and diverse as we possibly can.

To do all this, we will strongly base all our operations on being sustainable. Our alignment to global objectives in this area underpins our intentions of seeking industry leadership in the continent.

Acknowledgments

Please allow me to extend my deep gratitude to the shareholders, regulators, farmers, clients, customers, and other stakeholders who continue to support the work the company does in pursuing its strategic goals and business objectives. The Board remains steadfast in offering leadership to the business and for that, I am truly grateful. 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: 10th January 2023

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA TAARIFA YA MWENYEKITI

“Katika historia yetu ya miaka 70, mwaka 2022 umekuwa mwaka wenye mafanikio zaidi kiutendaji kazi na kifaida. Dhidi ya masalio na kuendelea kwa athari za Uviko 19, na athari hasi za vita vya Urusi – Ukraine, Kampuni iling’ang’ana kuzidisha uwezo wake wa kupata matokeo ya kuvutia”kutoa matokeo mazuri zaidi kabisa tuliopata katika nyakati za karibuni”: *Dkt. J.B. McFie, PhD., Mwenyekiti*

Mazingira ya Uendeshaji :

Tuliuanza mwaka wa kifedha unaorejelewa imara sana dhidi ya kuwa na hali mbaya za hewa katika robo ya kwanza iliyoathiri kihasi hasa biashara yetu ya majani chai. Tuliendelea kuona athari chanya za utumizi wa mashine wa shirika, udhibiti wa gharama wa kiutaratibu na usimamizi imara wa jumla kufuatana na sheria wa kupata ufanisi katika shughuli za shambani, utengenezaji na biashara. Uthabiti huu uliendelea katika kipindi kizima kinachorejelewa na kuhakikisha kuwa Kundi lilikuwa na mwaka wenye mafanikio makubwa.

Kundi lilipata faida ya baada kodi ya Ksh. bilioni 1.168 dhidi ya faida ya mwaka uliotangulia ya Ksh. milioni 573.2. Hili lilitokana na vitengo vyetu vya biashara ya majani chai na kahawa kupata matokeo mazuri sana na mchango ulioimarika kutoka kwa biashara ya makadamia. Tulikuwa na mwaka wa rekodi katika mashamba yetu ya majani chai, kahawa, biashara ya kahawa, na vitengo vya macadamia. Biashara yetu ya matunda ilikabiliwa na pingamizi kadhaa thabiti kutokana na miondoko hasi ya bei katika masoko na athari hasi za kuendelea za UVIKO 19 na hali hatari ya vita vya Ulaya kwenye utaratibu wa ugavi na usafirishaji wa ulimwengu. Biashara yetu ya uchuuzi wa nchini ilipitia upangaji mpya kupunguza vijenzi vya gharama za ziada kwayo na kumaliza mwaka na utendaji imara wa kifedha ambao haujafikiwapo kabla.

Kitengo cha biashara ya majani chai kilipata matokeo bora zaidi ya mwaka kutokana na ufanisi katika uzalishaji majani chai, njia zilizoimarika za kiwanda, hatua za kudhibiti gharama shambani, utumizi wa mashine wa kuendelea, upatikanaji wa bei za juu za majani chai, pato la riba kutoka uwekaji amana ya muda maalum, na pia uuzaji wa mbao ghafi. Tulipata usaidizi thabiti sana kutoka kwa wapanzi wetu kuongezea uzalishaji wetu wenyewe wa majani chai, ikiongezea zaidi utendaji wetu wa jumla. Kitengo kilivumilia hali mbaya za hewa zikionyeshwa na ukame, mizizimo, na matokeo ya uharibifu wa mvua ya mawe katika vichaka vya majani chai kupata wingi bora kabisa wa uzalishaji.

Biashara ya kahawa pia ilikuwa na mwaka wa kufana kutokana na upatikanaji wa bei za juu zaidi za kahawa, wingi imara ya uzalishaji kahawa na shughuli bora zaidi za biashara ya kahawa katika kiwanda cha usagaji kahawa. Tulifunga kitengo chetu cha bidhaa za maziwa katika mojawapo wa kampuni zetu tanzu, Mweiga Estate Limited, katika mwaka kuzuia kupotea kwa fedha na kuimarisha matokeo yetu.

Kundi lilimaliza mwaka katika nafasi nzuri sana ya ukwasi likiwa na salio la pesa taslimu la KSh. milioni 1,088.41, KSh. milioni 467.15 zikiwa katika akaunti za amana na mawekezo mengine ya KSh. milioni 277.69, zote kwa jumla KSh. milioni 1,833.24, baada ya malipo ya mgao wa faida kwa wanahisa ya jumla ya KSh. milion 342.08. Amana zilienezwa katika benki za safu ya kwanza na Hatifungani za Miundombinu ya Serikali. Nafasi hii imechangia katika mkakati wetu wa mageuzi ya biashara katika mwaka.

Kiwango cha kubadilishia fedha katika kipindi tunachoripotia kilifikia kiwango cha juu cha Ksh.120.73 kwa dola, hali wastani wa kulimbikia wa mwaka ulikuwa KSh. 115.37 kwa dola na kusaidia mapato ya biasharanje pakubwa.

SASINI PLC

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

Gharama za ufanyaji biashara

Kampuni ilivumilia wakati mgumu katika mwaka kutokana na hali nyingi zisizokuwa na uhakika katika soko na vipengele vyengine visivyohusiana vilivyoathiri mazingira ya biashara na pia wasiwasi ulioongezeka wa uchaguzi mkuu. Baadhi ya hizi ni pamoja na vita baina ya Urusi na Ukraine na kufungwa pakubwa kwa Uchina kuliendelea kuuzuia uchumi wa Kenya kwa kuzidisha zaidi mvurugo mfululizo wa ugavi, na vita vya Urusi- Ukraine vilivyoongeza bei za ulimwengu za maduhuli muhimu kama vile fueli, nafaka na mbolea. Na zaidi wingi wa biasharanje kwenda Urusi na Ukraine (asilimia 1 ya jumla ya biasharanje), ukiwa hasa ni majani chai na kilimo cha bustani ulipungua. Hili lilisababisha ongezeko kuu la mfumko wa bei wa kilimwengu mwaka huu. Hili lilizidishwa na ukame bara Ulaya, Afrika na Asia uliosababisha bei za bidhaa za chakula kuongezeka vile nchi zilivyoziua bidhaa chache kwa matumizi yao wenyewe. Kwa itiko la mfumko wao wa bei Marekani, Uingereza na Jumuiya ya Bara Ulaya pia ziliongeza viwango vyao vya riba ikisababisha athari ya kuchukua mtaji kutoka kwa chumi zinazoibuka na za mipakani kama Kenya. Hili liliimarisha dola na kufanya masoko ya nchini kutovutia kwa waekezaji kwa vile fedha nyingine kama vile shilingi ya Kenya ilipitia upungufu wa thamani. Nchini Kenya, mfumko wa bei uliongezeka sana, ukipanda kuwa miezi 62 kwa aslimia 8.3 mwezi wa Julai kutokana na gharama za juu za maduhuli, fueli na malighafi. Benki kuu ya Kenya iliongeza kiwango chake cha kimsingi kwa asilimia pointi 0.5, ikiashiria mahitaji ya ziada katika nafasi ya deni la nchini vile benki zilijirekebisha kwa kubanika soko.

Kampuni iliendelea kusimamia kithabiti athari za UVIKO -19 kwa kufuata kikamilifu hatua za kuupunguza kusaidia kuzuia uenezi wa ugonjwa. Tulianzisha kampeni ya chanjo kwa kampuni nzima ambayo ilihakikisha wafanyikazi wetu wote wapate angalau dozi mbili za chanjo ya UVIKO-19 katika mwaka. Hatukurekodi kesi zozote mpya za ugonjwa katika wafanyikazi wetu katika mwaka.

Halmashauri ya Kampuni imeendelea kujitolea katika lengo letu la kuendeleza biashara yetu kupitia aina zote za ukuaji kuelekea kuwa viwanda vya huduma za kilimo nambari 1 katika bara. Halmashauri iliendelea kusaidia msukumo wa shughuli za usimamizi uliotokana na mihimili ya mikakati iliyokubaliwa na iliyoekwa miaka mitatu iliyopita kuleta faida baada kodi ya zaidi ya bilioni 1. Hilo likiwa limetimizwa katika mwaka unaorejelewa, Halmashauri inanuia kufanya kazi na timu ya uongozi kubuni mwelekeo mpya wa mkakati ambao utapima njia za kuzidisha ukuaji wa shirika kufikia lengo hilo la bara. Halmashauri inahisi kuwa programu hii mpya ya mkakati itaanzishwa kufikia Juni 2023.

Tuliendelea pia kuimarisha kujitolea kwetu kwa mhimili wa kimkakati wa kuendesha na kukuza biashara yetu kiuendelevu. Tuliendelea kuimarisha Malengo yetu tisa yaliyochaguliwa ya Maendeleo Endelevu (MME) katika shughuli zetu tukiwa tumefaulu kupanga juhudi zetu na malengo ya ulimwengu yaliowekwa na United Nations Global Compact, ari kubwa zaidi ulimwenguni ya mwendelezo wa mashirika. Sasini PLC inabakia mmojawapo wa wanachama thabiti wa United Nations Global Compact na imejitolea kabisa kwa ari hii ya ulimwengu ikiwa na malengo ya makuu. Ujitoleaji huo na uthabiti ulifanya Mkurugenzi wetu Mkuu wa Kundi, Bw. Martin Ochieng' kuchaguliwa kuongoza Mfumo wa Global Compact Kenya kama mwenyekiti mpya wa Halmashauri yao, heshima kubwa sio tu kwa Bw. Ochieng bali kwa Sasini PLC na kwa juhudi na kampeni zake endelevu. Sasini PLC inajitolea kuendelea kufumbata biashara yake kwa mpangilio wa kuridhisha na jamii katika mazingira inapotenda kazi. Tutaimarisha uongozi wetu katika eneo hili sio tu katika sekta ya kilimo lakini katika uchumi mkubwa wa eneo tukitegemeza kazi yetu kwenye kanuni muhimu za kulinda kiubunifu **sayari**, kusimamia **watu** kwa busara, kuvumbua **faida** endelevu kwa **usitawi** wa kudumu muda mrefu.

SASINI PLC

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

Gharama za ufanyaji biashara (Kuendeleza)

Tunaendelea kuhimiza kulenga kwenye MME yetu 9 yakiwa:

MME 1 - Umalizaji wa umaskini

MME 3 - Afya nzuri na uzima

MME 4 - Elimu bora

MME 5 - Usawa wa kijinsia

MME 7 - Nishati safi na inayomudika

MME 8 - Kazi ya heshima na ukuaji wa uchumi

MME 9 - Tasnia, bidaa na miundombinu

MME 12 - Utumizi wa kuwajibika na uzalishaji

MME 15 - Maisha kwenye ardhi

Njia yetu ya juhudi hizi endelevu imeegemezwa kwenye kanuni kumi za Global Compact zikiwa ni maeneo 4 muhimu yafuatayo:

Heshima yetu ya haki za binadamu

Ufuatiliwa wetu mkali wa desturi nzuri za kazi

Uangalifu wetu uliolenga kulinda mazingira na,

Uchukivu wetu kamili na kutovumilia ufasidi

Katika kuendeleza ujitoleaji wetu kwa mwelekeo huu, katika mwaka huu Sasini PLC itazindua Ripoti yake ya kwanza ya Uendelevu ambayo itakuwa na msingi kwenye viwango vya Ari ya Kuripoti Ulimwengu na kuimarishwa katika vipengele vya kuripoti kuhusu desturi bora zaidi za Mazingira, Uendelevu/Kijamii na Utawala Tunalenga kutoa ripoti hii ya uendelevu katika robo ya pili ya mwaka mpya wa kifedha.

Ningependa kuripoti kuwa tumeendelea kuendesha na kusimamia biashara kwa desturi za maadili mazuri na utawala. Hili linahitaji uongozi mzuri na wa kufaa na utamaduni wa shirika zuri, linalosaidiwa na mifumo na njia imara na uelewa mzuri wa hatari. Tutaendelea kukaa sambamba na maendeleo katika utawala na desturi nzuri na kuwa na mipango ilioendelezwa vyema kuhakikisha kuwa tunaendelea kutosheleza viwango vya kimataifa vya utawala bora zaidi wa shirika.

Tunamkumbuka na kuvutiwa na Mkurugenzi wetu marehemu Dkt. Naushad Noorali Merali aliyetuacha mwaka 2021. Ningependa kuripoti kuwa tulisimamia badiliko hilo kutoka kwa Dkt. Merali kwa vizuri sana na tumeendelea kuendesha shughuli kwa kanuni za urithi wake wa kazi kwa pamoja, ufanisi na mtazamo chanya.

SASINI PLC

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

Kulenga Mbele

Kulingana na benki kuu ya Kenya, ripoti ya karibuni imeonyesha matumaini mazuri ya nchi hasa kutokana na matazamio ya biashara katika uchumi wa kijani, kilimo, utengenezaji, shughuli kizio, ndogo na za wastani, tasnia ya mitambo, imani mpya ya mwekezaji baada ya uchaguzi na sera mpya zinazotarajiwa za serikali. Kuna pia nafasi ya ukuaji katika ujenzi, programu ya tarakilishi na teknolojia na mali isiyohamishika. Hata hivyo kuna shauku kuhusu mfumko mkuu wa bei za nchini na ulimwengni, ongezeko katika gharama za nishati, hali za hewa zisizotabirika, kupungua kwa mahitaji ya wanunuzi na vita vinavyoendelea Ukraine.

Kundi lina nia ya kuendelea kuendeleza utendaji wake thabiti katika mwaka mpya na wana matarajio ya mtazamo imara wa biashara kuendelea msukumo ulioanzishwa tayari kutokana na utendaji wa mwaka huu, na kwa usuli wa bei thabiti na za juu zinazopatikana katika soko la bidhaa. Kudhoofika kwa fedha ya nchini kunatarajiwa kuendelea katika kipindi cha kati.

Sasa Sasini PLC imejiunga na orodha ndogo ya Kampuni aali zinazopata faida ya zaidi ya Ksh. bilioni 1 baada ushuru. Tunajivunia sana tendo hili kubwa na tumeweka program imara itakayotuwezesha kuendelea kudumisha nafasi hii. Katika kuunda mwelekeo mpya wa mkakati, tutatafuta njia za kuendelea zaidi ukuaji huo kuelekea hata matokeo bora zaidi kuwazawadi wanahisa wetu zaidi hali tukiendelea pia ukuaji wa wafanyikazi na maendeleo. Tunaamini kabisa kuwa tukiendelea kwenye njia hii tulioichagua, tutafikia lengo letu la kuwa viwanda vya huduma za kilimo cha bustani vya kwanza bara Afrika katika kipindi kifupi hadi cha kati.

Tumedumisha timu imara na thabiti ya uongozi iliopatiwa jukumu la kuendelea kuelekea lengo hilo. Halmashauri yetu inabakia thabiti katika juhudi yake ya kuathiri kichanya ahadi hii imara na kuunga mkono hilo kwa utendaji na matokeo yanayolingana na thabiti. Ugonjwa wa ulimwengu ambao ni UVIKO unapungua polepole, lakini lazima tuwe tayari kukabili changamoto mpya zilizoletwa na wasiwasi mkubwa wa hali ya Urusi/Ukraine na pia na masuala na matukio mengine madogo na makubwa yanayoathiri biashara yetu. Tunapiga hatua katika mwaka mpya tukiwa na tamaa kuu sana za kupunguza tegemeo letu la muda mrefu kwenye biashara zetu za majani chai na kahawa kwa kuendelea kuimarisha na kukuza biashara zetu za matunda na makadamia. Wakati majani chai na kahawa zinabakia kuwa msingi wa kile ambacho ni Sasini PLC ni nini kama shirika na zitabakia sehemu muhimu ya biashara yetu na ukuaji, tunanua kuendelea ukuaji zaidi na mazao mapya na kutafuta nafasi za kimkakati nje ya shughuli zetu za sasa za biashara.

Msisitizo wetu kwenye kuvutia, kufunza na kusalia na watu wenye vipaji vizuri kutusaidia kutimiza malengo yetu unabakia msingi wa kazi yetu na hatimaye ufaulu wetu unaoendelea. Tunaahidi kuendelea kufanya madhubuti na kuendelea utamaduni wa utendaji imara katika biashara yetu na muhimu kwa hili itakuwa uangalifu wetu kuendelea na msisitizo kwa wafanyikazi wetu.

Katika kufanya hili, tunanua kubakisha msisitizo wetu mkuu kwenye udhibiti wa gharama kusaidia kuongeza faida yetu. Tutakuwa waangalifu katika jinsi tunavyotumia fedha zetu za utendaji kazi lakini tutaakeza tunapohitaji, hasa ikiwa kitega uchumi hicho kinaendelea ukuaji wa mapato na faida kupitia ufanisi, upanuzi na uimarishaji wa kijumla. Kazi yetu ya utumizi wa mashine itaendelea katika viwanda na kusaidia afisi kuimarisha kazi ambayo tayari inafanywa katika mashamba katika kipengele hiki. Mwaka huu, tutakuwa na uanzishaji wa kituo cha nguvu za jua cha 1.5 MW katika biashara yetu ya majani chai kuendelea msukumo wetu kutimiza kuzalisha na kutumia vyanzo vinavyotoa nishati upya. Hili linafungamana moja kwa moja na MME letu la utumiza wa kuwajibika wa nguvu na nishati safi. Tutaimarisha ufanisi wa biashara yetu ya matunda kwa kuelekea zaidi katika upanuzi wa uhifadhi wa sawa katika nyumba yetu ya kufungia bidhaa kuimarisha shughuli katika kitengo hicho na sehemu yetu ya makadamia itaendelea kujenga mahusiano thabiti na wakulima wetu hali tukipanua vituo vyetu vya ubanjaji na ufungaji na stadi kuelekea kuwa biashara bora zaidi ya makadamia nchini Kenya katika miaka michache ijayo.

SASINI PLC

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

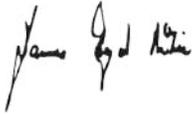
Kulenga Mbele (Kuendeleza)

Kudumisha ufanisi wetu, tutaweka uangalizi wetu thabiti kwenye kupata faida na kuzalisha fedha tunazohitaji kwa utengamano wetu na kuendeleza uekezaji upya na upanuzi wa mtaji.

Tunapojitayarisha kubuni njia ya kimkakati mpya kuimarisha mafanikio yetu ya sasa, tutaendelea kulenga kwenye vipengele vya ukuaji wa biashara vinavyokamilisha msingi wa ujuzi wetu uliopo lakini tutaangalia pia bidaa na pia kupata mbinu mpya zinazoweza kutushajiisha kutekeleza wajibu katika maeneo na vitengo vya biashara tusivyokuwa navyo leo. Ahadi yetu kwa wanunuzi na wateja wetu inabakia thabiti daima na italinganishwa tu na ahadi yetu kwa wafanyikazi. Tutaendelea kukeza katika kuendeleza ujuzi wa wafanyikazi wetu kwa lengo la kufanya shirika letu imara na anuwai kama inavyowezekana.

Shukrani

Muniruhusu tafadhali kutoa shukran zangu za dhati kwa wanahisa, warekebishaji, waulima, wateja, wanunuzi, na washika dau wengine wanaoendelea kusaidia kazi inayofanywa na Kampuni katika kutimiza malengo ya kimkakati na madhumuni ya biashara. Halmashauri inabakia thabiti katika kutoa uongozi kwa biashara na kwa hilo ninashukuru sana. Timu ya uongozi wa Kampuni inaendelea kuongoza na kusimamia biashara kwa busara na ningependa kutoa shukrani zangu kwao kwa kujitolea kwao. Kwa wafanyikazi wetu wote wa Sasini PLC, asanteni sana kwa kazi yenu ya bidii. Munatuthibitishia kila siku kuwa nyinyi ni kundi maalum la watu na ndio siku za baadaye za shirika, na ufanisi wake unategemea kabisa katika kazi nzuri kila mmoja wenu anaendelea kufanya.



