

KAKUZI PLC

**ANNUAL REPORT AND AUDITED CONSOLIDATED
AND SEPARATE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2025**

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COUNTRY OF INCORPORATION

The Company is incorporated in Kenya under the Kenyan Companies Act, 2015.

DIRECTORS

The Directors who held office during the year and at the date of this report were:-

Mr. N Ng'ang'a	Chairman
Mr. C J Flowers	Managing Director
Mr. G H Mclean*	
Mr. K R Shah	
Mr. D M Ndonge	
Mr. S N Waruhiu	
Mr. A N Njoroge	
Dr. J K Kimani	
Ms. P Ager	
* British	

REGISTERED OFFICE

Main Office
Punda Milia Road, Makuyu
P O Box 24
01000 THIKA
Telephone (060) 2033012
E-mail: mail@kakuzi.co.ke

SUBSIDIARY COMPANIES

Estates Services Limited	(100% holding)
Kaguru EPZ Limited	(100% holding)

SECRETARY

John L G Maonga
Maonga Ndonge Associates
Jadala Place, Ngong Lane, Ngong Road
P O Box 73248
00200 NAIROBI
Telephone (020) 2149923

ORDINARY SHARES

The Company's ordinary shares are listed on the Nairobi Securities Exchange and the London Stock Exchange.

REGISTRARS

Custody & Registrars Services Limited
IKM Place
Tower B, 1st Floor
5th Ngong Avenue
P O Box 8484, NAIROBI 00100
Telephone (020) 7608216
Email: info@candrgroup.co.ke

AUDITORS

Deloitte & Touche LLP
Deloitte Place
Waiyaki Way, Muthangari
P O Box 40092
00100 NAIROBI

BANKERS

KCB Bank Kenya Limited
P O Box 30081
00100 NAIROBI

NCBA Bank Kenya Plc
P O Box 44599
00100 NAIROBI

NOTICE is hereby given that the Ninety Eighth Annual General Meeting of the Members of the Company will be held in the Ballroom at Nairobi Serena Hotel, Nairobi on Wednesday, 20th May 2026 at 11:00 a.m. for the following purposes: –

1. To read the notice convening the meeting.
2. To table the proxies received and confirm the presence of a quorum.
3. To approve the minutes of the Ninety Seventh Annual General Meeting held on 14th May 2025.
4. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2025 together with the reports of the Chairman, the Directors and the Independent Auditors thereon.
5. To declare a first and final dividend of Shs 16 per ordinary share (2024: Shs. 8.00) for the Financial Year ended 31 December 2025. The dividend shall be paid on or about 15 June 2026 to the shareholders on the members' register at the close of business on Friday, 29 May 2026.
6. To approve the Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31 December 2025.
7. To re-elect Directors:-
 - i) In accordance with Article 27 of the Company's Articles of Association and subject to approval by the shareholders pursuant to guideline 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Nicholas Ng'ang'a, a Director who is over seventy years old, retires by rotation and, being eligible in accordance with Article 28 of the Company's Articles of Association, offers himself for re-election.
 - ii) Ketan Rameshchandra Shah, a Director who retires by rotation in accordance with Article 27 of the Company's Articles of Association and, being eligible in accordance with Article 28 of the Company's Articles of Association, offers himself for re-election.
 - iii) Ms. Pamella Ager, a Director who retires by rotation in accordance with Article 27 of the Company's Articles of Association and, being eligible in accordance with Article 28 of the Company's Articles of Association, offers herself for re-election.
8. In accordance with the provisions of Section 769 of the Kenyan Companies Act, 2015, the following Directors be appointed to serve as members of the Board Audit & Risk Committee: –
 - a) Mr. Daniel Mutisya Ndonge
 - b) Mr. Stephen Njoroge Waruhiu
 - c) Mr. Andrew Ndegwa Njoroge
 - d) Ms. Pamella Ager
9. To note that Messrs Deloitte & Touche LLP shall retire as Auditors of the Company at the conclusion of the Annual General meeting. Consequently, and as recommended by the Directors, to appoint Messrs PricewaterhouseCoopers LLP (PWC) as Auditors of the Company for the Financial year ending 31 December 2026 and to authorise the Directors to fix the Auditors' remuneration.
10. To transact any other business of an Annual General Meeting of which due notice has been received.

BY ORDER OF THE BOARD

J L G MAONGA
COMPANY SECRETARY
24 March 2026

Notes: A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the Company.

* Messrs Deloitte & Touche LLP were first appointed as Auditors of the Company on 15th May 2017.

Financial Performance

A pre-tax profit of Ksh 568 million was recorded for the year (2024: pre-tax loss of Ksh 167 million). Whilst certain circumstances leading to the loss in 2024 have been mitigated, geopolitical tensions remain and continue to impact our avocado operations negatively. Further efforts to mitigate losses are continuing in earnest.

Avocado Profits: An improved but challenging year

Profit improvement: In 2025, avocado profits reached Ksh 709 million (2024: Ksh 361 million). Whilst this represents a 96% increase, the results are still being negatively impacted by instability in our shipping logistics.

Production: Whilst production improved by 23%, the export volume was negatively impacted by pest and disease pressure. Pest pressure continues to intensify nationally as the area under avocado orchards increases. We continue to work with the relevant partners to develop new techniques to manage these emerging issues.

Currency: The average Shilling to Euro exchange rate remained fairly stable for the year at Kshs 146.03 compared to that of 2024 (Average Kshs 145.82). Avocado sales in Europe are transacted in Euros and thus no material exchange losses incurred.

Market Conditions: The European market prices were lower for our main Hass crop, due to substantial volumes from traditional suppliers Peru, South Africa, and, to some extent, Colombia. The Red Sea route reopened in the year; however, logistical instability on this route continues to cause fruit quality problems and lower prices. In 2025, we exported 525 containers (2024: 446 containers), achieving an average price of Euro 7.13 per carton (2024: Euro 7.64 per carton).

The Company continues to develop mitigation measures, including leveraging market access to both China and India. Whilst these markets offer easier logistics, the current market size does not offer an immediate substitute for Europe.

Macadamia Profits: Continued recovery

Profit Improvement: In 2025, the macadamia operations recorded a much-improved profit of KSh 365 million (2024: KSh 69 million).

Demand for macadamia kernel continues to recover with increased volumes of sales and improved prices. However, in order to maintain sustainable demand, the product needs to expand the opportunities for how consumers can experience quality macadamia kernel.

The average price achieved in 2025 for all kernel was US\$ 11.70 per kilo (2024: US\$ 9.0 per kilo). Whilst this 30% price increase is welcome, it remains lower than pre-COVID levels of circa US\$ 15 per kilo.

As our orchards mature, we continue to witness increasing volumes. In 2025, a total of 7.8 million kilos of nuts in husk were produced from our 1,410 hectares (2024: 6.9 million kilos), representing an annual growth of 13%.

We remain confident that market demand for good-quality, premium-size kernels will continue to improve; however, for smaller kernel, we anticipate a less balanced market, leading to some price volatility.

Forestry & Livestock: Another good year of profitability.

Stable profits: Forestry profits (prior to biological asset valuation) recorded similar performance to last year at Ksh 122 million (2024: Ksh 128 million).

Demand for poles and timber remains firm, and we continue to grow our customer base for our range of sustainably grown timber.

Livestock operations again broke even, in line with last year's performance. Livestock sales continue to be through the Company's butchery and Boran Barn restaurant.

Tea: Production was down on 2024 and the operation loss making.

Profit reduction: The international price for Kenya tea continued to suffer on the back of high global inventories of the product. Consequently, the price paid for our leaf reduced 11% to Ksh 166 per kilo of made tea (2024: Ksh 186 per kilo of made tea).