Dkt. J. B. McFie, PhD
Mwenyekiti

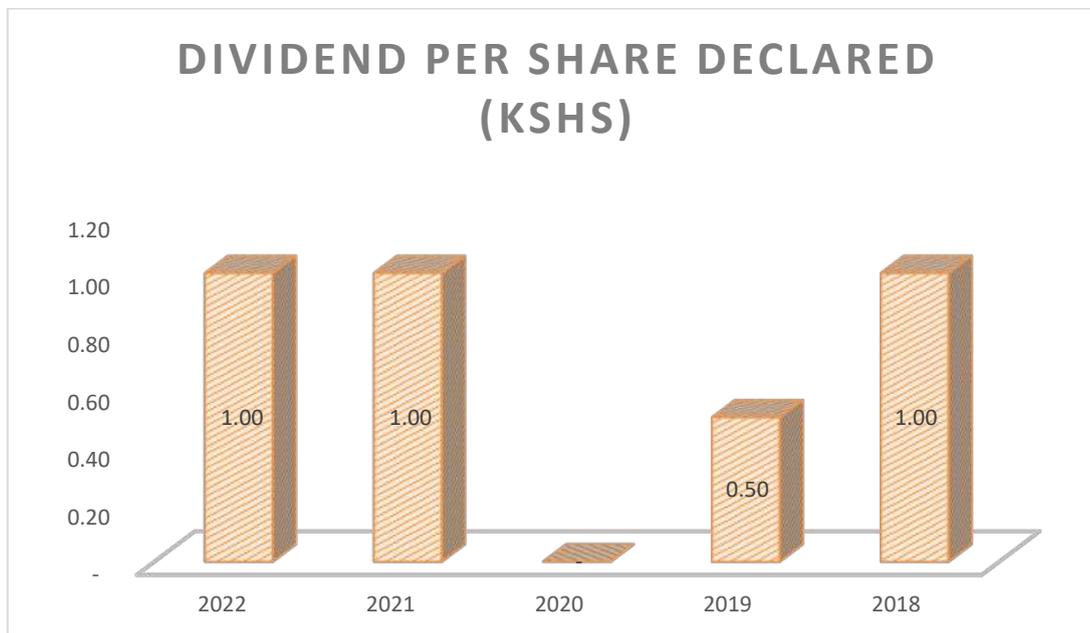
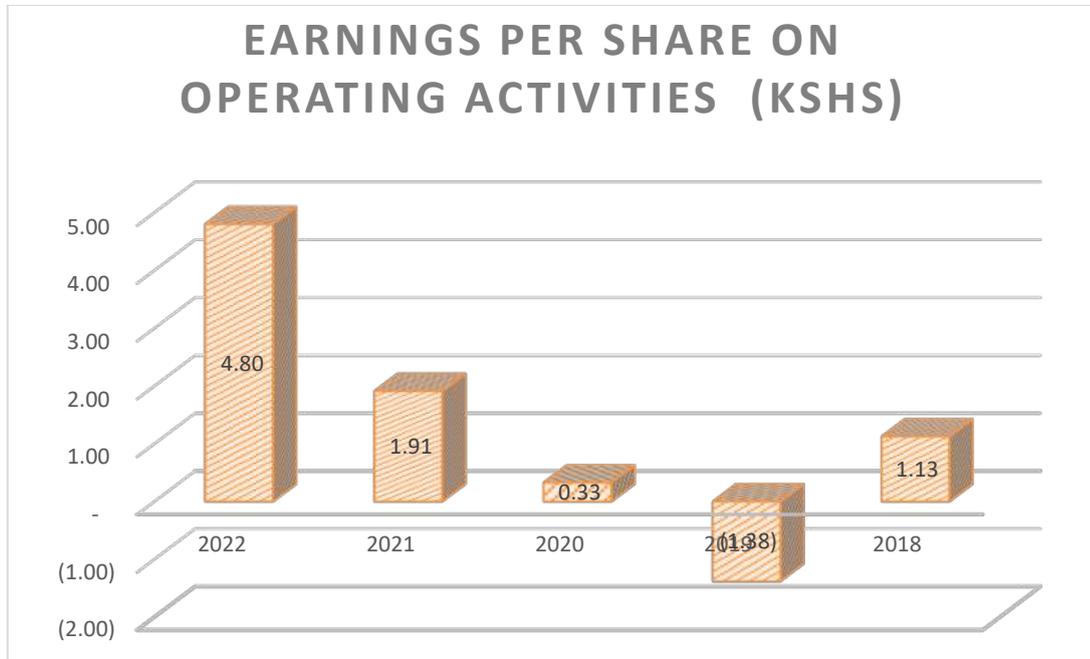
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SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

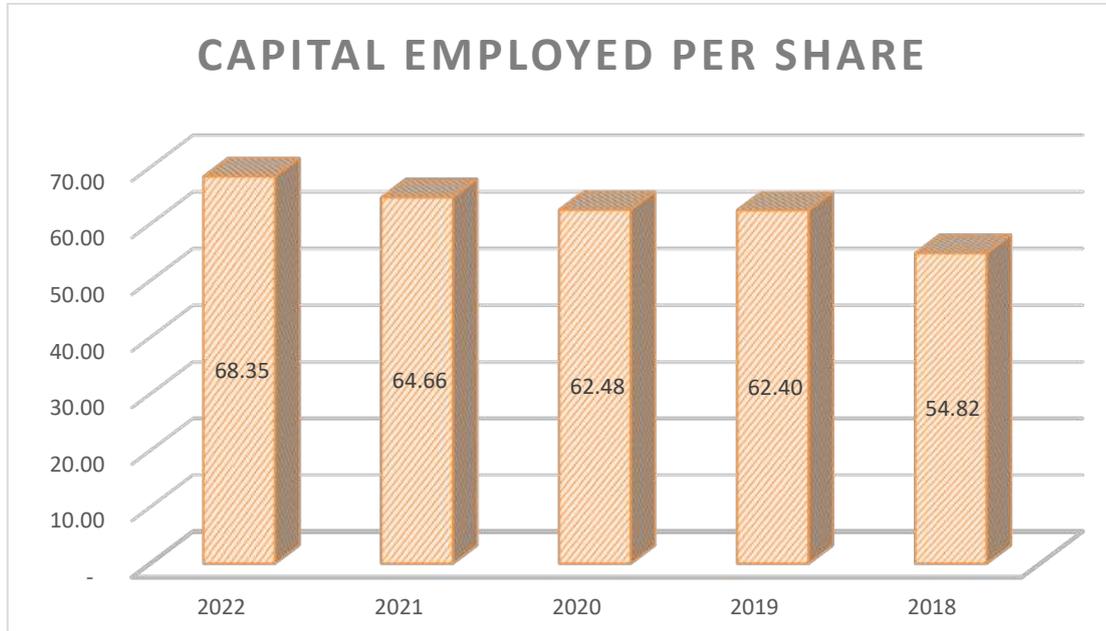
GRAPHICAL HIGHLIGHTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022



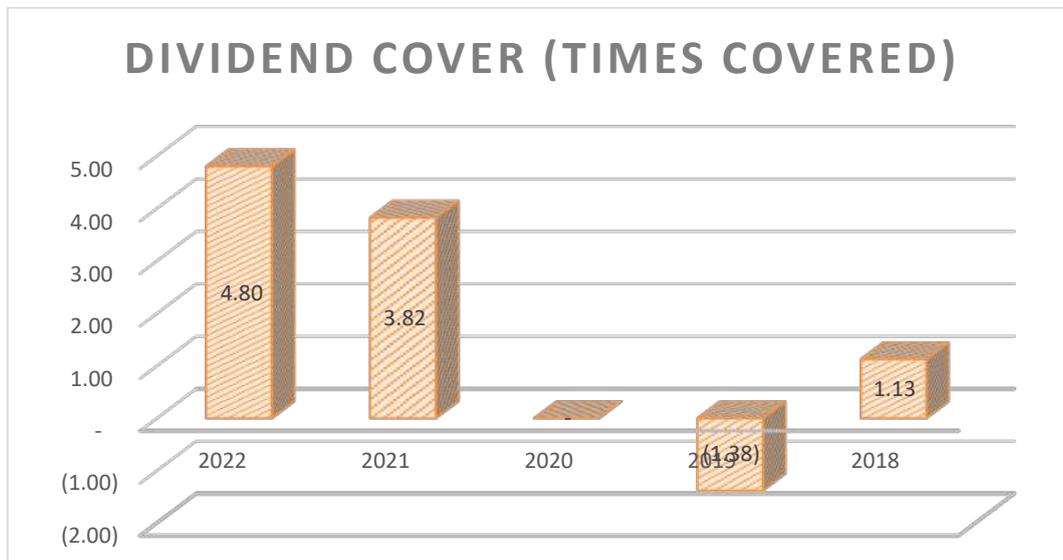
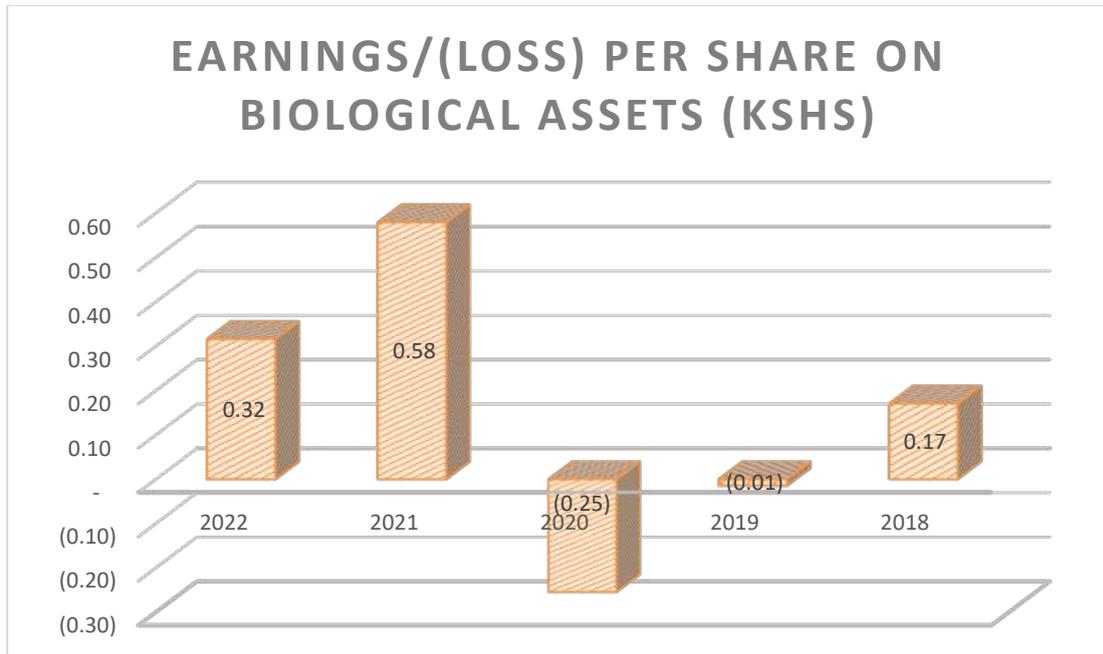
SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
GRAPHIC HIGHLIGHTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)



SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS GRAPHIC HIGHLIGHTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)



SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 2022, 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 commercial milling and marketing 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 73 and 74, respectively.

3. Dividends

An interim dividend of 100% (KShs 1.00 per share) (2021 – KShs.0.50 per share) was declared and paid on 14 July 2022. The Directors do not propose the payment of a final dividend (2021 – KShs.0.50 per share).

4. Equity and reserves

The authorized issued share capital and reserves of the Group and Company on 30 September 2022 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 2022.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 77, 78, 79 and 80.

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

Performance and position of the Group

The financial year continued to experience the remnant effects of the COVID-19 pandemic, especially in the first half of the year before the Government announced the suspension of its Coronavirus containment measures as infections and fatalities dipped. Despite the ravages of the pandemic, The Group showed resilience and bounced back to achieve an impressive performance during the year, the prolonged adverse weather conditions in the country and the increased cost of doing business exacerbated by the uncertainty posed by the Russian Ukrainian war crisis in Europe, escalating costs of fuel, farm inputs and imports as a result of the depreciating local currency against major hard currencies and the heightened general election tension. The measures devised during the year by the management effectively produced results manifested in high-quality products, and consistent quality that attracted higher sales prices that increased the turnover to a record high compared to previous years. The cost containment measures that included the mechanization of production processes reduced our cost of production significantly translating into a record bottom line from operating activities. Our certifications with various bodies increased the acceptance of our products around the world and enabled the same to attract premium prices.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

7. Business Review (Continued)

Performance and position of the Group (continued)

The business units have 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);
- International Featured Standard (IFS) Certification (for the processing of macadamia nuts).
- C.A.F.E Practices Certification (in coffee operations) and;
- Global G.A.P, Sedex Members Ethical Trade Audit (SMETA), and British Retail Consortium (BRC) Certifications (for Avocado business).

On sustainability, we have aligned our efforts with the global goals set by the United Nations Global Compact and remain one of the strong members of the United Nations Global Compact Kenya Network committed to driving our business forward in a sustainable manner. 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 this regard, our push towards the use of clean and renewable sources of energy will see the commissioning of a 1.5 MW solar power generating station in our tea factories. The automation processes will also continue after the success achieved in the introduction of the tea harvesting machines.

The Group closed the year with a healthy liquidity position due to its impressive performance. Most of the business units performed exceptionally and beyond expectations.

Despite the challenges, the year recorded a turnover of KShs 7.34 billion compared to KShs 5.39 billion in the previous year representing an increase of 36.3% in revenue. The cost of sales increased to KShs 5.54 billion against the prior year's KShs 4.49 billion (a corresponding increase of 23.3%).

The Group, therefore, posted an overall profit after tax and non-controlling interest (including the changes in the value of biological assets) of KShs 1,168 million (prior year KShs 573.2 million). This comprises, profit from operating activities of KShs 1,122.8 million compared to KShs 438.06 million in the previous year for the Group (149% improvement); Minority interest profit of KShs 1.62 million (prior year loss KShs 5.36 million). The gain from changes in the value of biological assets was KShs 72.03 million (prior year loss of KShs 129.78 million).

The macadamia business operating in an EPZ zone rebounded after the effects of the COVID-19 pandemic and achieved a record performance since its inception. The unit shipped 27 containers of kernels during the year at an average price of Kes. 1,720/Kg. (\$14.85/Kg.) (2021; 16 containers at Kes 1,429/Kg. i.e., \$13.16/Kg.). The unit purchased 3,633,067 Kgs. (2021; 1,482,999 Kgs.) of nut in-shell (NIS). However, despite the avocado business registering increased volumes of production and shipment of 106 containers (2021: 64 containers) due to increased demand, several factors affected the performance. The weakening Euro currency affected its profitability negatively on account of export collections. The losses were further aggravated by the negative account sale returns from some of the buyers of our fruits and insurance claims that were not fully accepted by the insurers, impacting the performance. A total of 25,465 avocado fruit trees and 41,521 macadamia nuts tree seedlings have so far been planted in our estates/farms but the orchards are still in the infancy stages.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

7. Business Review (Continued)

Performance and position of the Group (continued)

The coffee and tea businesses also achieved the highest-ever registered performance during the year. The coffee and tea production volumes were within expectations despite the adverse weather conditions experienced during the year characterized by low rainfall and hail damage in the tea business. The impact of the mechanization of tea harvesting, the improved tea handling measures, the stable tea prices, and efficiency in production processes continue to be key drivers in the cost containment measures of the company and contributors to profitability.

The average tea price during the year was higher than expected due to the consistent quality and higher composition of primary grades (90%) which created increased demand. This year tea prices achieved an average of \$1.90/Kg. (KShs 220/Kg.) compared to \$1.64/Kg. (KShs 179/Kg.) in the prior year.

The coffee prices achieved were much higher than expected and averaged at \$6.31/Kg. (KShs 728/Kg. against \$6.09/Kg. (KShs 664/Kg.) in the prior year, owing to favorable prices realized in the auction and direct sales driven by a lower-than-anticipated volume of coffee in the market. The quality of the coffee was within a good threshold range despite the lower-than-average rainfall in comparison with the 10-year average.

The company produced 13,262 tonnes of tea during the year against the prior year's 12,906 tonnes. This is an increase of 2.7% and is poised to increase further in the coming year. The tea production achieved an outturn ratio of 23%. Coffee production volume improved to 843 tonnes against the prior year's 714 tonnes despite the lower-than-normal rainfall experienced. However, the coffee sales were buoyed by the coffee milling, marketing and trading division which performed strongly generating substantial profits. The parchment coffee received for curing/milling for the year was 6,645,874 Kgs. Clean coffee produced was 4,884,740 Kgs., whereas coffee marketed was 4,958,480 Kgs. On the trading front, a total of 2,819,202 Kgs. of coffee was purchased during the year and coffee trading sales totaled 2,561,897 Kgs. (121 containers) valued at Kes. 2,081.31 million (\$18.04 million).

The local retail unit responded well to the restructuring undertaken during the year and reduced the perennial losses. 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.

The operations of the dairy unit in one of our subsidiary companies were discontinued and closed as planned to stem the cash drain.

A review of the contributions from the business segments to the profitability are highlighted in the segment reporting in note 7 (pages 110 to 113) of this annual report.

Principal risks and uncertainties

The Group's activities expose it to a variety of risks and uncertainties. These can be categorized as agricultural risks, financial risks, and operational risks. 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.

During the financial year, the tea catchment area experienced frequent hail damages that affected production volumes.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

7. Business Review (Continued)

Principal risks and uncertainties (continued)

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 with respect to 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.

The financial year experienced increased geopolitical volatility due to economic downturns and government austerity measures, changes in legislation, and regulations. These led to changing market conditions that brought competition resulting in lower revenue and margins. The management responded by segregating markets and offering higher volumes in markets that offer higher prices and return.

The Group's exposure to credit risk and liquidity risk remained low during the year as management implemented robust risk mitigation strategies such as a timely and aggressive collection of debts, performing due diligence on customers to engage only with reputable and well-established trading partners, and banking all funds with stable financial institutions that have good credit ratings (tier 1 banks).

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 (Note 5).

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group processes, personnel, technology, and 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 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 regularly reviews its business continuity plans and insurance policies for adequacy.

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 the overall Group standards for the management of operational 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;

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

7. Business Review (Continued)

Principal risks and uncertainties (continued)

- 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.

On environmental and social sustainability risks, the Group is committed to sustainability and acting in a responsible manner 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. We are certified by various bodies including the Rainforest Alliance. The employees are well looked after with clean and hygienic housing provided by the company, piped 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.

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. 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 next financial year and subsequently.

In view of the exceptionally strong performance during the year, the management will continue to 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 remains top on the agenda for delivery.

8. Donations

The Group did not make donations to any political entity during the year (2021 - Nil).

The Group did not make donations to any charitable organizations during the year (2021 - Nil).

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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.

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 %	
	2022	2021
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	2022	2021
	No. of shares	No. of shares
Mr. A. H. Butt	30,300	30,300
Mr. S. N. Merali	1,403,600	45,900

Some of the other Directors have indirect interests through entities.

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	
	2022	2021	2022	2021
Management	166	167	51	50
Other staff	<u>2,401</u>	<u>2,308</u>	<u>905</u>	<u>717</u>
Total	<u>2,567</u>	<u>2,475</u>	<u>956</u>	<u>767</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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

13. Approval of financial statements

The financial statements were approved and authorized for issue at a meeting of the Directors held on **10 January 2023**.