Profits were negatively impacted with the production unit recording a loss of Ksh 53 million (2024: Profit of Ksh 15 million).

Blueberry: Increased Production and Profits

The operation made a profit of Ksh 5 million (2024: a loss of Ksh 19 million). Production volumes increased to 90 tons (2024: 53 tons). The new varieties continue to perform according to expectation for both yield and fruit quality. In 2025, the average price was US\$ 12.40 per kilo (2024: US\$ 11.54 per kilo).

Key Achievements

I am pleased to report that the Company's investment in its multiple crops continues to demonstrate reasonable returns. The increase in macadamia volumes and the return to acceptable levels of profitability is commendable.

The results for our blueberry operations are encouraging and continue to indicate that, despite a high establishment cost, this crop has the potential to significantly contribute to our diversification strategy.

As a part of our corporate strategy of product diversification we continue to focus on value addition wherever it makes commercial sense. The strategy is paying off, and while Kakuzi was export-oriented in the past, we can now confirm that we have a growing domestic market contribution to the bottom line with over Ksh 50 million of sales recorded. This significant sum was generated from the sale of our value-added products through our Kakuzi Farm Market, including ready-to-eat macadamia, cold-pressed macadamia oil, avocado fruits and blueberry packs. In addition, we have recently introduced a loose-leaf tea product available in 250 g and 500 g packs.

Corporate Governance

Shareholders would have read the recommendations from National Lands Commission's deliberations during the third quarter of 2025. After obtaining legal advice, we have moved to Court challenging the constitutional legitimacy of these recommendations. The legal process is ongoing, and we will keep shareholders informed as material developments occur.

The Company has also filed a lawsuit in the Supreme Court to defend its ownership of the 70-acre golf course. The Supreme Court has already heard this matter and we await their judgement.

Regarding the issues raised by the CMA in 2020, the matter is now before both the Court of Appeal and CMA Tribunal.

Sustainability Initiatives

Sustainability remains central to our operations, underpinning our commitment to responsible business practices in line with societal aspects, what is good for the environment, planet and business outcomes. Company Community Partnerships continued to evolve through continuous needs assessments and structured engagement with local communities, administration, and partner institutions. These engagements provide insights that shape our actions in line with the UN Guiding Principles on Business and Human Rights. We published our Sixth ESG report in the year

We continued strengthening our approach to responsible resource management, building on longstanding investments in water security and technology based, climate conscious agricultural practices. These efforts supported operational resilience throughout the year.

The impact of climate change on our operations cannot be ignored. In 2024, we experienced a significant reduction in avocado production due to the excess rainfall experienced in the early part of the year. Some orchards were simply inundated by the heavy rain, with approximately 30 hectares lost to flooding.

Sustainability Initiatives (continued)

Climate change remains a defining factor for our operating environment. In 2025, we continued our work on climate change mitigation and landscape restoration through structured tree-planting initiatives, riparian rehabilitation along the Thika River, and conservation partnerships. These activities are geared towards supporting ecosystem recovery and the health of our agricultural operations.

I am pleased to inform our stakeholders that we expanded our irrigation water conservation by adding an additional 1 million cubic meters of storage capacity, bringing our total to 13 million cubic meters. This key development further enhances our self-sufficiency in water through our use of water catchments.

Our efforts to transform waste agricultural products into valuable resources continue. The production of biochar from macadamia shells provides a sustainable solution to waste management and also supports our commitment to environmental sustainability and agricultural innovation. If our trials prove successful, the biochar produced will be combined with our other organic compost to improve soil health, sequester carbon, and enhance the soil's water and nutrient-holding capacity.

These initiatives demonstrate our commitment to integrating sustainable agricultural practices into our operations, which we believe will be fundamental to our future success.

Our focus on sustainable agricultural innovation continued, with increased emphasis on regenerative land management and expanded collaborations in environmental conservation. These efforts continue to contribute to healthier soils, improved carbon retention, and long-term agricultural sustainability.