BY ORDER OF THE BOARD

A handwritten signature in blue ink, consisting of a circular initial followed by several vertical strokes and a horizontal line at the end.

Lawrence Chelimo Kibet CPS-K
Company Secretary

Date: 10 January 2023

SASINI PLC

RIPOTI YA MWAKA NA TAARIFA ZA FEDHA RIPOTI YA WAKURUGENZI MWAKA ULIOISHIA TAREHE 30 SEPTEMBER 2022

Wakurugenzi wanafuraha katika kuwasilisha ripoti yao ya kila mwaka pamoja na taarifa za kifedha zilizounganishwa na za na kandokando zilizokaguliwa za mwaka ulioishia 30 Septemba 2022, 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 73 na 74, mtawalia.

3. Mgao wa Faida

Mgao wa faida ya muda wa asilimia 100 (KShs. 1.00 kwa hisa) (2021: KShs 0.50 kwa hisa) ulitangazwa na kulipwa tarehe 14 Julai 2021. Wakurugenzi hawapendekezi malipo ya mgao wa faida wa mwisho (2021: KShs 0.50 kwa hisa).

4. Rasilimali ya Hisa na Akiba

Rasilimali ya hisa na akiba zilizoidhinishwa na kutolewa za Kundi na Kampuni kufikia tarehe 30 Septemba 2022 na mambo yanayohusiana nazo yanaonyeshwa kwenye tanbihi 28 na 29 za taarifa za kifedha. Hakuna hisa wala stakabadhi za mikopo zilitolewa katika mwaka ulioishia 30 Septemba 2022.

Maelezo kamili ya akiba za Kundi na Kampuni na mienendo yake katika mwaka yameonyeshwa katika kurasa za 77, 78, 79 na 80.

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 huu na mpaka tarehe ya ripoti hii wameonyeshwa katika ukurasa wa 1.

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7. Mapitio ya Biashara

Utendaji na nafasi ya Kundi

Mwaka wa kifedha uliendelea kupitia mabaki ya athari za ugonjwa wa Uviko 19, hasa katika nusu ya kwanza ya mwaka kabla serikali kutangaza kusimamishwa kwa hatua zake za udhibiti wa ugonjwa wa korona vile maambukizi na vifo vilipungua. Dhidi ya uharibifu wa ugonjwa, Kundi lilionyesha uthabiti na kurudi na nguvu mpya kufanikisha utendaji wa kuvutia katika mwaka, hali mbaya za hewa zilizorefuka katika nchi na gharama zilizoongezeka za kuendesha biashara zilizoaidishwa na hali isiyo na hakika ilioletwa na hali ya hali yawasiwasi ya vita vya Urusi na Ukraine bara Ulaya, gharama zinazoongezeka za fueli, pembejeo za shamba na maduhuli kama matokeo ya kushuka kwa fedha za nchini dhidi ya fedha zinazoaminika zaidi na wasiwasi ulioaidishwa na uchaguzi mkuu. Hatua zilizobuniwa na usimamizi katika mwaka zilizalisha matokeo ya kufaa yaliojitokeza katika bidhaa za ubora mkuu na ubora thabiti uliovitia bei za juu za mauzo zilizoongeza mapato na matumizi ya rekodi ya juu ikiliinganishwa na miaka iliyotangulia. Hatua za udhibiti wa gharama ambazo ni pamoja na utumiaji wa mashinekatika njia za uzalishaji ulipunguza gharama zetu za uzalishaji pakubwa ikisababisha kiwango cha chini cha rekodi katika shughuli za uendeshaji. Uthibitisho wetu na mashirika tofauti uliongeza ukubalifu wa bidhaa zetu ulimwenguni kote na kuwezesha bidhaa hizo kupata bei za juu. Vitengo vya biashara vina uthibitisho ufuatao:

Uthibitisho wa Rain Forest Alliance (kwa shughuli zetu za majani chai na kahawa na katika 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 international Featured Standard (IFS) (kwa utengenezaji wa wa makadamia);

Uthibitisho wa Desturi za C.A.F.E na;

Uthibitisho za Global G.A.P, Sedex Members Ethical Trade Audit (SMETA), na British Retail Consortium (BRC).

Kuhusu uendeleu, tumefungamanisha juhudi zetu na maleno ya kilimwengu yaliowekwa United Nations Global Compact na tunabakia mmojawapo wa wanachama thabiti wa Mfumo wa United Nations Global Compact Kenya aliyejitolea kuendeleza biashara yetu mbele kwa namna endelevu. Sasini PLC inatambua kuwa ufanisi wa biashara yake endelevu unategemea kuifumbatiza biashara kwa mpangilio patanifu na jamii katika mazingira inamofanya kazi. Kwa hivyo tunaegemeza mtazamo wetu kwenye mihimili mitatu ya sayari, watu na faida kwa ustawi tunapolenga kwenye Malengo tisa (9) ya Maendeleo Endelevu (MME 1, 3, 4, 5, 7, 8, 9, 12 na 15). Kuhusu suala hili, msukumo wetu kuelekea utumizi wa vyanzo safi na vinavyojitengeneza upya vya nishati utasababisha uanzishaji wa kituo cha kuzalisha nguvu za jua ya 1.5 MW katika viwanda vyetu vya majani chai. Njia za utumizi wa mashine pia zitaendelea baada ya ufanisi uliopatikana katika uanzishaji wa mashine za kuvunia majani chai.

Kundi lilimaliza mwaka na nafasi nzuri ya ukwasi kutokana na utendaji wake wa kuvutia. Karibu vitengo vya biashara vilifanya vyema sana na kupita matarajio.

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7. **Mapitio ya Biashara (Kuendeleza)**

Utendaji na nafasi ya Kundi (kuendeleza)

Dhidi ya changamoto, mwaka ulirekodi mapato na matumizi ya Ksh. bilioni 7.34 ikilinganishwa na Ksh. bilioni 5.39 katika mwaka uliotangulia kiwakilisha ongezeko la asilimia 36.30 katika mapato. Gharamaza mauzo ziliongezeka kuwa Ksh. bilioni 5.54 dhidi ya mwaka uliopita Ksh. bilioni 4.49 (ongezeko la asilimia 23.3 ikilinganishwa na mwaka uliopita).

Kwa hiyo Kundi lilipata jumla ya faida baada ushuru na hisa isiyodhibitiwa (pamoja na mabadiliko katika thamani ya mli za kibiojia) ya Ksh. milioni 1,168 (mwaka uliotangulia Ksh. milioni 573.2). Hii ni pamoja na faida kutoka uendeshaji shughuli ya Ksh. milioni 1,122.8 ikilinganishwa na Ksh. milioni 438.07 kwa kundi katika mwaka uliopita (maendeleo ya asilimia 149). Faida ya wenye hisa chache ya Ksh milioni 1.62 (mwaka uliotangulia Ksh. milioni 5.36). Faida kutoka mabadiliko katika thamani ya mali ya kibiojia ilikuwa Ksh. milioni 72.03 (mwaka uliotangulia hasara ya Ksh milioni 129.78).

Biashara ya macadamia inayofanya kazi katika zoni ya EPZ iliduta baada ya athari za ugonjwa wa UVIKO-19 na kupata utendaji wa rekodi kutokea kuanzishwa kwake. Kitengo kilisafisha makasha 27 ya viini katika mwaka kwa bei wastani ya Ksh.1,720/Kg. (\$14.85/Kg.) (2021: makasha 16 kwa KShs 1.429/Kg. ikiwa \$13.16/Kg.). Kitengo kilinunua Kg. 3,633,067 (2021: Kg. 1482,999) za makadamia ya maganda. Hata hivyo, licha ya biashara ya parachichi kupata wingi wa uzalishaji na kusafirisha makasha 106 (2021: makasha 64) kutokana na mahitaji yalioongezeka, vipengele kadhaa viliathiri utendaji. Kudhoofika kwa fedha ya Yuro kuliathiri kihasi faida yake kwa hesabu ya fedha za biashara nje. Hasara ilizidishwa zaidi kutokana na hesabu hasi ya faida ya mauzo kutoka kwa wanunuzi wa matunda yetu na madai ya bima ambayo hayakukubaliwa kikamilifu na waeka kampuni za bima ikathiri utendaji. Jumla ya miche 25,465 ya miparachichi na miche 41,521 ya miti ya macadamia imepandwa kufikia sasa katika mashamba yetu lakini viunga vya miti ya matunda bado viko katika hali ya uchanga.

Biashara za kahawa na majani chai pia zilifikia utendaji wa hali ya juu kabisa katika mwaka. Wingi wa uzalishaji wa kahawa na majani chai ulikaribia matarajio dhidi ya hali mbaya za hewa zilizopitiwa katika mwaka zilizobainishwa na mvua chache, uharibifu wa mvua ya mawe katika biashara ya majani chai. Athari ya utumiajiwa mashine katika uvunaji wa majani chai, hatua za kuimarisha ushughulikiwaji wa majani chai, bei imara za majani chain a ustadi katika njia za uzalishaji zinaendelea kuwa vichocheo muhimu katika hatua za udhibiti wa gharama wa Kampuni vichangizi vya 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 kwanza (asilimia 90) ambazo zilisababisha mahitaji kuongezeka. Mwaka huu bei za majani chai zilifikia wastani wa \$1.90/Kg. (Ksh. 220 Kg.) ikilinganishwa na \$1.64/Kg. (Ksh. 179/Kg.) mwaka uliotangulia.

Bei za kahawa zilizopatikana zilikuwa za juu zaidi ya matarajio na zilikuwa na wastani wa \$6.31/Kg. (Ksh. 728/Kg.) dhidi \$6.09/Kg. (Ksh. 664/Kg.) mwaka uliotangulia, kutokana na bei nzuri zilizopatikana katika mnada na mauzo ya moja kwa moja yaliotokana na wingi wa chini ya uliotarajiwa wa kahawa katika soko. Ubona wa kahawa ulikuwa wa karibu na kadiri ya kiwango kizuri dhidi ya mvua ya chini ya wastani ikilinganishwa na wastani wa miaka 10.

Katika mwaka Kampuni ilizalisha tani 13, 262 za majani chai dhidi ya tani 12,906 za mwaka uliopita. Hili ni ongezeko la asilimia 2.7 na inaaminika utaongezeka zaidi mwaka unaokuja.

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7. **Mapitio ya Biashara (Kuendeleza)**

Utendaji na nafasi ya Kundi (kuendeleza)

Uzalishaji wa majani chai ulipata uwiano wa zaidi ya asilimia 23. Wingi wa uzalishaji wa kahawa uliongezeka kuwa tani 843 dhidi ya tani 714 za mwaka uliotangulia dhidi ya mvua chache kuliko kawaida iliyopatikana. Hata hivyo mauzo ya kahawa yalichangamshwa na usagaji wa kahawa, elimu ya soko, na sehemu ya biashara zilizotenda kithabiti zikizalisha faida maridhawa. Kahawa ya kukaushwa iliyopokelewa kwa usagaji ilikuwa Kg. 6,645,874 katika mwaka. Kahawa safi iliyotengenezwa ilikuwa Kg. 4,884,740, hali kahawa iliyouzwa ilikuwa Kg. 4,958,480. Kwa upande wa biashara, jumla ya Kg. 2,819,202 za kahawa zilinunuliwa katika mwaka na mauzo ya biashara ya kahawa yalikuwa Kg. 2,561,897 (makasha 121) zenye thamani ya Ksh. milioni 2,081.31 (\$ milioni 18.04).

Kitengo cha uchuuzi cha nchini kitenda vyema katika upangaji upya uliofanywa katika mwaka na kupunguza hasara za kudumu. Biashara hii hata hivyo imeandamwa na gharama kuu za pembejeo za kahawa, mashindano makuu kutoka kwa washiriki wengine katika sehemu hii, nguvu ya kutumia ya soko lengwa ilipungua kutokana na gharama za juu za maisha tofauti za kawaida katika mapendeleo ya wateja.

Shughuli za kitengo cha kiwanda cha maziwa na bidhaa zake katika mojawapo ya kampuni zetu tanzu ziliachwa na kufungwa kama ilivyopangwa kuzuia kupotea kwa pesa.

Mapitio ya michango kutoka sehemu za biashara katika faida yameonyeshwa katika sehemu inayoripoti katika tanbihi 7 (ukurasa 110 - 113) ya ripoti hii ya mwaka.

Hatari kuu na kutokuwa na hakika

Shughuli za Kundi zinaliwacha wazi kwa hatari tofauti na hali za kutokuwa na hakika. Hizi zinaweza kuorodheshwa kama hatari za kilimo, hatari za kifedha na hatari za utendaji kazi. Hatari ya kilimo ni hatari ya hasara ya moja kwa moja au isiokuwa 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.

Katika mwaka wa kifedha, eneo linalokuzwa majani chai lilipata uharibifu wa mvua za mawe za mara kwa mara zilizosababisha wingi wa uzalishaji kupungua.

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

Mchakato wa usimamizi wa hatari wa Kundi kuhusiana na hatari ya kilimo unalenga 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 uekezaji 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 tofauti za kifedha. Hatari hizi ni pamoja na hatari za soko (pamoja na hatari ya ubadilishaji fedha za kigeni, hatari ya kiwango cha riba na hatari ya bei), hatari za mkopo na hatari ya kuwa na uwezo wa kupata pesa.

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7. Mapitio ya Biashara (Kuendeleza)

Hatari kuu na kutokuwa na hakika (kuendeleza)

Mwaka wa kifedha ulipitia ongezeko la mabadiliko ya siasa za nchi kutokana na mageuko ya kiuchumi na hatua kali za serikali, mabadiliko katika utungaji sheria na kanuni. Hizi zilisababisha hali za soko zilizobadilika zilizoleta ushindani ukisababisha pato dogo na faida. Usimamizi uliitikia kwa kutenganisha masoko na kutoa wingi wa juu katika masoko yanayotoa bei kubwa na faida.

Uwachaji wazi wa Kundi kwa hatari za mkopo na hatari ya uwezo wa kupata fedha ulibakia wa chini wakat ikatika mwakai kwa vile usimamizi ulitekeleza mikakati imara ya kudhibiti hatari kama vile ukusanyaji kwa wakati na wa bidii wa madeni, kutekeleza uangalifu ipasavyo kwa wateja kushiriki tu na wenzi wa kibiashara wenye sifa njema na madhubuti, na kuweka pesa zote katika taasisi imara za kifedha zenye ukadirio mzuri wa mkopo (benki za daraja 1).

Wakurugenzi wanapitia na kukubaliana kuhusu sera za kusimamia hatari hizi. Halmashauri ya wakurugenzi ina wajibu wa jumla wa kuanzisha na uangalizi wa mfumo wa usimamizi wa hatari wa Kundi. Mpango wa jumla wa usimamizi wa hatari wa Kundi unalenga kwenye kutotabirika kwa masoko ya kifedha na unatafuta kupunguza athari zozote mbaya zinazoweza kutokea katika utendaji wake wa kifedha (tanbihi 5).

Hatari ya utendaji kazi ni hatari ya hasara ya moja kwa moja au isiokuwa ya moja kwa moja inayotokana na sababu nyingi tofauti zinazohusishwa na michakato ya Kundi, wafanyikazi, teknolojia na muundombinu, na kutoka kwa vipengele vya nje kama vile vinavyotokana na mahitaji ya kisheria na ya kikanuni na kwa kawaida viwango vinavyokubaliwa vya tabia ya shirika, muundombinu mbaya, hasa barabara za vijijini na barabara kuu, maswala ya masharti ya kumiliki ardhi na gharama zinazoongezeka za wafanyikazi zinazotokana na madai ya vyama vya wafanyikazi. Madhumuni ya Kundi ni kusimamia hatari za utendaji kazi ili kusawazisha uepukaji wa hasara za kifedha na madhara kwa sifa njema ya Kundi na ufaaji wa jumla wa gharama na kuepuka taratibu za udhibiti zinazozuia uwezo na ubunifu. Kundi kwa kawaida hupitia mipango yake ya mwendelezo wa biashara na sera za bima kwa utoshelevu.

Usimamizi unapatiwa wajibu mkuu wa kuendeleza na kutekeleza vidhibiti kushughulikia athari za utendaji kazi. Jukumu hili linasaidiwa na maendeleo ya viwango vya jumla vya Kundi kwa usimamizi wa hatari za ufanyaji kazi katika maeneo yafuatayo:

- Mahitaji ya uandikaji kazi wafanyi kazi wenye uwezo na utengaji wa majukumu, pamoja na idhini huru ya kuendesha shughuli;
- Mahitaji ya upatanishi na usimamizi wa shughuli;
- Utimizaji wa mahitaji ya kikanuni na mengine ya kisheria;
- Uandikishaji wa vidhibiti na taratibu kulinda maeneo tofauti ;
- Mafunzo ya mtumizi ya vidhibiti vya usalama wa cyber;
- Utekelezaji wa Sheria ya 2019 ya Ulinzi wa Data
- Mahitaji ya upimaji wa muda wa hatari za utendaji kazi zinazokabiliwa na utoshelevu wa vidhibiti na taratibu za kushughulikia hatari zilizotambuliwa;
- Mahitaji ya kuripoti hasara za utendaji kazi na tendo la kurekebisha linalopendekezwa;
- Maendeleo ya mipango ya dharura;
- Mafunzo na maendeleo ya weledi;
- Viwango vya kimaadilina biashara
- Utibuaji wa hatari pamoja na bima inapofaa; na

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7. Mapitio ya Biashara (Kuendeleza)

Hatari kuu na kutokuwa na hakika (kuendeleza)

- Mapitio ya kuendelea ya michakato kwa utoshelezi na ufaaji;
- Kujishughulisha na washikadau muhimu na washiriki wengine wa biashara kujadili au kutafuta masuluhisho ya masuala ya ushindani na kanuni zilizoekwa.

Kuhusu hatari za mazingira na uendeleu wa kijamii, Kundi limejitolea kwa uendeleu na kutenda kwa njia ya uwajibikaji kusaidia uzima wa mfanyikazi, kupunguza athari yetu kwenye mazingira na kuisaidia jamii pana. Kundi limejenga ubia ulioegemezwa kwenye kuheshimiana, uaminifu na usawa na wafanyikazi wetu, wateja, waekezaji, wagavi na jamii.

Kundi linaendelea kutunza mazingira ya karibu vizuri kwa kupanda miti kwenye ardhi yote iliyopo. Pia ulimaji unafanywa kwa kiwango kidogo kuhakikisha kuhifadhi udongo wa juu. Tumethibitishwa mashirika tofauti pamoja na Rainforest Alliance. Wafanyikazi wanatizamwa vizuri na makazi safi na ya afya kutolewa na kampuni, maji ya bomba katika vijiji vyote na vituo vya utunzi wa watoto wachanga mchana na shule kwa watoto wakubwa. Kundi limeanzisha shule nne za msingi na moja ya upili katika maeneo yao. Tunahakikisha ufuataji kamili wa mikataba yote ya maafikiano ya pamoja na sheria za nchini.

Mtazamo wa wakati ujao

Ijapokuwa athari za ugonjwa zimepungua, hatari za siasa ya nchi kama inavyoathiriwa na jiografia, mabadiliko ya tabianchi, mageuzi ya kiuchumi, mfumko wa bei unaoongezeka, na changamoto nyingine nchini bado ni tishio kwa ufanyaji biashara nchini Kenya. Hata hivyo, nafasi yetu ya uwezo wa kupata pesa ni thabiti na imara na iko tayari kuisaidia Kampuni katika kuendelea mbele na kupata ukuaji wa faida. Hata hivyo tunaendelea kutekeleza maamuzi ya busara ya biashara kuhimili athari hizi hasi na tunalenga kuendelea kutoa matokeo yanayotamaniwa katika mwaka wa kifedha unaofuata na ya baadaye.