In 2025 in line with our broader sustainability agenda, Kakuzi continued its Corporate Social Investment and sustainability initiatives in alignment with the United Nations Sustainable Development Goals (SDGs), with a focus on Good Health and Well-being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Clean Water and Sanitation (SDG 6), Decent Work and Economic Growth (SDG 8), and Climate Action (SDG 13).

Kakuzi advanced its Decent Work and Economic Growth priorities by contributing to local economic activities and livelihood development. During the year, the Company directed over Ksh 74 million in procurement spend to local suppliers and expanded skills-building efforts through community beekeeping initiatives, supporting greater economic participation and resilience.

These initiatives demonstrate Kakuzi's continued commitment to integrating sustainability into its operations and fostering resilient, empowered communities for long-term shared value.

Collaborative conversations and open communication channels with diverse stakeholders continue to foster sustainable relationships. We partnered with the Ministry of Health, Ministry of Education, Kenya Forest Service, National Environmental Management Authority, and the Kenya Red Cross on several environmental projects. We engaged Murang'a Technical Training Institute on industry-linked training pathways. Kakuzi was recognized by the Kenya Red Cross for leadership and social impact. We also supported youth development through sports-kits donations to local teams. These relationships help shape our Company-Community Partnerships and contribute to creating a sustainable society. These initiatives are designed to build capacity, resilience, and independence within surrounding communities and are detailed in our ESG report, available on our website

Future Plans

The Company's strategy of diversification and expansion of superfood production continues, and as described in last year's report, our strategic plan is focused on five key pillars:

- Expanding our production of avocado and macadamia,
- Diversification into new superfoods,
- Diversification into new markets,
- Value addition through our Kakuzi Farm Market
- Continuing development of our sustainability and social performance initiatives.

The positive blueberry results for 2025 have provided the confidence needed to continue expanding this crop. In 2026, a further 15 ha will be added to the existing 10 ha of blueberries, with the potential to increase this by 25 ha a year thereafter.

Future Plans (continued)

This venture has the potential to significantly increase the Company's revenue streams, diversify markets and logistics routes, and reduce our exposure to any single crop.

As well as expanding our existing crops and the new blueberry venture, developing a non-agricultural income stream has long been an objective. Management is actively exploring various options to enhance value for shareholders. I look forward to briefing shareholders on these developments as more concrete plans are formulated.

Our need to continue expanding agricultural technological initiatives is now more important than ever as we face emerging challenges from pests and diseases, the impacts of adverse weather and changing legislation around plant protection products. We will continue investing in both people and technology to meet these challenges.

Market Trends & Outlooks

Further diversification of products, markets, and logistics routes is still required to mitigate risks, many of which are beyond our control. Geopolitical tension in the Middle East has disrupted logistics routes for over two years, and continues to do so.

Competition in Europe's avocado market is intensifying, and the need for Kenyan producers to deliver high-quality fruit is critical. Long transit times for fresh produce from East Africa to Europe impairs our ability to compete, especially as logistics from key competitors, such as Peru and South Africa, improve.

The development of Asian and Indian markets for Kenyan fresh produce has always been a priority, but perhaps now the need for further market access is key. Last year, we also noted the need for market access into North America; this remains an aspiration and to this end we are engaged with the relevant government bodies to begin this complex process.

Macadamia markets continue to show strong demand, but we need to balance the expectation of high international prices with the fundamental need to increase consumption. Having a competitive source of macadamia expands the range of products in which the kernel is used, thereby improving consumer awareness. We have witnessed this in our cold-pressed oil range, where consumers are now actively choosing this oil over traditional alternatives.

A key objective for Kenya must be to increase the domestic consumption of quality Kenyan macadamia kernel rather than rely exclusively on export markets. It is ironic that, as a country ranked third among the world's producers, we have little domestic promotional activity and consumption.

The commercialisation of our blueberry production unit is finally becoming a reality. In time, we believe this venture has the potential to add a significant revenue stream to the Company. Demand for quality blueberries continues to increase, and given our location and resources, we are well placed to become East Africa's leading producer.

Dividend

Your Board recommends a first and final dividend of Ksh 16 per share.

Acknowledgements

The past year has not been without its challenges, and we remain immensely grateful to you, our shareholders, for your support. The Board also extends its appreciation to the management and staff for their dedication to duty and commitment to our corporate vision and mission. We also extend gratitude to all our stakeholders from the County Government of Murang'a, National Government officials and agencies, buyers, suppliers, business partners and service providers for their support, which continues to drive our success.

NICHOLAS NG'ANG'A
CHAIRMAN

24th March 2026

The Directors submit their report together with the audited Financial Statements for the year ended 31 December 2025, which disclose the state of affairs of Kakuzi Plc (the "Group and the "Company"). The Annual Report and Financial Statements have been prepared in accordance with the Kenyan Companies Act, 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise:

- Growing, packing and selling of avocados
- Growing, cracking and selling of macadamia nuts
- The cultivation and sale of tea green leaf
- Forestry development and sale of forestry products
- Livestock farming, animal feed and sale of beef
- Growing, packing and selling of blueberries

The two subsidiary companies are dormant.

GROUP MISSION AND VISION

The Group's mission is to consistently produce quality products, responsibly, sustainably and ethically. The Group's vision is to be a global leader and the preferred producer and supplier of quality agricultural products.

BUSINESS REVIEW

A review of the business of the Group is incorporated within the Chairman's Statement on pages 5 to 8.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of possible risks and uncertainties that could impact the Group's operations. The Group regularly monitors the risks. The information on the Group's financial risks is disclosed in Note 4 of the Financial Statements. The following risks relating to the Group's principal operations have been identified:

- i) Climate Change: level of rainfall affecting crop yields and in extreme cases, crop viability.
- ii) Market access and Price volatility: logistical challenges and changes in market prices impact profitability each season.
- iii) Currency fluctuation: profit volatility arising from sales denominated in foreign currency.
- iv) Cost of labour: increased cost of production and lower profitability.

RESULTS AND DIVIDEND

The net profit for the year was Shs 387,573,000 (2024: loss of Shs 131,694,000). The Directors recommend the approval of a first and final dividend of Shs 16.00 (2024: Shs 8.00) per ordinary share.

The results for the year are set out on page 43 in the Financial Statements.

ANNUAL GENERAL MEETING

The Ninety Eighth Annual General Meeting of the Company will be held in the Ballroom at Nairobi Serena Hotel, Nairobi on Wednesday, 20th May 2026 at 11:00 a.m.

DIRECTORS

The Directors who held office during the year and at the date of this report are set out on page 3.

The Directors' interests in the share capital of the company are listed below: –

	At 31 December 2025		At 31 December 2024	
	Beneficial Ordinary shares	Non-Beneficial Ordinary shares	Beneficial Ordinary shares	Non-beneficial Ordinary shares
Mr. N Ng'ang'a	1,000	-	1,000	-
Mr. C J Flowers	-	-	-	-
Mr. G H Mclean	100	-	100	-
Mr. K R Shah	200	-	200	-
Mr. D M Ndonye	-	-	-	-
Mr. S N Waruhiu	-	-	-	-
Mr. A N Njoroge	-	-	-	-
Dr J K Kimani	6,570,947	-	6,536,523	-
Ms. P Ager	-	-	-	-

In accordance with Article 27 of the Company's Articles of Association and subject to approval by the shareholders pursuant to guideline 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Nicholas Ng'ang'a, a Director who is over seventy years old, retires by rotation and, being eligible in accordance with Article 28 of the Company's Articles of Association, offers himself for re-election.