Kutokana na utendaji imara wa kipekee katika mwaka, usimamizi utaendelea kutafuta bidhaa mpya na mbinu kujaribu kuwa tayari katika mazingira ya biashara yanayobadilika kupanua na kuendeleza thamani ya mwanahisa. Msisitizo wa ubora pamoja na wingi ukitegemezwa kwenye uendeleu unabakia kileleni kwenye ajenda ya uwasilishaji.

8. Utoaji msaada

Kundi halikutoa msaada kwa chombo chochote cha kisiasa katika mwaka. (mwaka 2021 – Kapa).
Kundi halikutoa msaada kwa mashirika yoyote ya kutoa misaada katika mwaka. (2021 - Kapa).

9. Habari husika za ukaguzi

Wakurugenzi waliopo afisini katika tarehe ya ripoti hii wanathibitisha kuwa:

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

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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 %	
	2022	2021
Legend Investment Limited	41.84	41.84
Yana Tower Limited	12.60	12.60
East African 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	2022	2021
	Idadi yah isa	Idadi ya hisa
Bw. A.H. Butt	30,300	30,300
Bw. S. N. Merali	1,403,600	1,403,600

Baadhi ya wakurugenzi wana ushirika usiokuwa wa moja kwa moja kupitia vyombo

11. Wafanyikazi

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

	Kundi		Kampuni	
	2022	2021	2022	2021
Usimamizi	166	167	51	50
Wafanyikazi wengine	<u>2,401</u>	<u>2,308</u>	<u>905</u>	<u>717</u>
Jumla	<u>2,567</u>	<u>2,475</u>	<u>956</u>	<u>767</u>

12. Mkaguzi wa Hesabu

Mkaguzi wa hesabu, KPMG Kenya, anastahiki na hapa anajitolea 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 **10 Januari 2023**

KWA AMRI YA HALMASHAURI


Lawrence Chelimo Kibet, CPS-K
Katibu wa Kampuni

Tarehe: 10 Januari 2023

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS DIRECTORS REMUNERATION REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 2022. 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' remuneration by a resolution passed at the Annual General meeting held on 3rd March 2022. 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

Remuneration Policy for the Non-Executive Chairman and Non-Executive Directors

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 2022 (CONTINUED)**

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

The remuneration of the Non-Executive Chairman and Non-Executive Directors is determined by the Governance, Remuneration and Nominations Committee. These 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 subsistence, incurred in 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 extended for a further term by mutual consent.

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 Companies Act, 2015.

Non-Executive Directors' appointments may be terminated at any time by serving three months' written notice by either party, but six months' in the case of the Non-Executive Chairman.

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.

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 2021. 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 2022 (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

Substantial changes to Directors' remuneration

The following changes were proposed by the Board during the meeting held on 8th February 2022 and implemented during the year.

It was proposed that the Directors' sitting allowance for the Committee and Board meetings be reviewed. The proposal was tabled as follows:

Committee	Sitting Allowance FY 2020/21	Sitting Allowance FY2021/22
Risk and Audit Committee	KShs 15,000 per sitting	KShs 42,875 per sitting
Governance, Remuneration & Nominations Committee	KShs 15,000 per sitting	KShs 42,875 per sitting
Kipkebe Limited	KShs 20,000 per sitting	KShs 57,143 per sitting
Mweiga Estates Limited	KShs 20,000 per sitting	KShs 57,143 per sitting
FIS Committee	KShs 15,000 per sitting	KShs 42,875 per sitting
Main Board	KShs 20,000 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	6 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 2022, 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 comprise the amounts of each Directors' emoluments and compensation in the relevant years. Directors' remuneration paid during the year.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS DIRECTORS REMUNERATION REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

Information subject to audit (auditable part) - Continued

Non-executive Directors

	2021/22			2020/21		
	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	550	1,750	1,200	205	1,405
Dr. N. N. Merali	-	-	-	833	40	873
A.H. Butt	1,000	1,440	2,440	1,000	380	1,380
S.N. Merali	1,000	754	1,754	1,000	160	1,160
Dr. S.O. Mainda	1,000	363	1,363	1,000	140	1,140
Mrs. Betty Koech	1,000	540	1,540	1,000	140	1,140
Mrs. Rosemary Munyiri	1,000	597	1,597	1,000	160	1,160
Total	6,200	4,244	10,444	7,033	1,225	8,258

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

2022:	Basic pay	Gratuity	Bonus	Non-cash	Total	Amounts
	KShs'000	KShs'000	KShs'000	benefits	KShs'000	paid
				KShs'000		KShs'000
M. R. Ochieng'	31,439	6,175	21,172	2,764	61,550	48,927
2021:	Basic pay	Gratuity	Bonus	Non-cash	Total	Amounts
	KShs'000	KShs'000	KShs'000	benefits	KShs'000	paid
				KShs'000		KShs'000
M. R. Ochieng'	29,202	-	-	2,160	31,362	31,362

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 IFRSs.

BY ORDER OF THE BOARD


Chairman/Director

Date: 10 January 2023

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 requirements of all key stakeholders.

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 2022.

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

2022 highlights

- Strong management rigor in driving efficiency in operation and performance.
- Production of high-quality products
- Strong support from out-growers/farmers in supplementing our production volumes of tea.
- Cost containment measures in operations
- Unpredictable and adverse weather conditions and effects
- Achievement of excellent coffee and tea prices during the year
- Rebound in the Macadamia nuts business
- Suspension of the corona virus containment measures by the Kenyan government
- Effects and uncertainty created by the Russian-Ukrainian war
- Effects of depreciation of the local currency against the hard currencies
- Embracing and use of green energy in our factories
- Resilience and achievement of best performance of all times

2023 priorities

- Exploring new lines and ideas of doing business to enhance stakeholder value.
- Launch the sustainability report and engulf the green approach to business
- Continue to manage the business on the principles of good ethics and governance.
- Seek and establish strategic partnerships to expand our reach.

“Our aim is to create strong foundations for sustainable future success, delivering value for our employees, shareholders and wider society.”

Dear Shareholder,

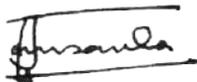
I am pleased to introduce our Corporate Governance Statement, which explains how the Group's governance framework supports the principles of integrity, strong ethical values, and professionalism integral to our business. The Board recognizes that we are accountable to shareholders for good corporate 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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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: 10 January 2023

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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 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 Director;
- Establishment of Board Committees, their membership, and delegated authorities;
- Approval of dividends, Bonus issues and Rights issue;
- 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 2022 (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 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 30th September 2022.

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. 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, 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.

The Board received training in 2021/22 on various aspects including:

- Data and Privacy in Kenya: The Data Protection Act 2019
- CMA training on Corporate Governance
- Tea and Coffee Regulations

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

Board evaluation

In line with the provisions of the 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. Following the Board evaluation exercise, individual feedback was given by the Chairman to the Board members. All Board members continued to perform well, and each was considered to be making an effective contribution to the Board.

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.*

We offer employment to potential candidates from the community. As an entity focused on the successive growth of the economy, Sasini is an active enabler in the socio-economic development of 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 to enhance their socio-economic status.

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

Improved access by the community to quality coffee, tea, macadamia, and avocado seedlings to help small-scale farmers/out growers 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. Provision of clean and purified potable water direct from mains via purifying machines at the workplace. As corporate citizens we have a moral duty to contribute to social sustainability in areas where we operate in. 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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

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

— *SDG Goal Number 4: Quality education*

Education is another area of strategic importance to Sasini PLC. We have invested in the provision of learning facilities within our tea operations and offer support to learning institutions within our areas of operation through donations of learning material to schools within our coffee estates. 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 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 the schools.

— *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. 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. We intend to reduce reliance on hydroelectricity and diesel generated power and promote the uptake of renewable energy in our operations.

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

On top of the efforts, we put in place to reward our employee's decent work with good remuneration, we are also involved in community social enhancement.

— *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 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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

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

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

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.

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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)**

2. Access to information and independent professional advice (Continued)

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 2022, refer to Directors' Meetings on page 58 and 59.

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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)**

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

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 2022. 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;

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)**

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

Board Committees (continued)

(a) Governance, Nomination and Remuneration Committee - continued

- 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;
- 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 of 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 2022.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(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;
- 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; and
- Such other matters relating to Sasini Group's Technology Strategy as the Committee may require from time to time.

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;

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)**

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

Board Skills Matrix (continued)

- 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.

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 a trusted third-party financial administrator. Specifically, all Personnel agree to act:

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)**

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

(a) Code of Conduct and Ethics (continued)

- 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.

(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:

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **CORPORATE GOVERNANCE** **FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)**

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

- 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.

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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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'.

Governance and Legal Audit

The Company conducted a Governance and Legal Audit for the period October 2019 to September 2020 in 2021 and the report was included in the Annual Report for the year ended 30 September 2021. The audit covering the period 2021/2022 will be done in 2023.

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 four (4) 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 2021/2022 is set out in the table below:

Full board

Members Present/In Attendance	January 2022	February 2022	May 2022	August 2022	September 2022 Special
Dr. J.B. McFie	√	√	√	√	√
Ms. Betty Koech	√	√	√	√	χ
Ms. Rosemary Munyiri	√	√	√	√	√
Mr. Sameer Merali	√	√	√	√	√
Mr. Martin Ochieng'	√	√	√	√	√
Mr. A. H. Butt	√	√	√	√	√
Dr. Steve Mainda	√	√	√	√	√
Mr. Lawrence Kibet	√	√	√	√	√

Finance, ICT, and Strategy Committee

Members Present/In Attendance	November 2021	February 2022	May 2022	August 2022	September 2022 (Special)
Mr. Sameer Merali	√	√	√	√	√
Mr. Martin Ochieng'	√	√	√	√	√
Mr. A. H. Butt	√	√	√	√	√
Mr. Lawrence Kibet	√	√	√	√	√

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

Board and Board Committees Attendance (continued)

Risk and Audit Committee - continued

Members Present/In Attendance	October 2021	January 2022	April 2022	July 2022
Ms. Betty Koech	√	√	√	√
Dr. J.B. McFie	√	√	√	√
Ms. Rosemary Munyiri	√	√	√	√
Mr. Sameer Merali	√	√	√	√
Mr. Martin Ochieng'	√	√	√	√
Mr. Lawrence Kibet	√	√	√	√
Mr. A. H. Butt	√	√	√	√

Governance, Nomination and Remuneration Committee

Members Present/In Attendance	October 2021	January 2022	April 2022	July 2022
Mr. Steve Mainda	√	√	√	√
Dr. J.B. McFie	√	√	√	√
Mr. A. H. Butt	√	√	√	√
Mr. Martin Ochieng'	√	√	√	√
Mr. Lawrence Kibet	√	√	√	√

√ - In attendance

X- Absent (or absent with apology)

Top ten shareholders at 30 September 2022

The ten largest shareholders of the Company as at 30 September 2022 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	NIC Custodial Services a/c 077	PO Box 44599 - 00100 Nairobi	9,921,700 4.35%
6	Tropical Veterinary Services Limited	PO Box 87496 - 80100 Mombasa	9,633,200 4.22%
7	Jamal, Karim	PO Box 49863 - Nairobi	4,587,841 2.01%
8	Morjaria, Shardaben Vithaldas	PO Box 445 - 00600 Nairobi	2,090,080 0.92%
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%
11	Others	-	31,007,494 13.60%
Grand Totals:			228,055,500 100.00%

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

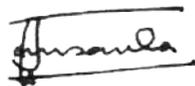
12. Economic, environmental and social sustainability risks (Continued)

Distribution of shareholders

Range		Records	Shares	Percentage
1	1 to 500	3,820	805,029	0.35%
2	501 to 1000	1,109	926,088	0.41%
3	1001 to 5000	1,241	2,962,264	1.30%
4	5001 to 10000	257	1,898,238	0.83%
5	10001 to 50000	271	6,081,967	2.67%
6	50001 to 100000	51	3,389,828	1.49%
7	100001 to 500000	44	9,012,650	3.95%
8	500001 to 1000000	4	3,177,830	1.39%
9	1000001 to 2000000000	12	199,801,606	87.61%
Grand Totals:		6,809	228,055,500	100.00%



Dr. J.B. McFie, PhD
Chairman



Mr. Martin R. Ochieng'
Group Managing Director

Date: 10 January 2023

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS SUSTAINABILITY UPDATE 2022 FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 export market.

All of the company’s production activities are certified under various internationally recognized certification standards which include: ISO 22000:2005, Rainforest Alliance, C.A.F.E Practice, Fairtrade, Global G.A.P. FSSC, IFS 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 agribusiness in Africa.

Our strategic imperatives

- Entrench a performance culture in our business to help drive operational planning and execution;
- Structure and align the organization to be cost prudent;
- Drive focus on commercial aspects to help sharpen the organization’s sales and marketing efforts;
- Focus on talent management, development, and retention;
- Strengthen our fiscal management to ensure financial health of the organization and;
- Strive to build a complaint business based on sustainable ethics and practices.

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 2022 FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

Our key stakeholders (continued)

The company's key stakeholders as defined in the Stakeholders Engagement Policy:

- The environment
- Employees
- Investors and shareholders
- Government/Regulatory & Industry Advocacy Bodies
- Customers
- Suppliers
- Outgrower farmers
- Creditors and service providers
- Bankers/lenders
- Auditors
- Society/community
- The media

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.

	Stakeholder Group	Material Relationship	Means of Engagement
1	The Environment	The land sustains our operations	Protection, stewardship, and precautionary approach to the environment. Application and diffusion of environmentally friendly technologies.
2	Employees	Provide human capital. Their engagement, skills and attitude help the company to achieve its business objectives	Internal Circulars, Trainings and Sensitization on human rights, Leadership coaching and mentorship, fair compensation.
3	Investors & Shareholders	Provide financial Capital. Ownership Their feedback helps shape our business imperatives	Investor briefings and meetings, investors relations portal on website, Announcement of interim and annual results. Return to shareholders.
4	Government/ Regulatory & Industry Advocacy Bodies	Provides policies and framework for operational licenses, imposes regulations for proper governance and industry guidelines.	Compliance with Licensing requirements; Payment of Taxes and statutory obligations; Engagement through industry consultative bodies.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
SUSTAINABILITY UPDATE 2022
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

	Stakeholder Group	Material Relationship	Means of Engagement
5	Customers	Through innovation ensuring we can supply our customers with high-quality products and support in cost-effective manner	Direct exports; Auctions and local sales through retail outlets country-wide; website, social media platforms (Facebook, Twitter, and Instagram)
6	Creditors, suppliers & service providers	They affect our ability and business purpose to offer quality and cost-competitive products	Supplier performance evaluation, Supplier factory site visits. Prompt payments for goods and services.
7	Out growers farmers	Supply of raw materials to our factories. They supplement and boost our production volumes.	Field extension services, Plant husbandry advice and technological interventions, Farm materials and inputs assistance. Prompt payment for supplies. Farmers' Open Day
8	Bankers	Banking services and financial assistance.	Physical and Online interaction.
9	Auditors (Internal & External)	Auditors are vital for the evaluation of the situation and health of the Company to give financial assurance to the shareholders and other stakeholders.	Through inspection of all books of accounts, operations and company records.
10	Community	Sustainable development initiatives through the provision of education facilities and clean water that enhances their socio-economic status. Are also part of the outgrowers.	Initiating projects that give back to the society to improve their livelihoods through CSR activities (drilling boreholes, education materials, Social gatherings).
11	Media	The media is our key window to the external world. Updating the media regularly on new business development initiatives and products helps expand our target customers and stakeholders.	Product launch and advertisement, media release, interviews and investor briefing.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **SUSTAINABILITY UPDATE 2022** **FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)**

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. Water and Effluents
2. Emissions
3. Natural Ecosystem Conversion
4. Occupational Health and Safety
5. Food Safety
6. Soil Health
7. Economic inclusion
8. Local Communities
9. Non-discrimination and equal opportunity
10. Anti-corruption
11. Anti-competitive behavior
12. Employments practices
13. Freedom of association and collective bargaining
14. Pesticide use

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.

Whether it is the manufacturing processes, using raw materials for consumer products, needs and consumption of energy, needs and utilization of water, plant husbandry and the attendant processes; all these are sourced from the surface of the earth.

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, whose performance we report to the relevant regulatory authorities and certification bodies (the National Environment Management Authority (NEMA), Rainforest Alliance (RFA), Kenya Bureau of Standards (KEBS)).

On energy usage, the company has made a conscious choice to supplement our energy requirements by commissioning a solar energy plant at our tea factories.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS SUSTAINABILITY UPDATE 2022 FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

Sustainability Framework (Continued)

Agricultural innovation is critical to our survival and remains core to our strategic growth.

The 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 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.

In 2022 we marked our 70th Anniversary. We commemorated the year with our contributions towards community social investment programmes which involved the following activities:

1. Donations in kind to:

- Office of Deputy County Commissioner in Westlands
- Kiambu Police Station
- Bureti, Nyamira and Roreti Police Stations
- Mweiga Police Station
- Richfield Police Station
- Mombasa Port Police Station
- New Life Children's Home – Nairobi
- Imani Children's Home – Nairobi
- SOS Children's Home – Nairobi
- Drought stricken families of North Eastern through the Kenya Association of Manufacturers.

2. Tree planting at:

- Enchoro Primary School – Nyamira County
- HGM Secondary School, Ting'ang'a – Kiambu County
- Donated tree seedlings to the Kenya Forest Service – Nyamira County

3. Drilling Water Borehole at Emboye Primary School

(To provide clean water to the school, and residents of Emboye, Gitaru and Mokomoni villages. The project was co-funded by Betty's & Taylors of Harrogate Limited – one of our key tea buyers of UK)

4. Construction of a Nursery School Classroom at our Kamundu Estate

(This was a collaboration from Olam Specialty (Covoya Specialty) through Diamond Coffee Ltd – our key coffee buyers).

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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS SUSTAINABILITY UPDATE 2022 FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

Sustainability Framework (Continued)

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.

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.

SASINI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS SUSTAINABILITY UPDATE 2022 FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

Our commitments (Continued)

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 2022

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 2022, 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.

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 IFRS Standards 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.

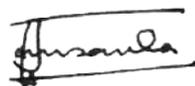
The Directors have made an assessment of the Company and its subsidiaries ability to continue as a going concern and have no reason to believe the Company and its subsidiaries will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on **10 January 2023**.



Dr. J.B. McFie, PhD
Chairman



Mr. Martin R. Ochieng'
Group Managing Director

Date: 10 January 2023



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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 73 to 148, which comprise the consolidated and company statements of financial position as at 30 September 2022, 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 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards 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 unharvested tea leaves and 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, harvested quantity and expected yield/harvest that is 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 judgements and estimates regarding various inputs.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> — 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 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 and yields by comparing previous forecasts for prices and yields to actual outcomes and industry forecasts. — Evaluating the reasonableness of the number of standing trees by observing the tree counts as well as measuring the distance between the trees do determine the average number of trees per hectare. — Evaluating the historical accuracy of the groups assessment of the useful life and harvested quantity with industry information and actual outcomes. — Evaluating the accuracy of the computations as well as the appropriateness of the discount rates used to discount cash flows. — 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 2022*, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express 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.



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

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

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. 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.



**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)

- 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 32 is consistent with the consolidated and separate financial statements; and
- ii. The information on the Directors' emoluments and compensation in the relevant years 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 – practising certificate No. P/2102.

For and on behalf of:

**KPMG Kenya
Certified Public Accountants
PO Box 40612 - 00100
Nairobi**

Date: 11 January 2023

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 KShs'000	2021* KShs'000
Revenue	8	7,345,305	5,389,963
Cost of sales	9	(5,544,659)	(4,497,414)
Gross profit		1,800,646	892,549
Fair value changes on biological assets	20(a)	543,413	514,157
Other income	10	<u>144,684</u>	<u>101,234</u>
Total operating income		2,488,743	1,507,940
Administration and establishment expenses	11(a)	(997,739)	(738,660)
Selling and distribution expenses	12	(44,372)	(48,211)
Results from operations		<u>1,446,632</u>	<u>721,069</u>
Finance income	13(a)	134,573	63,524
Finance cost	13(b)	(28,252)	(16,497)
Net finance income	13	<u>106,321</u>	<u>47,027</u>
Profit before tax	14	1,552,953	768,096
Income tax expense	15(a)	(384,941)	(194,896)
Profit for the year		<u>1,168,012</u>	<u>573,200</u>
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	(10,832)	-
		<u>(10,832)</u>	<u>-</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Impact of change in tax rate and revaluation		-	(95,074)
Remeasurement of post-employment benefits, net of tax	31	(8,799)	20,878
Impact of change in tax rate on defined benefit reserve		-	5,950
		<u>(8,799)</u>	<u>(68,246)</u>
Total comprehensive income		<u>1,148,381</u>	<u>504,954</u>
Profit attributable to:			
Owners of the company		1,166,383	567,844
Non-controlling interest		<u>1,629</u>	<u>5,356</u>
		<u>1,168,012</u>	<u>573,200</u>
Total comprehensive income attributable to:			
Owners of the company		1,146,654	501,801
Non-controlling interest		<u>1,727</u>	<u>3,153</u>
		<u>1,148,381</u>	<u>504,954</u>
Earnings per share:			
Basic and diluted (KShs)	16	<u>5.12</u>	<u>2.49</u>

The notes set out on pages 83 to 148 form an integral part of the consolidated and separate financial statements. *Restated as indicated in Note 38.

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
COMPANY STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 KShs'000	2021* KShs'000
Revenue	8	2,792,609	2,223,680
Cost of sales	9	(2,487,331)	(2,047,674)
Gross profit		305,278	176,006
Fair value changes on biological assets	20(b)	241,425	286,668
Other income	10	<u>609,887</u>	<u>194,589</u>
Total operating income		1,156,590	657,263
Administration and establishment expenses	11(a)	(460,321)	(385,513)
Results from operations		<u>696,269</u>	<u>271,750</u>
Finance income	13(a)	20,995	32,759
Finance cost	13(b)	(38,782)	(14,598)
Net finance (cost)/income	13	(17,787)	<u>18,161</u>
Profit before tax	14	678,482	289,911
Income tax expense	15(a)	(106,387)	(77,281)
Profit for the year		<u>572,095</u>	<u>212,630</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Impact of change in tax rate on revaluation		-	(31,801)
Remeasurement of post-employment benefits, net of tax	31	1,026	1,236
Impact of change in tax rate on defined benefit reserve		<u>-</u>	<u>(228)</u>
Total comprehensive income		<u>573,121</u>	<u>181,837</u>
Basic and diluted (KShs)	16	<u><u>2.51</u></u>	<u><u>0.93</u></u>

The notes set out on pages 83 to 148 form an integral part of the consolidated and separate financial statements. *Restated as indicated in Note 38

SASINI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

ASSETS	Note	2022	2021
		KShs'000	KShs'000
Non-current assets			
Property, plant and equipment	18(a)	11,132,410	11,268,638
Capital work-in-progress	18(c)	203,594	152,704
Intangible assets	19	14,526	21,845
Biological assets	20(a)	1,346,829	1,136,449
Deferred tax asset	30	-	3
Right of use assets	21(a)	69,133	25,709
Other investments	27	<u>277,691</u>	<u>-</u>
		<u>13,044,183</u>	<u>12,605,348</u>
Current assets			
Inventories	23	739,051	484,901
Biological assets	20(a)	197,094	309,760
Trade and other receivables	24	812,426	909,217
Current income tax recoverable	15(b)	7,411	11,540
Short term deposits	26(a)	467,146	-
Cash and bank balances	26(b)	<u>1,088,406</u>	<u>821,973</u>
		<u>3,311,534</u>	<u>2,537,391</u>
TOTAL ASSETS		<u>16,355,717</u>	<u>15,142,739</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	228,055	228,055
Non-distributable reserves	29(a)	10,292,018	10,268,165
Distributable reserves	29(b)	<u>3,421,197</u>	<u>2,640,480</u>
		13,941,270	13,136,700
Non-controlling interest	29(c)	<u>300,018</u>	<u>307,291</u>
Total equity		<u>14,241,288</u>	<u>13,443,991</u>
Non-current liabilities			
Deferred tax liability	30	1,166,212	1,155,508
Lease liability	21(b)	48,869	-
Post-employment benefits	31	<u>130,410</u>	<u>145,555</u>
		<u>1,345,491</u>	<u>1,301,063</u>
Current liabilities			
Trade and other payables	32	510,020	371,457
Lease liability	21(b)	10,160	17,697
Current income tax payable	15(b)	238,145	-
Post-employment benefits	31	<u>10,613</u>	<u>8,531</u>
		<u>768,938</u>	<u>397,685</u>
TOTAL EQUITY AND LIABILITIES		<u>16,355,717</u>	<u>15,142,739</u>

The consolidated and separate financial statements set out on pages 73 to 148 were approved and authorised for issue by the Board of Directors on **10 January 2023** 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 83 to 148 form an integral part of the consolidated and separate financial statements.

SASINI PLC

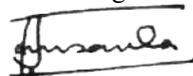
ANNUAL REPORT AND FINANCIAL STATEMENTS COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

ASSETS	Note	2022 KShs'000	2021 KShs'000
Non-current assets			
Property, plant and equipment	18(b)	7,330,442	7,351,938
Capital work-in-progress	18(c)	50,693	45,236
Intangible assets	19	9,699	14,819
Biological assets	20(b)	225,601	151,587
Right of use assets	21(a)	59,029	15,504
Investment in subsidiaries	22	<u>637,727</u>	<u>817,727</u>
		<u>8,313,191</u>	<u>8,396,811</u>
Current assets			
Inventories	23	331,589	91,652
Biological assets	20(b)	167,411	264,822
Trade and other receivables	24	202,018	308,912
Amounts due from related companies	25(a)	233,918	118,029
Short term deposits	26(a)	165,269	-
Cash and bank balances	26(b)	<u>368,475</u>	<u>247,324</u>
		<u>1,468,680</u>	<u>1,030,739</u>
TOTAL ASSETS		<u>9,781,871</u>	<u>9,427,550</u>
EQUITY AND LIABILITIES			
Current liabilities			
Share capital	28	228,055	228,055
Non - distributable reserves	29(a)	7,298,276	7,313,628
Distributable reserves	29(b)	<u>1,383,884</u>	<u>1,137,495</u>
Total equity		<u>8,910,215</u>	<u>8,679,178</u>
Non-current liabilities			
Deferred tax liability	30	457,220	468,193
Post-employment benefits	31	21,306	20,019
Lease liability	21(b)	<u>48,869</u>	<u>-</u>
		<u>527,395</u>	<u>488,212</u>
Current liabilities			
Amounts due to related parties	25(b)	60,334	111,276
Trade and other payables	32	222,777	113,355
Lease liability	21(b)	10,160	17,697
Post-employment benefits	31	1,702	1,365
Current tax payable	15(b)	<u>49,288</u>	<u>16,467</u>
		<u>344,261</u>	<u>260,160</u>
TOTAL EQUITY AND LIABILITIES		<u>9,781,871</u>	<u>9,427,550</u>

The consolidated and separate financial statements set out on pages 73 to 148 were approved and authorised for issue by the Board of Directors on **10 January 2023** 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 83 to 148 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 2022

2022:	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
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 83 to 148 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 2022 (CONTINUED)

2021:	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 attributable to owners KShs'000	Non controlling interest KShs'000	Total equity KShs'000
Balance as at 1 October 2020	228,055	98,530	9,833,774	159,401	112,725	2,316,442	-	12,748,927	304,138	13,053,065
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	567,844	-	567,844	5,356	573,200
Other comprehensive income										
Impact of change in tax rate	-	-	(92,745)	-	5,950	-	-	(86,795)	(2,329)	(89,124)
Reclassification of fair value gain on biological assets net of tax, from retained earnings to separate equity reserve	-	-	-	129,778	-	(129,778)	-	-	-	-
Remeasurement of post employment benefits net of tax	-	-	-	-	20,752	-	-	20,752	126	20,878
Total comprehensive income for the year	-	-	(92,745)	129,778	26,702	438,066	-	501,801	3,153	504,954
Transactions with owners of the company recorded directly in equity										
First interim 2021 dividend paid	-	-	-	-	-	(114,028)	-	(114,028)	-	(114,028)
Proposed dividend 2021	-	-	-	-	-	(114,028)	114,028	-	-	-
Total distribution to owners of the company	-	-	-	-	-	(228,056)	114,028	(114,028)	-	(114,028)
At 30 September 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

The notes set out on pages 83 to 148 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 2022

2022:	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
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	-	-	-	(16,378)	-	16,378	-	-
Remeasurement of post employment benefits, net of tax (Note 30)	-	-	-	-	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	<u>228,055</u>	<u>40,594</u>	<u>7,046,471</u>	<u>200,359</u>	<u>10,852</u>	<u>1,383,884</u>	<u>-</u>	<u>8,910,215</u>

The notes set out on pages 83 to 148 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 2022 (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
2021:								
Balance as at 1 October 2020	228,055	40,594	7,078,272	132,414	8,818	1,123,216	-	8,611,369
Profit for the year	-	-	-	-	-	212,630	-	212,630
Other comprehensive income								
Reclassification of fair value gain on biological assets net of tax, from retained earnings to separate equity reserve	-	-	-	84,323	-	(84,323)	-	-
Impact of change in tax rate	-	-	(31,801)	-	(228)	-	-	(32,029)
Remeasurement of post employment benefits, net of tax (Note 30)	-	-	-	-	1,236	-	-	1,236
Total comprehensive income for the year	-	-	(31,801)	84,323	1,008	128,307	-	181,837
Transactions with owners of the company recorded directly in equity								
Interim 2021 dividend paid	-	-	-	-	-	(114,028)	-	(114,028)
Proposed dividend 2021	-	-	-	-	-	(114,028)	114,028	-
Total distribution to owners of equity	-	-	-	-	-	(228,056)	114,028	(114,028)
At 30 September 2021	<u>228,055</u>	<u>40,594</u>	<u>7,046,471</u>	<u>216,737</u>	<u>9,826</u>	<u>1,023,467</u>	<u>114,028</u>	<u>8,679,178</u>

The notes set out on pages 83 to 148 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 2022

		2022	2021
Cash flows from operating activities	Note	KShs'000	KShs'000
Net cash flows generated from operations	33	1,660,038	534,206
Gratuity paid	31	(47,150)	(51,945)
Interest paid on lease liability		(744)	(2,878)
Income taxes paid	15(b)	(128,189)	(11,686)
Net cash generated from operating activities		<u>1,483,955</u>	<u>467,697</u>
Cash flows from investing activities			
Interest received	13(a)	59,522	29,241
Purchase of other investments - (infrastructure bonds)	27	(288,523)	-
Placement of short-term deposits	26(a)	(467,146)	-
Purchase of property and equipment	18(a)	(133,995)	(46,141)
Purchase of capital work-in- progress assets	18(c)	(59,593)	(86,757)
Purchase of intangible assets	19	(424)	(9,062)
Proceeds from sale of property and equipment		<u>10,152</u>	<u>2,004</u>
Net cash used in investing activities		<u>(880,007)</u>	<u>(110,715)</u>
Cash flows from financing activities			
Interest paid on other borrowings	13(b)	(13,416)	(14,116)
Payment of lease liability - principal		(17,697)	(15,954)
Borrowings received	37	852,548	969,889
Borrowings repaid	37	(852,548)	(969,889)
Dividends paid to non-controlling interest		(9,000)	-
Dividends paid on ordinary shares		<u>(342,084)</u>	<u>(114,028)</u>
Net cash used in financing activities		<u>(382,197)</u>	<u>(144,098)</u>
Net increase in cash and cash equivalents		221,751	212,884
Cash and cash equivalents at the beginning of the year		821,973	593,689
Effects of movements in exchange rates on cash		<u>44,682</u>	<u>15,400</u>
Cash and cash equivalents at the end of the year	26(b)	<u>1,088,406</u>	<u>821,973</u>

The notes set out on pages 83 to 148 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 2022

		2022	2021
Cash flows from operating activities	Note	KShs'000	KShs'000
Net cash flows generated from operations	33	610,749	92,275
Gratuity paid	31	(1,005)	(1,736)
Interest paid on lease liability	21(b)	(744)	(2,878)
Income taxes paid	15(b)	<u>(84,978)</u>	<u>(4,485)</u>
Net cash generated from operating activities		<u>524,022</u>	<u>83,176</u>
Cash flows from investing activities			
Interest received	13	9,531	8,122
Purchase of short-term deposits	26(a)	(165,269)	-
Purchase of property and equipment	18(b)	(44,094)	(10,837)
Purchase of capital work-in-progress	18(c)	(7,471)	(6,520)
Purchase of intangible assets	19	(333)	(9,062)
Proceeds from sale of property and equipment		<u>7,383</u>	<u>1,832</u>
Net cash used in from investing activities		<u>(200,253)</u>	<u>(16,465)</u>
Cash flows from financing activities			
Interest paid on other borrowings	13	(27,385)	(14,116)
Payment of lease liability	21(b)	(17,697)	(15,954)
Borrowings received	37	852,548	969,889
Borrowings repaid	37	(852,548)	(969,889)
Proceeds from redeemable preference shares		180,000	-
Dividends paid on ordinary shares		<u>(342,084)</u>	<u>(114,028)</u>
Net cash used in financing activities		<u>(207,166)</u>	<u>(144,098)</u>
Net increase/(decrease) in cash and cash equivalents		116,603	(77,387)
Cash and cash equivalents at the beginning of the year		247,324	317,603
Effects of movements in exchange rate on cash held		<u>4,548</u>	<u>7,108</u>
Cash and cash equivalents at the end of the year	26(b)	<u>368,475</u>	<u>247,324</u>

The notes set out on pages 83 to 148 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 2022

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 2022 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 Standards as issued by International Accounting Standards Board (IFRS 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, and biological assets which is measured at fair value less cost to sell 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 2022 (CONTINUED)

2. BASIS OF PREPARATION (Continued)

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs 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 2022. 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 2022 (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 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 the goods at the farm. Payment is due immediately at the point the customer takes control of the agricultural produce.

Payment with respect to revenue from agricultural produce is typically due upon acceptance of the products. 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 2022 (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 2022 (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 2022 (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 and contract assets**

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 contract assets 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.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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 or being more than 90 days past due and it is probable that the debtor will enter bankruptcy or other financial reorganization.

— **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.

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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.

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 scrapsales.

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. 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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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 expenditure is 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.

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.

(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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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Biological assets

Biological assets 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 are recognised in profit or loss in the period in which they are incurred. Costs incurred relating to immature biological assets are factored in the fair value adjustment.

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

(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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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 20(e).

(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.

Agricultural produce is measured at fair value less cost to sell at the point of harvest. Any changes arising on initial recognition of agricultural produce at fair value less cost to sell are recognised in profit or loss. 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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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 to a gratuity in the form of a payment on the retirement date based on the number of years on 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 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 increase or decrease in the provision is taken to 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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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 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 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, impairment losses recognised on financial assets. 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.

(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.

(t) Comparatives

Where necessary, comparative figures have been restated to conform to the changes in presentation in the current year. See Note 38.

(u) 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Impairment of non- financial assets (continued)

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.

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.

(v) 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 2022, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 October 2021.

New standard or amendments	Effective for annual periods beginning
— Interest rate benchmark reform-phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
— COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 April 2021

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

(ii) *New standards, amendments and interpretations in issue but not effective for the year ended 30 September 2022*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 September 2022 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(ii) New standards, amendments and interpretations in issue but not effective for the year ended 30 September 2022 - continued

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
— IFRS 17 Insurance Contracts	1 January 2023
— Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
— Amendments to IFRS 17	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 Income Taxes)	1 January 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
— 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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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. 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.

(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 valuation is based on the prevailing market prices which are sensitive to economic conditions. 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.

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4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (continued)

(v) Allowance for impairment for accounts receivable

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 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:

Biological assets

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

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.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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.

(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 interest rate profile of the Group's interest bearing financial instruments as at 30 September 2022 and 2021 together with the interest rates on that date was as follows:

The net interest income/(expense) for the year was as follows:

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Interest income	59,522	29,241	9,531	8,122
Interest expense	<u>(14,160)</u>	<u>(14,116)</u>	<u>(28,129)</u>	<u>(14,116)</u>
Net interest income	<u>45,362</u>	<u>15,125</u>	<u>(18,598)</u>	<u>(5,994)</u>

The interest rate profile of the Group's and Company's fixed interest-bearing financial instruments as reported to management of the Group is as follows:

	Group		Company	
	2022	2021	2022	2021
	KShs '000	KShs '000	KShs '000	KShs '000
<i>Fixed rate instruments</i>				
Short term deposits (Note 26 (a))	467,146	-	165,269	-
Demand deposits (Note 26(b))	395,399	453,625	19,603	100,971
Other investments (Note 27)	<u>277,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,140,236</u>	<u>453,625</u>	<u>184,872</u>	<u>100,971</u>

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.

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FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(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 retranslated 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 Group and Company transact internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and GBP.

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

	Average rates		Closing rates	
	2022	2021	2022	2021
	KShs	KShs	KShs	KShs
US Dollar (USD)	115.37	109.06	120.73	110.49
Sterling Pound (GBP)	147.72	149.25	130.66	149.64
Euro	125.09	130.36	117.13	129.01

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:

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

Group:

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

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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)

2021:	USD	GBP	EURO	Total
Assets				
Trade and other receivables	387,671	-	19,027	406,698
Cash and cash equivalents	141,318	101	149	141,568
At 30 September	528,989	101	19,176	548,266
Liabilities				
Trade and other payables	(14,144)	-	-	(14,144)
At 30 September				
Net balance sheet position	514,845	101	19,176	534,122

Company:

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

Assets	2022 USD	2021 USD
Trade and other receivables	69,546	130,123
Cash and cash equivalents	166,347	88,944
At 30 September	235,893	219,067
Liabilities		
Trade and other payables	(32,177)	(13,834)
Net balance sheet position	203,716	205,233

The following table demonstrates the effect on the Group and Company's statement of 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.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(ii) Currency risk – continued

	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					
2022	10%	76,200	53,340	20,372	14,260
	(10%)	(76,200)	(53,340)	(20,372)	(14,260)
2021	10%	51,485	36,039	20,523	14,366
	(10%)	(51,485)	(36,039)	(20,523)	(14,366)
GBP					
2022	10%	1,114	780	-	-
	(10%)	(1,114)	(780)	-	-
2021	10%	10	7	-	-
	(10%)	(10)	(7)	-	-
EUR					
2022	10%	2,467	1,727	-	-
	(10%)	(24,67)	(1,727)	-	-
2021	10%	1,918	1,342	-	-
	(10%)	(1,918)	(1,342)	-	-

(iii) 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.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(iii) Price risk – continued

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.

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

	2022	2021
	KShs	KShs
Coffee	728	664
Tea	<u>220</u>	<u>179</u>

The following table demonstrates the effect on the Group and Company's statement of 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					
2022	10%	265,914	186,140	257,992	180,594
	(10%)	(265,914)	(186,140)	(257,992)	(180,594)
2021	10%	211,265	147,886	203,219	142,253
	(10%)	(211,265)	(147,886)	(203,219)	(142,253)
Tea					
2022	10%	307,852	215,497	-	-
	(10%)	(307,852)	(215,497)	-	-
2021	10%	228,885	160,220	-	-
	(10%)	(228,285)	(160,229)	-	-

(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.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (continued)

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.