Ketan Rameshchandra Shah, a Director who retires by rotation in accordance with Article 27 of the Company's Articles of Association and, being eligible in accordance with Article 28 of the Company's Articles of Association, offers himself for re-election.

Ms Pamela Ager, a Director who retires by rotation in accordance with Article 27 of the Company's Articles of Association and, being eligible in accordance with Article 28 of the Company's Articles of Association, offers herself for re-election.

In accordance with the provisions of Section 769 of the Kenyan Companies Act, 2015, the following Directors be appointed to serve as members of the Board Audit & Risk Committee: –

- Mr. Daniel Mutisya Ndonye
- Mr. Stephen Njoroge Waruhiu
- Mr. Andrew Ndegwa Njoroge
- Ms. Pamela Ager

DISCLOSURE OF INFORMATION TO AUDITORS

Each Director confirms that, so far as he is aware at the date of approval of this report, there is no relevant audit information of which the Group's and Company's auditor is unaware and that each Director has taken all the steps that they ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

AUDITORS

The Directors note that Messrs Deloitte & Touche LLP shall retire as Auditors of the Company at the conclusion of the Annual General meeting, having been in office for nine years. Consequently, the Directors recommend that Messrs PricewaterhouseCoopers LLP (PWC) be appointed as Auditors of the Company for the financial year ending 31 December 2026.

BY ORDER OF THE BOARD

K R SHAH
DIRECTOR
24 March 2026

The Kenyan Companies Act, 2015 requires the Directors 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 at the end of the financial year and of their financial performance for the year then ended. It also requires the Directors to ensure that the Company and its subsidiaries maintain proper accounting records that are sufficient to show and explain the transactions of the Company and its subsidiaries; disclose with reasonable accuracy the financial position of the Group and the Company; and that enables them to prepare Financial Statements of the Group and the Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. The Directors are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these Financial Statements in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal controls as they determine necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting suitable accounting policies and then apply them consistently; and
- iii. Making judgements and accounting estimates that are reasonable in the circumstances

In preparing the Financial Statements, the Directors have assessed the Group's and the Company's ability to continue as going concerns and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the Financial Statements. Nothing has come to the attention of the Directors to indicate that the Group and the Company will not remain going concerns for at least the next twelve months from the date of this statement.

The Directors acknowledge that the independent audit of the Financial Statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 24 March 2026 and signed on its behalf by:

K R SHAH
DIRECTOR

C J FLOWERS
DIRECTOR

This report is drawn up in accordance with the Kenyan Companies Act, 2015.

Nomination & Remuneration Committee

Details of the Nomination and Remuneration Committee are set out on page 21.

Policy on Directors Remuneration

The details agreed by the Nomination & Remuneration Committee are as follows:-

- To seek to provide remuneration packages that will attract, retain and motivate the right people for the roles
- So far as is practicable, to align the interests of the Executives with those of shareholders

Service Contracts

The Managing Director and the Finance Director are the only Executive Directors of the Company. They have service contracts with fellow subsidiary companies within the Parent company, Camellia Plc Group, on rolling service contract basis.

Following the initial appointments, Non-Executive Directors and the Finance Director may seek re-election by shareholders on a rotational basis in accordance with the Company's Articles of Association at Annual General Meetings. Non-Executive Directors do not have service agreements.

Directors' Remuneration

The following section has been audited:

The Executive Directors' remuneration (including value of benefits in kind) charged to the Company by a fellow subsidiary company and included in the Related Party transactions (Note 27 (ii)) is as follows:-

	2025 Shs'000	2024 Shs'000
Managing Director (Mr C J Flowers)	19,211	16,571
Finance Director (Mr K R Shah)	25,506	22,096
	<u>44,717</u>	<u>38,667</u>

Directors' fees are payable after the occurrence of the Board and Committee Meetings. The Directors do not receive any performance-based remuneration. Non-Executive Directors are not entitled to any pension contributions.