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

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Trade receivables – Net	436,960	394,554	79,270	151,519
Other receivables	87,314	126,926	16,458	10,272
Amounts due from related companies	-	-	233,918	118,029
Other investments	277,691	-	-	-
Bank balances and short-term deposits	<u>1,553,928</u>	<u>820,501</u>	<u>533,243</u>	<u>246,835</u>
	<u>2,355,893</u>	<u>1,341,981</u>	<u>862,889</u>	<u>526,655</u>

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

Past due status of trade receivables:	Loss rate	Group		Loss rate	Loss rate	Company		Loss rate	Loss rate
		2022	2021			2022	2021		
		KShs'000	KShs'000			KShs'000	KShs'000		
Current- not overdue	5.9%	230,357	192,502	8.9%	26.9%	37,211	15,835	15.8%	99,835
Past due 1- 30 days	9.7%	98,725	82,501	10.7%	27.9%	15,947	42,787	21.7%	42,787
Past due 31 - 60 days	12.6%	59,876	104,663	13.6%	28.6%	26,112	2,164	24.6%	2,164
Past due 60 - 90 days	17.6%	48,002	14,888	18.6%	33.3%	-	6,733	30.6%	6,733
Past due over 90 days	30.7%	56,461	65,616	34.6%	45.7%	43,750	43,451	36.6%	43,451
Gross trade receivables		<u>493,421</u>	<u>460,170</u>			<u>123,020</u>	<u>194,970</u>		
Allowances for impairment		(56,461)	(65,616)			(43,750)	(43,451)		
Net trade receivables		<u>436,960</u>	<u>394,554</u>			<u>79,270</u>	<u>151,519</u>		

As at 30 September 2022, 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 1.93% (2021 – 3.8%) which 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 2022. 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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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (continued)

(i) *Intercompany receivables - continued*

	2022	Company 2021
	Loss rate	Loss rate
	KShs'000	KShs'000
Age analysis of intercompany receivables:		
Current -not over due	1.93% 23,921	3.8% 832
1 - 60 days	1.93% 71,640	3.8% 5,609
60 - 120 days	<u>1.93%</u> <u>142,950</u>	<u>3.8%</u> <u>116,171</u>
	<u>238,511</u>	<u>122,612</u>
Allowance for impairment	(4,593)	(4,593)
Net intercompany receivables	<u>233,918</u>	<u>118,029</u>

(ii) *Cash and cash equivalents*

The Group and Company held cash and bank balances of KShs 995 million and KShs 275 million respectively (2021 – Group – KShs 822 million and Company KShs 247 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 2022 the expected credit loss arising from the exposure was immaterial to the financial statements.

(iii) *Short-term deposit*

The Group and Company held short-term deposit of KShs 467 million and KShs 165 million respectively (2021 – Group – Nil 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 2022 the expected credit loss arising from the exposure was immaterial to the financial statements.

(iv) *Other investments*

The Group held Government infrastructure bonds of KShs 277 million (2021 - Nil). 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 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 2022 the expected credit loss arising from the exposure was immaterial to the financial statements.

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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 KShs'000	2-3 Months KShs'000	4-12 Months KShs '000	Over 1 year KShs '000	Total KShs'000
2022:					
Trade and other payables	291,845	7,468	23,230	187,477	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>31,933</u>	<u>259,494</u>	<u>593,812</u>
2021:					
Trade and other payables	165,345	145,955	60,157	-	371,457
Lease liability	<u>4,635</u>	<u>-</u>	<u>13,807</u>	<u>-</u>	<u>18,442</u>
	<u>169,980</u>	<u>145,955</u>	<u>73,964</u>	<u>-</u>	<u>389,899</u>
Company:					
	0-1 month KShs'000	2-3 months KShs'000	4-12 months KShs '000	Over 1 year KShs '000	Total KShs'000
2022:					
Trade and other payables	141,753	16,261	20,796	43,967	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>29,499</u>	<u>115,984</u>	<u>366,903</u>
2021:					
Trade and other payables	50,603	50,781	11,971	-	113,355
Due to related party	111,276	-	-	-	111,276
Lease liability	<u>4,635</u>	<u>-</u>	<u>13,807</u>	<u>-</u>	<u>18,442</u>
	<u>166,514</u>	<u>50,781</u>	<u>25,778</u>	<u>-</u>	<u>243,073</u>

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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.

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 risk 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.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Capital management (continued)

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.

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 instruments 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.

Other investments	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair valuation measurements
	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 financial 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.

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6. DETERMINATION OF FAIR VALUES (Continued)

Level 2 - continued

Financial assets and liabilities 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, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Non-financial assets				
Biological assets -livestock	<u>1,117</u>	<u>8,909</u>	<u>517</u>	<u>995</u>

Level 3

Financial 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. The main asset classes in this category are unlisted equity investments and limited partnerships. 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. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. 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. However, significant portion of the unquoted shares have been valued at cost and variation in inputs would not have significant fair value change.

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 2022 and 2021:

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Non-financial assets				
Property, plant and equipment*	10,982,641	11,112,418	7,320,848	7,341,835
Biological assets	<u>1,542,806</u>	<u>1,437,300</u>	<u>392,496</u>	<u>415,414</u>
Total assets	<u>12,525,447</u>	<u>12,549,718</u>	<u>7,713,344</u>	<u>7,757,249</u>

*The carrying amount relates only to classes of property, plant and equipment carried at revalued amounts all property, plant and equipment excluding the bearer plant that is carried at cost.

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6. DETERMINATION OF FAIR VALUES (Continued)

On 30 September 2019, Knight Frank Valuers Limited, professionally valued the Group's machinery, equipment and furniture while building and freehold land were valued on 30 September 2019. The valuation was on an open market value basis. The Valuers used the Direct Capital Comparison method of valuation for valuation of land. The assumption which is 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. 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 2022 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. 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.

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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7. **SEGMENT INFORMATION (Continued)**

	Tea	Coffee	Macadamia	Avocado	Other	Consolidated
	KShs'000	KShs'000	KShs'000	KShs '000	KShs'000	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	—	—	—	—	(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	12,613	109,492	316	10,199	12,065	314,095
	3,246,904	2,982,718	858,888	383,017	18,463	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	258,069	285,344	—	—	—	543,413
Operating results before interest and tax	835,133	345,145	295,182	(16,691)	(12,137)	1,446,632
Assets and liabilities						
Segment assets	4,005,525	10,918,356	744,461	148,774	538,601	16,355,717
Segment liabilities	940,763	741,418	99,116	31,190	301,942	2,114,429
Other segment information						
Capital expenditure - tangible fixed asset	128,843	68,323	8,704	(12,283)	—	193,587
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	—	—	—	—	14,160	14,160
Average number of employees	1,244	1,028	260	10	25	2,567

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7. **SEGMENT INFORMATION (Continued)**

Segment information is as presented below:

30 September 2021:	Tea KShs '000	Coffee KShs '000	Macadamia KShs '000	Avocado KShs '000	Other KShs '000	Consolidated KShs '000
Revenue						
Total sales	2,405,160	2,339,171	402,283	231,237	24,112	5,401,963
Intergroup sales	-	-	-	-	(12,000)	(12,000)
Net sales to external customers	2,405,160	2,339,171	402,283	231,237	12,112	5,389,963
Other income	5,954	89,149	3	2,722	3,406	101,234
	<u>2,411,114</u>	<u>2,428,320</u>	<u>402,286</u>	<u>233,959</u>	<u>15,518</u>	<u>5,491,197</u>
Results						
Operating results on operating income	177,483	(4,111)	77,873	(21,141)	(23,193)	206,911
Operating results on biological assets	185,967	328,191	-	-	-	514,158
Operating results before interest and tax	<u>363,450</u>	<u>324,080</u>	<u>77,873</u>	<u>(21,141)</u>	<u>(23,193)</u>	<u>721,069</u>
Assets and liabilities						
Segment assets	<u>3,656,845</u>	<u>10,513,018</u>	<u>516,864</u>	<u>157,631</u>	<u>298,382</u>	<u>15,142,739</u>
Segment liabilities	<u>916,858</u>	<u>609,942</u>	<u>94,874</u>	<u>25,716</u>	<u>51,258</u>	<u>1,698,748</u>
Other segment information						
Capital expenditure - tangible fixed asset	55,206	60,242	1,907	28,336	(3,731)	141,960
Depreciation and amortisation	120,183	37,839	25,353	3,673	58,768	245,816
Income tax expense	-	-	-	-	194,896	194,896
Interest income	-	-	-	-	(29,241)	(29,241)
Interest expense	-	-	-	-	14,116	14,116
Average number of employees	<u>1,510</u>	<u>879</u>	<u>51</u>	<u>9</u>	<u>25</u>	<u>2,474</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Nyamira, Nyeri, Mombasa, Kiambu and Nairobi counties in Kenya.

The Group's tea, rental and leasing operations are located in Nyamira and Mombasa counties. Coffee and dairy operations are located in Nyeri and Kiambu counties. The head office is located in Nairobi County.

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 asset biological assets, inventories, trade and other receivables as well as cash and bank balances. Segment assets exclude income taxes.

Segment liabilities comprise lease liability 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 are 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	
	2022 KShs'000	2021 KShs'000	2022 KShs'000	2021 KShs'000
Tea	3,078,525	2,288,852	-	-
Coffee	2,659,138	2,112,652	2,579,921	2,032,186
Livestock & dairy produce	2,208	36,986	272	2,751
Retail- Blended tea and coffee	86,738	84,484	86,738	84,484
Milling and handling income	67,083	53,230	68,195	53,230
Marketing commission	44,413	39,596	44,413	39,596
Avocado	372,818	231,237	-	-
Macadamia	858,572	402,283	-	-
Trees and nursery sales	169,411	128,530	13,070	11,433
Miscellaneous income	<u>6,399</u>	<u>12,113</u>	<u>-</u>	<u>-</u>
	<u>7,345,305</u>	<u>5,389,963</u>	<u>2,792,609</u>	<u>2,223,680</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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 Company 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 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).
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 Company 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 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.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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) 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 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 and Company 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 5,883,104,000 (2021 – KShs 3,881,817,000) and KShs 2,297,812,000 (2021 – KShs 1,862,139,000 for direct sales to customers and KShs 1,462,201,000 (2021 – KShs 1,508,146,000) KShs 494,797,000 (2021 – KShs 361,541,000) as auction sales respectively. Three customers constitutes 10% of the revenue recognised during the year.

	Group		Company	
	2022	2021	2022	2021
9. COST OF SALES	KShs'000	KShs'000	KShs'000	KShs'000
General charges	389,450	292,173	127,078	95,043
Farm maintenance	368,705	424,512	112,820	98,465
Production expenses	512,310	462,555	57,754	47,754
Green leaf purchases	1,135,032	829,079	-	-
Coffee purchases and other charges	1,773,182	1,492,728	1,772,233	1,493,075
Livestock expenses	6,218	45,588	573	2,190
Retail trading expenses	62,865	59,998	62,865	59,998
Coffee mill expenses	38,645	39,779	38,645	39,779
Transport and insurance	58,711	52,792	-	-
Depreciation of property, plant and equipment	211,905	194,527	50,541	45,163
Biological harvest	438,340	277,647	264,822	166,207
Avocado purchases	184,350	125,884	-	-
Macadamia purchases	364,946	200,152	-	-
	<u>5,544,659</u>	<u>4,497,414</u>	<u>2,487,331</u>	<u>2,047,674</u>
10. OTHER INCOME				
Net gain on disposal of property, plant and equipment	3,845	498	2,548	291
Management fees	-	-	116,201	91,755
Rent income	1,102	1,079	8,500	7,673
Dividend income	-	-	351,000	-
Sundry income	<u>139,737</u>	<u>99,657</u>	<u>131,638</u>	<u>94,870</u>
	<u>144,684</u>	<u>101,234</u>	<u>609,887</u>	<u>194,589</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	Group		Company	
	2022	2021	2022	2021
(a) Administration and establishment expenses	KShs'000	KShs'000	KShs'000	KShs'000
Staff costs (Note 11(b))	381,985	268,619	170,474	120,888
Insurance and medical costs	34,586	28,379	10,024	7,035
Depreciation of property, plant and equipment	32,270	29,523	12,228	11,271
Depreciation of right of use assets	15,605	15,605	15,504	15,503
Amortisation of intangible assets	7,743	6,161	5,453	3,841
Auditors' remuneration	16,845	13,200	9,050	7,146
Directors' emoluments	71,994	39,621	71,994	39,621
Legal and professional fees	19,416	22,259	12,367	14,116
Secretarial costs	5,415	4,800	2,415	1,800
Travelling and accommodation	12,796	6,283	12,287	6,132
Office expenses	211,739	173,846	59,812	83,872
Other administration costs	92,864	84,305	68,888	68,584
Bank charges	17,519	8,835	3,909	2,875
Other expenses	<u>76,962</u>	<u>37,224</u>	<u>5,916</u>	<u>2,829</u>
	<u>997,739</u>	<u>738,660</u>	<u>460,321</u>	<u>385,513</u>
(b) Staff costs				
Salaries and wages	348,566	241,810	151,929	106,483
Pension costs	<u>33,419</u>	<u>26,809</u>	<u>18,545</u>	<u>14,405</u>
	<u>381,985</u>	<u>268,619</u>	<u>170,474</u>	<u>120,888</u>

12. SELLING AND DISTRIBUTION EXPENSES

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Warehousing and storage charges	<u>44,372</u>	<u>48,211</u>	-	-

13. NET FINANCE INCOME/(COST)

(a) Finance income

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Interest income	59,522	29,241	9,531	8,122
Realised foreign exchange gain	43,481	29,527	-	23,038
Unrealised foreign exchange	<u>31,570</u>	<u>4,756</u>	<u>11,464</u>	<u>1,599</u>
	<u>134,573</u>	<u>63,524</u>	<u>20,995</u>	<u>32,759</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

13. NET FINANCE INCOME/(COSTS) (Continued)

(b) Finance cost	Group		Company	
	2022 KShs'000	2021 KShs'000	2022 KShs'000	2021 KShs'000
Interest expense	(14,160)	(14,116)	(28,129)	(14,116)
Realised foreign exchange loss	(12,886)	(2,381)	(10,653)	(482)
Unrealised foreign exchange loss	(1,206)	—	—	—
	<u>(28,252)</u>	<u>(16,497)</u>	<u>(38,782)</u>	<u>(14,598)</u>
Net finance income (cost)	<u>106,321</u>	<u>47,027</u>	<u>(17,787)</u>	<u>18,161</u>

14. PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging/ (crediting):

Depreciation	244,175	224,050	62,769	56,434
Amortisation of intangible assets	7,743	6,161	5,453	3,841
Amortisation of right of use assets	15,605	15,605	15,504	15,503
Directors' emoluments:				
- Fees	10,444	8,258	10,444	8,258
- Other remuneration	61,550	31,362	61,550	31,362
Pension costs	33,419	26,809	18,545	14,405
Auditor's remuneration	16,845	13,200	9,050	7,146
Interest expense	14,160	14,116	28,129	14,116
Unrealised exchange losses	1,205	-	-	-
Realised foreign exchange losses	12,887	2,381	10,653	482
Interest income	(59,522)	(29,241)	(9,531)	(8,122)
Unrealised foreign exchange gain	(31,570)	(4,756)	(11,464)	(1,599)
Realised foreign exchange gain	(43,481)	(29,527)	-	(23,038)
Net gain on disposal of assets	<u>(3,845)</u>	<u>(498)</u>	<u>(2,548)</u>	<u>(291)</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

15. TAX EXPENSE

(a) Statement of comprehensive income	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Current tax expense/(credit)				
Income tax on the taxable profit for the year at 30% (2021 - 30%)	370,463	94,059	117,799	57,284
Deferred tax expense/(credit)				
Deferred tax (credit) /expense arising from operating activities	(22,132)	19,860	(4,393)	(4,356)
Deferred tax charge /(credit) on biological assets fair value	29,265	70,979	(7,019)	36,164
Effect of change in tax rate	-	12,361	-	(11,811)
Prior year under/(over) provision	<u>7,345</u>	<u>(2,362)</u>	<u>-</u>	<u>-</u>
Total deferred tax charge	<u>14,478</u>	<u>100,838</u>	<u>(11,412)</u>	<u>19,997</u>
Taxation expense for the year	<u>384,941</u>	<u>194,896</u>	<u>106,387</u>	<u>77,281</u>
Reconciliation of tax expense:				
Accounting profit before taxation	<u>1,552,953</u>	<u>768,096</u>	<u>678,482</u>	<u>281,911</u>
Tax applicable rate at 30% (2021-30%)	465,886	230,428	203,545	86,973
Tax effects of items not allowed for tax or tax exempt	(88,769)	(28,257)	(97,158)	2,119
Derecognised deferred tax	-	7,582	-	-
Movement in unrecognized deferred	(1,863)	(24,856)	-	-
Effect of change in tax rate	-	12,361	-	(11,811)
Prior year under/(over) provision of deferred tax	<u>7,345</u>	<u>(2,362)</u>	<u>-</u>	<u>-</u>
	<u>384,941</u>	<u>194,897</u>	<u>106,387</u>	<u>77,281</u>
(b) Statement of financial position				
	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	(11,540)	(93,913)	16,467	(36,332)
Charge for the year	370,463	94,059	117,799	57,284
Paid during the year	<u>(128,189)</u>	<u>(11,686)</u>	<u>(84,978)</u>	<u>(4,485)</u>
Balance carried forward	<u>(230,734)</u>	<u>(11,540)</u>	<u>49,288</u>	<u>16,467</u>
Presented as:				
Tax recoverable	(7,411)	(11,540)	-	-
Tax payable	<u>238,145</u>	<u>-</u>	<u>49,288</u>	<u>16,467</u>
	<u>230,734</u>	<u>(11,540)</u>	<u>49,288</u>	<u>16,467</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

16. EARNINGS PER SHARE

Earnings per share on normal operations is calculated by dividing profit or loss for the year of KShs 1,166,383,000 (2021 – KShs 567,844,000) attributable to ordinary equity holders of the parent by parent the KShs 228,055,500 (2021 – 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 72,977,760 (2021– KShs 129,991,635) attributable to ordinary equity holders of the parent the KShs 228,055,500 (2021 – KShs 228,055,500) ordinary shares outstanding during the year. Basic and diluted earnings per share are the same.

	Company	
	2022	2021
	KShs	KShs
Earnings per share on normal operations	4.80	1.92
Earnings per share on biological assets	<u>0.32</u>	<u>0.57</u>
Net earnings per share (KShs)	<u>5.12</u>	<u>2.49</u>

17. DIVIDEND PER SHARE

An interim dividend of 100% (KShs 1.00 per share) (2021 – KShs 0.50) was declared and paid on 14 July 2022. The Directors do not propose the payment of a final dividend (2021 – KShs 0.50). 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	
	2022	2021	2022	2021
	KShs	KShs	KShs	KShs
Dividends per share distributed to Shareholders (KShs)	<u>1.50</u>	<u>0.50</u>	<u>1.50</u>	<u>0.50</u>
Dividends per share declared (KShs)	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

18. PROPERTY, PLANT AND EQUIPMENT

(a) Group

2022	Freehold land	Bearer plants	Buildings and improvements	Plant and machinery	Rolling stock and implements	Furniture, fittings and	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	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 – Note18	-	-	3,896	4,807	-	-	8,703
Disposals	-	-	(36,391)	(11)	(16,530)	(299)	(53,231)
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	-	-	(7,946)	(2)	(10,264)	(268)	(18,480)
	-	<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 (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (continued)

2021	Freehold land	Bearer plants	Buildings and improvements	Plant and machinery	Rolling stock and implements	Furniture, fittings and equipment	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Cost or valuation							
At 1 October 2020	8,825,000	756,726	1,193,080	1,112,695	258,806	83,342	12,229,649
Adjustment	-	-	(19)	(4,693)	(470)	(791)	(5,973)
Additions	-	-	-	4,436	26,531	15,174	46,141
Transfer from WIP – Note 18(c)	-	-	4,016	53,520	-	3,760	61,296
Disposal	-	-	-	-	(3,395)	(61)	(3,456)
At 30 September 2021	<u>8,825,000</u>	<u>756,726</u>	<u>1,197,077</u>	<u>1,165,958</u>	<u>281,472</u>	<u>101,4234</u>	<u>12,327,657</u>
Depreciation							
At 1 October 2020	-	593,014	69,789	102,506	57,854	19,888	843,051
Adjustment	-	746	(1,250)	(4,656)	(1,306)	334	(6,132)
Charge for the year	-	6,746	61,179	89,180	48,378	18,567	224,050
Disposal	-	-	-	-	(1,919)	(30)	(1,950)
At 30 September 2021	<u>-</u>	<u>600,506</u>	<u>129,718</u>	<u>187,030</u>	<u>103,007</u>	<u>38,758</u>	<u>1,059,019</u>
Carrying amount as at 30 September 2021	<u>8,825,000</u>	<u>156,220</u>	<u>1,067,359</u>	<u>978,928</u>	<u>178,465</u>	<u>62,666</u>	<u>11,268,638</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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.

The Group's plant, equipment, machinery, furniture and fittings were revalued on 30 September 2019 by Knight Frank Valuers Limited, registered valuers, on replacement cost basis. While the rolling stocks were revalued by the Automobile Association of Kenya.

There were no idle assets at 30 September 2022 and 2021. There was no property given as security as at 30 September 2022 and 2021.

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.

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
2021						
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	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

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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	-	-	-	-	(12,590)	(299)	(12,889)
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	-	-	-	-	(7,786)	(268)	(8,054)
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 2022 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

2021	Land and development 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 equipment KShs '000	Total KShs '000
Cost or valuation							
At 1 October 2020	6,819,000	121,511	334,444	204,424	64,931	29,814	7,574,124
Transfers from work in progress - Note 18(c)	-	-	1,446	-	-	2,440	3,886
Adjustments	-	-	-	(31)	-	31	-
Additions	-	-	-	140	6,840	3,857	10,837
Disposal	-	-	-	-	(2,820)	(61)	(2,881)
At 30 September 2021	<u>6,819,000</u>	<u>121,511</u>	<u>335,890</u>	<u>204,533</u>	<u>68,951</u>	<u>36,081</u>	<u>7,585,966</u>
Depreciation							
At 1 October 2020	-	110,897	24,201	18,237	17,551	8,050	178,936
Depreciation	-	510	21,168	13,147	13,839	7,770	56,434
Disposal	-	-	-	-	(1,311)	(31)	(1,342)
At 30 September 2021	<u>-</u>	<u>111,407</u>	<u>45,369</u>	<u>31,384</u>	<u>30,079</u>	<u>15,789</u>	<u>234,028</u>
Carrying amount at 30 September 2021	<u>6,819,000</u>	<u>10,104</u>	<u>290,521</u>	<u>173,149</u>	<u>38,872</u>	<u>20,292</u>	<u>7,351,938</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

The Company'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.

The Company's plant, equipment, machinery, furniture and fittings were revalued on 30 September 2019 by Knight Frank Valuers Limited, registered valuers, on the replacement cost basis.

There were no idle or fully depreciated assets at 30 September 2022 and 2021. In addition, there was no property given as security as at 30 September 2022 and 2021.

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.

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	42,474	733,094	863,307	324,228	225,073	2,188,176
Accumulated depreciation	-	(98,490)	(212,459)	(163,092)	(62,655)	(536,696)
Net book value	42,474	634,604	650,848	161,136	162,418	1,651,480
2021						
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	223,429	138,113	96,467	79,732	577,323
Accumulated depreciation	-	(29,863)	(29,769)	(63,889)	(28,668)	(152,189)
Net book value	39,582	193,566	108,344	32,578	51,064	425,134

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Capital work in progress	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	152,704	127,243	45,236	42,602
Additions	59,593	86,757	7,471	6,520
Transfer to property, plant and equipment – Note 18(a) and (b)	(8,703)	(61,296)	(2,014)	(3,886)
Balance carried forward	<u>203,594</u>	<u>152,704</u>	<u>50,693</u>	<u>45,236</u>

Capital work-in-progress relates to buildings and leasehold improvements under construction and bearer plants that have not gone through full biological transformation.

19. INTANGIBLE ASSETS

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
At 1 October 2021/2020	109,744	100,682	54,048	44,986
Additions	424	9,062	333	9,062
At 30 September	<u>110,168</u>	<u>109,744</u>	<u>54,381</u>	<u>54,048</u>
Amortisation				
At 1 October 2021/2020	87,899	81,738	39,229	35,388
Charge for the year	7,743	6,161	5,453	3,841
	<u>95,642</u>	<u>87,899</u>	<u>44,682</u>	<u>39,229</u>
Carrying value				
At 30 September	<u>14,526</u>	<u>21,845</u>	<u>9,699</u>	<u>14,819</u>

Intangible assets relate to software costs.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

20. BIOLOGICAL ASSETS

(a) Group

	Current			Non-current			Total KShs'000
	Coffee produce KShs'000	Tea produce KShs'000	Sub total KShs'000	Forestry KShs '000	Livestock KShs'000	Sub total KShs'000	
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>
2021:							
Carrying value at 1 October 2020	186,538	10,281	196,819	998,671	14,209	1,012,880	1,209,699
Gain/(loss) due to biological transformation at fair value	295,329	14,431	309,760	209,698	(5,301)	204,397	514,157
Decreases due to harvest at fair value	(186,538)	(10,281)	(196,819)	(80,828)	-	(80,828)	(277,647)
	108,791	4,150	112,941	128,870	(5,301)	123,569	236,510
Carrying value as at 30 September 2021	<u>295,329</u>	<u>14,431</u>	<u>309,760</u>	<u>1,127,541</u>	<u>8,908</u>	<u>1,136,449</u>	<u>1,446,209</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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 2022, the Group also had 220 (2021 – 219) sheep.

The Group has 708 (2021 – 708) hectares of mature coffee bushes. The Group harvested 843,365 (2021 – 713,925) Kgs of coffee.

The Group has 1,020,895 (2021 – 986,623) number of standing timber. The Group harvested 60,115 (2021 – 50,180) number of standing timber.

The Group has 1,463 (2021 – 1,463) hectares of mature tea bushes and Nil (2021 – Nil) hectares of immature tea bushes. The Group harvested 21,609,959 (2021 – 25,872,912) Kgs of green tea leaves.

(b) Company	Current		Non-current			Total KShs '000
	Coffee produce KShs '000	Sub total KShs '000	Forestry KShs '000	Livestock KShs '000	Sub 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)
	97,411	97,411	74,493	(479)	74,014	(23,397)
Carrying value as at 30 September 2022	167,411	167,411	225,085	516	225,601	393,012

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

20. BIOLOGICAL ASSETS (continued)

(b) Company (continued)

	Current		Non-current			Total KShs '000
	Coffee produce KShs '000	Sub total KShs '000	Forestry KShs '000	Livestock KShs '000	Sub total KShs '000	
2021:						
Carrying value as at 1 October 2020	166,207	166,207	127,728	2,013	129,741	295,948
Gains/(losses) due to biological transformation at fair value	264,822	264,822	22,863	(1,018)	21,845	286,667
Decrease due to Harvest /Sale of Livestock	(166,207)	(166,207)	-	-	-	(166,207)
	98,615	98,615	22,863	(1,018)	21,845	120,460
Carrying value as at 30 September 2021	264,822	264,822	150,591	995	151,586	416,408

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 2022 (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 2022. Green leaf volumes were determined by assuming a 7 - day plucking cycle for harvested leaf using budgeted production as at 30 September 2022 data. This was then valued using the 2022 similar competitors' out-grower average price.	<ul style="list-style-type: none"> – Estimated green leaf price per kilogram of KShs 26.75 (2021: KShs 26.00); – Expected yields of the tea bearer plants will reasonably compare to the budgeted amounts of 200,924 Kilograms per harvest cycle; – Climatic conditions will remain the same. 	The estimated fair value would increase (decrease) if: <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 2022. 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\$ 4.96 (2021: US\$ 6.22); – Expected yields of the coffee bearer plants will reasonably compare to the budgeted amounts; – The exchange rate will be KShs 121.92 to the US\$; – Climatic conditions will remain the same. 	The estimated fair value would increase (decrease) if: <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 2022 (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) Livestock comprises cattle and sheep	Market comparison technique: 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 1,000 to KShs 7,000 (2021: KShs 1,000 to KShs 4,000); and – Discount rate of 12.73% to 13.44%. (2021 - 8.3% to 12.73%). – Risk adjusted cashflows to reflect the expected inflation on price and attrition due to climatic changes. 	The estimated fair value would increase (decrease) if: <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 (2020 – 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 agronomist report on the mitigation measures against adverse weather conditions which are;

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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. This guarantees the best market pricing of the coffee beans 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.
- (iv) Governance; management through an independent board who have wealth of experience in coffee sub-sector. 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	
	2022	2021	2022	2021
	KShs '000	KShs '000	KShs '000	KShs '000
At October 2021/2020	56,919	56,919	46,511	46,511
Addition	59,029	-	59,029	-
Opening depreciation charge	(31,210)	(15,605)	(31,007)	(15,504)
Depreciation charge for the year	(15,605)	(15,605)	(15,504)	(15,503)
At 30 September	<u>69,133</u>	<u>25,709</u>	<u>59,029</u>	<u>15,504</u>

As at 30 September 2022, the future minimum lease payments under non-cancellable operating leases for Group and Company were payable as follows:

Maturity analysis – Contractual undiscounted cash flows	2022	2021
	KShs '000	KShs '000
Tenancy		
Less than one year	11,775	18,442
Between one and five years	<u>72,017</u>	-
Total undiscounted lease liability at 31 September	<u>83,792</u>	<u>18,442</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

21. Leases (Continued)

The Group and Company as a lessee - continued

(b) Lease liability

	2022 KShs '000	2021 KShs '000
At October 2021/2020	17,697	33,651
Recognition on initial application	59,029	-
Interest expense	744	2,878
Payment in the year	<u>(18,441)</u>	<u>(18,832)</u>
At 30 September	<u>59,029</u>	<u>17,697</u>
Amounts due for settlement within one year	10,160	17,697
Amounts due for settlement after one year	<u>48,869</u>	-
At 30 September	<u>59,029</u>	<u>17,697</u>

The Weighted average incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial application is 12.41% (new lease), 12.43% (previous lease).

(c) Amount recognised in profit or loss

	2022 KShs '000	2021 KShs '000
Finance cost on lease liability	<u>744</u>	<u>2,878</u>

(d) Amount recognised in the statement of cash flows

Total cash outflow for leases	<u>18,441</u>	<u>18,832</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 (2021 – 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) Finance lease

The Group and Company has no leases classified under finance leases.

(ii) Operating lease

The Group and Company have leased out various properties to related entities. The Group and Company have classified this lease 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 2022 was KShs 1,102,000 and 8,500,000 respectively (2021 – KShs 1,079,000 and 7,673,000).

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

22. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	KShs'000	KShs'000
As at 1 October 2021 and 2020	817,727	589,897
(Decrease) /increase in shares	(180,000)	<u>227,830</u>
As at 30 September	<u>637,727</u>	<u>817,727</u>

The details of subsidiary companies which are all incorporated in Kenya are as follows:

Name of subsidiary	← 2022 →		← 2021 →	
	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	-
Kipkebe Estates 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	414,000
Sasini EPZ Park Limited	100	<u>230,000</u>	100	<u>230,000</u>
		<u>637,727</u>		<u>817,727</u>

Sasini Fruits and Nuts EPZ Limited redeemed its preference shares issued to Sasini Plc during the year amounting Kshs180 million.

Consolidated financial statements have been prepared incorporating the financial statements of the Company and its subsidiaries made up to 30 September 2022 and 2021.

23. INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Made tea	23,502	135,776	-	-
Tea and tree nurseries	2,938	6,758	-	-
Coffee	288,438	62,638	287,846	61,097
Consumables	240,893	155,943	43,743	30,555
Macadamia nuts	<u>183,280</u>	<u>123,786</u>	-	-
	<u>739,051</u>	<u>484,901</u>	<u>331,589</u>	<u>91,652</u>

The amount of inventories recognised as an expense is KShs 729,978,675 Group and KShs141,472,713 Company (2021 – KShs 648,561,593 – Group and KShs 149,337,415 – Company) which was recognised in cost of sales.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'00	KShs'000
Trade receivables	493,421	460,170	123,020	194,970
Allowances for impairment	(56,461)	(65,616)	(43,750)	(43,451)
Net trade receivables	436,960	394,554	79,270	151,519
Prepaid expenses	159,458	147,640	30,730	41,481
Other receivables	87,314	126,926	16,458	10,272
Value Added Tax (VAT)	<u>128,694</u>	<u>240,097</u>	<u>75,560</u>	<u>105,640</u>
	812,426	909,217	202,018	308,912
Allowances for impairment:				
At 1 October 2021/2020	65,616	86,828	43,451	40,781
Impairment (reversal)/loss for the year	(9,155)	(21,212)	299	2,670
At 30 September	<u>56,461</u>	<u>65,616</u>	<u>43,750</u>	<u>43,451</u>
Age analysis of trade receivables:	Loss rate			
Current -not past due	0%	230,357	192,502	37,211
Past due 1 – 30 days	0%	98,725	82,501	15,947
Past due 31 - 60 days	0%	59,876	104,663	26,112
Past due 61-90 days	0%	48,002	14,888	-
More than 90 days past due	100%	<u>56,461</u>	<u>65,616</u>	<u>43,750</u>
		493,421	460,170	123,020
		460,170	123,020	194,970

25. SUBSIDIARY BALANCES

(a) Amount due from related companies

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Subsidiaries:				
Aristocrats Tea & Coffee Exporters Limited	-	-	40,571	37,126
Mweiga Estates Limited	-	-	54,990	-
Sasini Fruits and Nuts EPZ Kenya Ltd	-	-	52,569	-
Sasini EPZ Park Limited	-	-	9,808	1,848
Sasini Avocado Limited	-	-	107	-
Sasini Avocado EPZ Limited	-	-	80,466	83,648
Provision for related party receivables	-	-	(4,593)	(4,593)
	<u>-</u>	<u>-</u>	233,918	118,029
		2022		2021
Aged analysis:	Loss rate	KShs'000	Loss rate	KShs'000
Current -not over due	1.93%	23,921	3.8%	832
1 - 60 days	1.93%	71,640	3.8%	5,609
60 - 120 days	1.93%	<u>142,950</u>	3.8%	<u>116,171</u>
		238,511		122,612
Allowance for impairment		(4,593)		(4,593)
Net intercompany receivables		233,918		118,029

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

25. RELATED COMPANIES BALANCES (Continued)

(b) Amounts due to related companies:

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Sasini Fruits and Nuts EPZ Kenya Ltd	-	-	-	17,717
Sasini Avocado Limited	-	-	-	11,092
Mweiga Estates Limited	-	-	-	12,036
Kipkebe Limited	<u>-</u>	<u>-</u>	<u>60,334</u>	<u>70,431</u>
	<u>-</u>	<u>-</u>	<u>60,334</u>	<u>111,276</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	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Current investments				
Short deposits	<u>467,146</u>	<u>-</u>	<u>165,269</u>	<u>-</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.

(b) Cash and bank balances

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Cash on hand	1,624	1,472	501	489
Bank balances	691,383	366,876	348,371	145,864
Demand deposits	<u>395,399</u>	<u>453,625</u>	<u>19,603</u>	<u>100,971</u>
	<u>1,088,406</u>	<u>821,973</u>	<u>368,475</u>	<u>247,324</u>

Demand deposits relate to deposits with banks with original maturities within (3) months from the date of acquisition.

27. OTHER INVESTMENTS

	Group		Company	
	2022	2021	2022	2021
Non-current investments				
Government infrastructure bonds	<u>277,691</u>	<u>-</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.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

27. OTHER INVESTMENTS (Continued)

The movement for the investment was as follows:

	Group	
	2022	2021
	KShs'000	KShs'000
As at 1 October 2021 and 2020	-	-
Purchase of Government bonds	288,523	
Fair value loss through OCI	(10,832)	-
As at 30 September	<u>277,691</u>	<u>-</u>

28. SHARE CAPITAL

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Authorised:				
At 1 October 2021/2020 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 2021/2020 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.

29. RESERVES

(a) Non-distributable reserves

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Revaluation reserve	9,712,585	9,741,029	7,046,471	7,046,471
Capital reserve	98,530	98,530	40,594	40,594
Defined benefit reserve	130,530	139,427	10,852	9,826
Bonds fair value reserve	(10,832)	-	-	-
Biological assets fair value reserve	<u>361,205</u>	<u>289,179</u>	<u>200,359</u>	<u>216,737</u>
	<u>10,292,018</u>	<u>10,268,165</u>	<u>7,298,276</u>	<u>7,313,628</u>

The creation of these reserves were made by the shareholder of the Group and Company.