	2025 Directors' Fees Shs'000	2024 Directors' Fees Shs'000	2025 Benefits in kind Shs'000	2024 Benefits in kind Shs'000	2025 Total Shs'000	2024 Total Shs'000
Non-Executive						
Mr N Ng'ang'a	5,528	5,504	136	124	5,664	5,628
Mr G H Mclean	2,962	2,941	-	-	2,962	2,941
Mr D M Ndonye	3,226	3,193	136	124	3,362	3,317
Mr S N Waruhiu	4,546	4,447	136	124	4,682	4,571
Mr A N Njoroge	5,524	5,300	136	124	5,660	5,424
Ms P Ager	4,348	4,148	136	124	4,484	4,272
Dr J K Kimani	2,962	2,941	136	124	3,098	3,065
	<u>29,096</u>	<u>28,474</u>	<u>816</u>	<u>744</u>	<u>29,912</u>	<u>29,218</u>

BY ORDER OF THE BOARD

K R SHAH
24 March 2026

C J FLOWERS
24 March 2026

Overview of the Corporate Governance Framework

As a Board, we are committed to upholding the highest standards of corporate governance, transparency, and accountability, ensuring that the Company is managed in a professional, transparent, fair, and equitable manner that protects and enhances shareholder value while safeguarding the interests of all stakeholders.

The governance principles and standards applied by the Board are guided by the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 issued by the Capital Markets Authority, the Thirteenth Schedule (Continuing Obligations) to the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, as well as other globally recognized corporate governance best practices.

Through these frameworks, the Board seeks to promote ethical leadership, effective oversight, responsible risk management, and sustainable value creation.

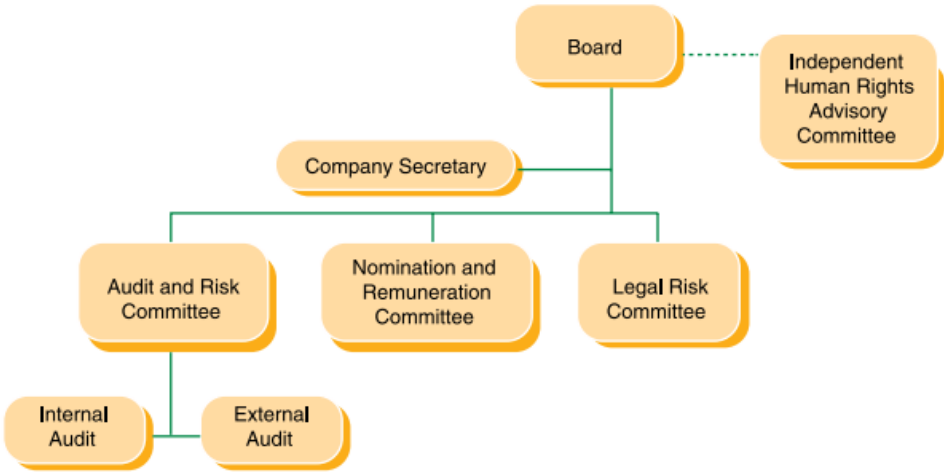
This Statement describes how the Group applies the main principles of the Code. The Group acknowledges and continues to consider the recommendations of the Code carefully and implement as appropriate. In implementing the Code, the Directors have taken account of the Group's size and structure and the fact that there is a controlling shareholder, which itself is a listed entity in the United Kingdom, Camellia Plc.

The Board, in order to ensure that the Group is compliant, commissions a Governance Audit to be undertaken by an auditor, accredited by the Institute of Certified Public Secretaries of Kenya, every two years. An independent Corporate Governance Audit was conducted for the period ending 31 December 2025, in accordance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. The Governance Auditor's opinion and report are published on page 34 of this Annual Report.

This Corporate Governance Statement is current as at 31 December 2025 and has been approved by the Board of Directors.