(b) Distributable reserves

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Retained earnings	3,421,197	2,526,452	1,383,884	1,023,467
Proposed dividends	<u>-</u>	<u>114,028</u>	<u>-</u>	<u>114,028</u>
	<u>3,421,197</u>	<u>2,640,480</u>	<u>1,383,884</u>	<u>1,137,495</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

29. RESERVES (Continued)

(b) Distributable reserves (continued)

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
(c) Non-controlling interest	<u>300,018</u>	<u>307,291</u>	<u>-</u>	<u>-</u>

The following table summarises the information relating to each of the Group's subsidiaries that has a material Non-Controlling interest before inter – group eliminations;

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

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 2022 (CONTINUED)

29. RESERVES (Continued)

(c) Non-controlling interest (continued)

30 September 2021	
In KShs'000 NCI percentage	Mweiga Estate Limited 15%
Non-current assets	2,044,000
Current assets	150,331
Non-current liabilities	(146,685)
Current liabilities	958
Net assets underlying NCI	2,048,604
Underlying NCI	307,291
Revenue	115,768
Profit	35,704
OCI	(14,688)
Total comprehensive income	21,015
Profit allocated to NCI	5,356
OCI allocated to NCI	(2,203)
Cash flows from operating activities	21,919
Cash flows from investing activities	-
Cash flows from financing activities	-
Net increase in cash and cash equivalents	21,919

Revaluation reserve

The revaluation reserve for the year ended 30 September 2021 and 2022 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 of 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 of 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 2022 (CONTINUED)

30. DEFERRED TAX (ASSET)/LIABILITY

Recognised deferred tax (assets)/liabilities:

Deferred tax liabilities and assets during the year arose from the following:

Group

2022	Balance at 1 October KShs '000	Prior year under/(over) through P&L KShs '000	Current year movement		Balance at 30 September KShs '000
			through P&L KShs '000	through OCI KShs '000	
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

2021	Balance at 1 October KShs '000	Prior year under/(over) through P&L KShs '000	Impact of change in tax rate		Current year movement		Balance at t 30 September KShs '000
			through P&L KShs '000	through OCI KShs '000	through P&L KShs '000	through OCI KShs '000	
Property, plant and equipment	829,020	(5,558)	(13,635)	95,074	(60,562)	-	844,339
Other temporary differences	(97,433)	3,201	(19,779)	(5,950)	(11,709)	8,948	(122,722)
Biological assets	302,425	(1)	60,485	-	70,979	-	433,888
Tax losses	(77,417)	(4)	(14,710)	-	92,131	-	-
	956,595	(2,362)	12,361	89,124	90,839	8,948	1,155,505

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

30. DEFERRED TAX (ASSET)/LIABILITY (Continued)

Company

	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 differences	(32,824)	3,363	439	(29,022)
Biological assets	124,948	(7,019)	-	117,929
	468,193	(11,412)	439	457,220

2021	Balance at 1 October KShs '000	Impact of change in rate		Current year movement		Balance at 30 September KShs '000
		through P&L KShs '000	through OCI KShs '000	through P&L KShs '000	through OCI KShs '000	
Property, plant and equipment	375,346	(17,442)	31,801	(13,636)	-	376,069
Other temporary differences	(17,249)	(5,878)	228	(10,455)	530	(32,824)
Biological assets	73,987	14,797	-	36,164	-	124,948
Tax losses	(16,446)	(3,289)	-	19,735	-	-
	415,638	(11,812)	32,029	31,808	530	468,193

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

30. DEFERRED TAX (ASSET)/LIABILITY (Continued)

Presented in the statement of financial position as below:

	Group		Company	
	2022 KShs'000	2021 KShs'000	2022 KShs'000	2021 KShs'000
Entities with net deferred tax asset	-	(3)	-	-
Entities with net deferred tax liability	<u>1,166,212</u>	<u>1,155,508</u>	<u>457,220</u>	<u>468,193</u>
	<u>1,166,212</u>	<u>1,155,505</u>	<u>457,220</u>	<u>468,193</u>

Unrecognised deferred tax asset arising from tax losses:

Deferred tax assets of KShs 83,319,743 (2021 - KShs 83,251,429) have not been recognised in respect of tax losses relating to subsidiaries Mweiga Estates Limited – KShs 243,663,441 (2021-243,663,441), and Sasini Avocado Limited – KShs 34,069,037 (2021 – 33,841,323) 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	
	2022 KShs'000	2021 KShs'000	2022 KShs'000	2021 KShs'000
Balance brought forward	154,086	209,169	21,384	21,034
Paid during the year	(47,150)	(51,945)	(1,005)	(1,734)
Charge for the year	21,517	26,688	4,094	3,850
Remeasurements	<u>12,570</u>	<u>(29,826)</u>	<u>(1,465)</u>	<u>(1,766)</u>
Balance carried forward	<u>141,023</u>	<u>154,086</u>	<u>23,008</u>	<u>21,384</u>
Non-current portion	130,410	145,555	21,306	20,019
Current portion	<u>10,613</u>	<u>8,531</u>	<u>1,702</u>	<u>1,365</u>
	<u>141,023</u>	<u>154,086</u>	<u>23,008</u>	<u>21,384</u>
Charged to profit or loss				
Current service costs	6,183	6,428	1,442	1,448
Interest costs	<u>15,334</u>	<u>20,259</u>	<u>2,652</u>	<u>2,402</u>
	<u>21,517</u>	<u>26,687</u>	<u>4,094</u>	<u>3,850</u>
Credited to other comprehensive income (OCI)				
Actuarial loss/(gain) on obligation	12,570	(29,826)	(1,465)	(1,766)
Related tax	<u>(3,771)</u>	<u>8,948</u>	<u>439</u>	<u>530</u>
Net amount charged/(credited) to OCI	<u>8,799</u>	<u>(20,878)</u>	<u>(1,026)</u>	<u>(1,236)</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.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

31. POST EMPLOYMENT BENEFITS (Continued)

An actuarial valuation was carried out by The Actuarial Services Company Limited, registered actuaries, as at 30 September 2021 and 2022.

The principal assumptions used were as follows:

	2022	2021
Discount rate	13.00%	11.25%
Future salary increases	8.00%	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 2022 (KShs '000)	<u>133,709</u>	<u>149,041</u>	<u>21,323</u>	<u>24,913</u>
Liability at 30 September 2021 (KShs '000)	<u>145,540</u>	<u>163,487</u>	<u>19,608</u>	<u>23,412</u>
A 1% increase in salaries:				
Liability at 30 September 2022 (KShs '000)	<u>148,575</u>	<u>134,024</u>	<u>24,349</u>	<u>21,790</u>
Liability at 30 September 2021 (KShs '000)	<u>162,901</u>	<u>145,903</u>	<u>22,850</u>	<u>20,061</u>

Maturity profile

Time to maturity of membership	Group		Company	
	2022	2021	2022	2021
	KShs '000	KShs '000	KShs '000	KShs '000
< 1 year	10,613	8,531	1,702	1,365
1 – 5 years	40,976	41,733	3,201	1,948
> 5 Years	89,434	103,822	18,105	18,071
Totals	141,023	154,086	23,008	21,384

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'0	KShs'000	KShs'0
Trade payables	16,649	30,814	13,401	39,511
Other payables	<u>493,371</u>	<u>340,643</u>	<u>209,376</u>	<u>73,844</u>
	<u>510,020</u>	<u>371,457</u>	<u>222,777</u>	<u>113,355</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

33. CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Company			
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Profit before tax	1,552,953	768,096	678,482	289,911
Adjustments for:				
Depreciation and amortization	267,523	245,816	83,726	75,777
PPE adjustments (Note 18)	-	(158)	-	-
Interest income	(59,522)	(29,241)	(9,531)	(8,122)
Interest on lease liability (Note 21(b))	744	2,878	744	2,878
Interest cost	13,416	14,116	27,385	14,116
Effects of exchange differences on cash	(44,682)	(15,400)	(4,548)	(7,108)
Gratuity provision (Note 31)	21,517	26,688	4,094	3,850
Revaluation loss on demolition	28,444	-	-	-
Gain on disposal of property and equipment (Note 10)	(3,845)	(498)	(2,548)	(291)
Biological asset transformation (Note 20)	(543,413)	(514,157)	(241,425)	(286,668)
Biological assets harvest (Note 20)	<u>445,699</u>	<u>277,647</u>	<u>264,822</u>	<u>166,207</u>
Operating profit before working capital changes	<u>1,678,834</u>	<u>775,787</u>	<u>801,201</u>	<u>250,550</u>
Working capital changes:				
Inventories	(254,150)	82,762	(239,937)	(10,455)
Trade and other receivables	96,791	(378,107)	106,894	(120,491)
Related party balances	-	-	(166,831)	(5,482)
Trade and other payables	<u>138,563</u>	<u>53,764</u>	<u>109,422</u>	<u>(21,847)</u>
Cash flows generated from operating activities	<u>1,660,038</u>	<u>534,206</u>	<u>610,749</u>	<u>92,275</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	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Ryce East Africa Limited	8,058	7,626	8,058	411
Yansam East Africa Limited	-	884	-	-
Ryce Engineering Limited	142	-	-	-
Sameer Management Limited	3,270	3,368	-	-
Sameer Africa PLC	1,460	-	-	-
Yana Tyre Centre	151	212	128	-
Yana Oil	<u>1,177</u>	<u>-</u>	<u>916</u>	<u>212</u>
	<u>14,258</u>	<u>12,090</u>	<u>9,102</u>	<u>623</u>

The above purchases relate to entities under common control.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

34. RELATED PARTY TRANSACTIONS (Continued)

(b) Management fees charged to subsidiaries

	Company	
	2022	2021
	KShs'000	KShs'000
Kipkebe Limited	97,135	72,464
Mweiga Estates Limited	2,790	3,475
Sasini EPZ Park Limited	1,480	1,438
Sasini Fruits and Nuts EPZ Limited	7,398	7,189
Sasini Avocado EPZ Limited	<u>7,398</u>	<u>7,189</u>
	<u>116,201</u>	<u>91,755</u>

(c) Key management compensation (excluding directors' emoluments)

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Short term employee benefits	105,354	61,436	62,182	34,233
Post-employment benefits	<u>7,500</u>	<u>5,993</u>	<u>4,514</u>	<u>3,558</u>
	<u>112,854</u>	<u>67,429</u>	<u>66,696</u>	<u>37,781</u>

(d) Directors' emoluments

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Fees and sitting allowances	10,444	8,258	10,444	8,258
Other remuneration	<u>61,550</u>	<u>31,362</u>	<u>61,550</u>	<u>31,362</u>
	<u>71,994</u>	<u>39,620</u>	<u>71,994</u>	<u>39,620</u>

Other details in relation to related party balances are disclosed in Note 25.

35. CAPITAL COMMITMENTS

	Group		Company	
	2022	2021	2022	2021
	KShs'000	KShs'000	KShs'000	KShs'000
Authorised and contracted for	<u>2,219</u>	<u>13,671</u>	<u>-</u>	<u>459</u>

36. CONTINGENT LIABILITIES

There are certain pending legal claims brought against the Group and Company at 30 September 2022 and 2021. In the opinion of the Directors and after taking appropriate legal advice the outcome of the legal claims will not give rise to any significant loss beyond the amounts provided for in these financial statements.

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 229,791,102 as at 30 September 2022.

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

37. BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	KShs '000	KShs '000	KShs '000	KShs '000
Balance as at 1 October 2021/2020		-		-
Amount borrowed during year	852,548	969,889	852,548	969,889
Repayment of loan in the year	(879,402)	(966,829)	(879,402)	(966,829)
Exchange (gain)/ loss	<u>26,854</u>	<u>(3,060)</u>	<u>26,854</u>	<u>(3,060)</u>
Balance at 30 September	<u> -</u>	<u> -</u>	<u> -</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. The facility was fully paid as at 30 September 2022.

38. COMPARATIVES

The following changes in comparative figures and presentation have been made:

- the presentation of the consolidated and separate statement on cashflows has been changed to present the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency in the statement of cash flows so as to reconcile cash and cash equivalents at the beginning and the end of the period in accordance with IAS 7.28.

The effect of exchange rate changes on cash and cash equivalents has been presented as follows:

	Group	Company
	2021	2021
	KShs'000	KShs'000
Net increase/(decrease) in cash and cash equivalent as previously reported	228,284	(70,279)
Effects of movement on exchange rates on cash held	<u>(15,400)</u>	<u>(7,108)</u>
Net increase/(decrease) in cash and cash equivalent as	<u>212,884</u>	<u>(77,387)</u>

- the presentation of the consolidated and separate statement of profit or loss and other comprehensive income has been changed to present cost of sale arising from biological transformation due to harvest of the coffee berries, tea leaves. separately from fair value changes on biological assets on Note 20 in accordance with IAS 41.52 as opposed to them being presented together. Further the depreciation arising from production previously reported under administration expenses has been reclassified to cost of sales.

	Group	Company
	2021	2021
	KShs'000	KShs'000
Cost of sales as previously reported	4,106,068	1,836,304
Change in fair value of biological assets due to harvest	196,819	166,207
Depreciation of property, plant and equipment	<u>194,527</u>	<u>45,163</u>
Cost of sales as restated	<u>4,497,414</u>	<u>2,047,674</u>

SASINI PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

38. COMPARATIVES (Continued)

	Group 2021 KShs'000	Company 2021 KShs'000
Fair value changes on biological assets as previously reported	317,338	120,461
Change in fair value of biological assets due to harvest	<u>196,819</u>	<u>166,207</u>
Fair value changes on biological assets as restated	<u>514,157</u>	<u>286,668</u>
Administration expenses as previously reported	933,187	430,676
Depreciation of property, plant and equipment	<u>(194,527)</u>	<u>(45,163)</u>
Administration expenses as restated	<u>738,660</u>	<u>385,513</u>

— the presentation of the consolidated and separate statement of profit or loss and other comprehensive income has been changed to present revenue arising from sale of trees and nurseries through a reclassification from other income.

	Group 2021 KShs'000	Company 2021 KShs'000
Revenue as previously reported	5,261,433	2,212,247
Trees and nursery sales reclassified from other income	<u>128,530</u>	<u>11,433</u>
Revenue as restated	<u>5,389,963</u>	<u>2,223,680</u>
Other income as previously reported	229,764	206,022
Trees and nursery sales reclassified to revenue	<u>(128,530)</u>	<u>(11,433)</u>
Other income as restated	<u>101,234</u>	<u>194,589</u>

The changes above have been effected to enhance presentation.

39. 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	2022	2021	2020	2019	2018
TEA					
Area – Hectares	1,463	1,463	1,463	1,463	1,463
Production – Tonnes	13,263	12,906	12,445	9,318	10,804
Sales – Tonnes	14,047	12,875	12,803	9,200	10,603
Sales proceeds - KShs/Kg	220	179	175	165	207
COFFEE					
Area – Hectares	708	708	775	775	775
Production – Tonnes	814	714	514	986	891
Sales – Tonnes	824	747	691	797	873
Sales proceeds - KShs'000/tonne	728	664	468	313	436
COFFEE MILLING AND					
Parchment received – Tonnes	6,646	5,471	5,379	7,212	8,919
Clean coffee milled – Tonnes	4,885	4,004	3,838	5,136	6,324
Parchment received – Tonnes	4,958	4,241	3,919	5,179	7,048
COFFEE TRADING					
Coffee Purchased – Tonnes	2,819	2,511	1,550	1,312	990
Coffee trading sales – Tonnes	2,562	2,443	1,684	1,188	979
Coffee trading sales – Containers	121	118	88	62	51
Coffee trading sales proceeds -	2,081,312	1,641,050	952,805	602,300	544,861
MACADAMIA					
Sales – Containers	27	16	8	6	-
Sales proceeds - KShs/Kg	1,720	1,429	1,771	1,787	-
AVOCADO					
Sales – Containers	106	64	67	30	39
Sales – proceeds - KShs/Carton	636	671	514	642	519

SASINI PLC

FIVE YEAR COMPARATIVE STATEMENTS (CONTINUED)

	2022	2021	2020	2019	2018
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
RESULTS					
Turnover	<u>7,345,305</u>	<u>5,389,963</u>	<u>4,145,408</u>	<u>2,794,830</u>	<u>3,515,220</u>
Gains/(losses) of biological assets arising from changes in fair value less costs to sell	<u>543,413</u>	<u>541,148</u>	(<u>47,375</u>)	(<u>5,843</u>)	<u>55,559</u>
Profit/(loss) before taxation and non-controlling interest	1,552,953	768,096	41,492	(361,299)	448,806
Taxation (charge)/credit	(<u>348,941</u>)	(<u>194,896</u>)	(<u>28,887</u>)	<u>23,562</u>	(<u>155,283</u>)
Profit/(loss) after taxation before non- controlling interests	<u>1,168,012</u>	<u>573,200</u>	<u>12,605</u>	(<u>337,737</u>)	<u>293,523</u>
Made up as shown below:					
Profit/(loss) arising from operating activities	1,094,357	438,066	74,258	(314,197)	256,606
(Loss)profit arising from changes in fair value of biological assets less costs to sell after tax	72,026	129,778	(57,989)	(3,232)	38,891
Non-controlling interest	<u>1,629</u>	<u>5,356</u>	(<u>3,664</u>)	(<u>20,308</u>)	(<u>1,974</u>)
	<u>1,168,012</u>	<u>573,200</u>	<u>12,605</u>	(<u>337,737</u>)	<u>293,523</u>
Dividends	<u>(228,056)</u>	<u>(228,056)</u>	<u>_____</u>	(<u>114,028</u>)	<u>(228,056)</u>

SASINI PLC

FIVE YEAR COMPARATIVE STATEMENTS

CAPITAL EMPLOYED	2022	2021	2020	2019	2018
	KShs '000				
Property, plant and equipment	11,132,410	11,268,638	11,386,598	11,455,879	8,679,878
Intangible assets	14,526	21,845	18,944	12,192	16,030
Biological assets	1,346,829	1,136,449	1,012,880	1,211,030	1,046,978
Right of use assets	69,133	25,709	41,314	10,408	10,509
Capital work-in-progress	203,594	152,704	127,243	89,103	555,032
Other investments	277,691	-	-	-	525
Deferred tax asset		3	7,582	8,865	6,997
Net current assets	<u>2,542,596</u>	<u>2,139,698</u>	<u>1,637,480</u>	<u>1,443,261</u>	<u>2,186,352</u>
	<u>15,586,779</u>	<u>14,745,046</u>	<u>14,232,041</u>	<u>14,230,738</u>	<u>12,502,301</u>
FINANCED BY					
Share capital	228,055	228,055	228,055	228,055	228,055
Reserves	13,713,215	12,794,617	12,520,872	12,351,755	10,686,577
Non-controlling interests	300,018	307,291	304,138	305,245	295,123
Proposed dividend	<u>-</u>	<u>114,028</u>	<u>-</u>	<u>-</u>	<u>114,028</u>
Equity	<u>14,241,288</u>	<u>13,443,991</u>	<u>13,053,065</u>	<u>12,885,055</u>	<u>11,323,783</u>
Non-current liabilities	<u>1,345,491</u>	<u>1,301,055</u>	<u>1,178,876</u>	<u>1,345,683</u>	<u>1,178,518</u>
	<u>15,586,779</u>	<u>14,745,046</u>	<u>14,232,041</u>	<u>14,230,738</u>	<u>12,502,301</u>
RATIOS					
Earnings per share on operating activities (KShs)	4.80	1.91	0.33	(1.38)	1.13
Earnings/(loss) per share on biological assets (KShs)	0.32	0.58	(0.25)	(0.01)	0.17
Dividend per share (KShs)	1.00	1.00	-	0.50	1.00
Dividend cover (times covered)	4.80	3.82	-	(1.38)	1.13
Capital employed per share	68.35	64.66	62.48	62.4	54.82

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/members of
Sasini PLC do hereby appoint of.....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 Friday, 3 March 2023, and at any
adjournment thereof.

As witness my/our hand(s) this..... day of 2023

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 Wednesday, 1 March 2023.

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 Friday, 3 March 2023

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 Wednesday, 1 March 2023 at 11.00 am. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Wednesday, 1 March 2023. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Wednesday, 1 March 2023 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 Ijumaa, tarehe 3 Machi 2023 na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii siku ya 2023

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, Jumatano tarehe 1 Machi 2023.

Fomu za Uwakilishi zilizojazwa zipelekwe kwa njia ya posta kwa Image Registrars Limited 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 kibanduku kimojawapo hapa chini na urejeshe kwa Image Registrars limited S.L.P. 9287 – 00100 Nairobi, ghorofa ya 5 Absa Towers (awali Barclays Plaza), barabara yaLoita:

Kibali cha Usajili

Mimi/Sisi nakubali/twakubali kujisajili kushiriki katika Mkutano Mkuu wa Mwaka kwa mtandao utakaofanyika Ijumaa, tarehe 3 Machi, 2023.

.....
 Idhini ya utumizi wa Nambari ya Simu ya Mkono iliyotolewa Mimi/Sisi nitatoa/tutatoa idhini ya utumizi wa nambari ya simu ya mkono iliotolewa kwa nia ya upigaji kura katika Mkutano Mkuu wa Mwaka

**Maelezo:**

1. Fomu iliojazwa ya uakilishi itumwe kwa barua pepe 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 Jumatano, tarehe 1 Machi 2023 saa tano asubuhi. Mtu yeyote anayechaguliwa kama mwakilishi awasilishe nambari yake ya simu ya mkono kwa Kampuni kabla ya Jumatano, tarehe 1 Machi 2023. Usajili wowote wa uwakilishi utakaokataliwa utajulishwa kwa mwanahisa anayehusika kabla na sio baada ya Jumatano, tarehe 1 Machi 2023 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 imejumuishwa 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:.....

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 zinazuliwa, hata hivyo zitahesabiwa na kurekodiwa, lakini kupuuzwa katika kujumlisha idadi ya kura za kukubali au kupinga kila azimio.