Governance Framework

The Group operates within a clearly defined governance framework which provides for delegated authority to strategic Committees with clear lines of responsibility without abdicating the responsibility of the Board. Through the framework, the Board sets out the strategic direction of the Group while entrusting the day-to-day running of the organization to the Executive Management led by the Managing Director. The Board operates through three Committees and one Independent advisory Committee mandated to review specific areas and assist the Board undertake its duties effectively and efficiently. The structure of the relationships between the Board and Board's Committees is illustrated below:



Board composition, size and independence

The Group is governed by a Board of Directors each of whom is, with the exception of the Managing Director, elected by the shareholders.

Board composition, size and independence (continued)

In line with these considerations and the Company's Articles of Association, the Board comprised nine Directors as at the date of this Annual Report: two Executive Directors, Six Non-Executive Directors, and one Independent Non-Executive Director.

For effective deliberations and to support prudent and timely decision-making, the size and composition of the Board are determined with due consideration to the Company's Articles of Association, the nature and complexity of its operations, the scale and geographic footprint of the Group, as well as the risks to which the business is exposed, in line with the principles of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

The names of the Directors appear on page 3 of this Annual Report, while their abridged biographies are available on the Company's website (<https://www.kakuzi.co.ke/management>). Based on the Company's strategic priorities, operational scale and governance requirements, the current Board size is considered appropriate to have a balanced mix of skills, experience, independent judgement, and effective oversight of the Group's affairs.

The Board Charter outlines clear criteria for assessing the independence of Directors, consistent with the requirements of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. The Board is aware of the requirement to maintain at least one-third of its members as Independent Directors. As at the reporting date, the Board comprises nine Directors, of whom one meets the independence criteria. The Board acknowledges this gap and has committed to progressively enhancing its independence ratio as Non-Executive Director vacancies arise in future.

The Chairperson and three Non-Executive Directors are classified as non-independent owing to their tenure exceeding nine years, in line with the Code's guidance on independence thresholds. However, seven Non-Executive Directors remain independent of Management and maintain unrestricted access to senior Management and the Company Secretary.

Day-to-day operations of the Group are delegated to Management, who are accountable to the Board for the delivery of strategic objectives and performance targets. The Board continues to exercise robust oversight through established governance structures, ensuring clear separation between governance and management roles.

The Company maintains an appropriate Directors' and Officers' (D&O) Liability Insurance policy to indemnify Board members and senior executives against liabilities that may arise in the course of discharging their duties. This coverage supports the Board's ability to exercise independent and objective judgment without undue exposure to personal risk. The policy is reviewed annually to confirm that the level of cover remains adequate, relevant, and aligned with emerging governance and regulatory expectations.

Board Diversity

The Board is committed to maintaining a diverse, balanced, and inclusive composition that brings together the breadth of perspectives, experience, and competencies required for effective oversight and sound decision-making. This commitment is guided by the Company's Board Diversity Policy, which is publicly available on the Company's website and aligned with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

The Board reflects a strong mix of professional qualifications, industry experience, governance expertise, and leadership capability, enabling it to effectively oversee the Company's strategy, risk management, and long-term value creation. The Directors collectively bring experience from a range of sectors and disciplines that support balanced deliberations and informed decision-making.

The Board recognises that diversity extends beyond professional background to include gender, generational perspectives, cultural background, and diversity of thought, all of which enhance the quality of Board discussions and strengthen governance outcomes. The current composition benefits from significant institutional knowledge and experience arising from the tenure and expertise of its members.

At the same time, the Board acknowledges the importance of progressive Board renewal and succession planning for an appropriate balance of continuity, fresh perspectives, and evolving competencies required to support the Company's long-term strategy. The Board remains committed to progressively enhancing its composition, including generational and gender diversity, as opportunities arise through the Company's structured succession and renewal processes.

Board Diversity (continued)

The Nomination and Remuneration Committee periodically reviews the composition of the Board, taking into account independence, diversity, skills requirements, tenure, and the future needs of the Company, and makes recommendations to the Board as appropriate.

Where appropriate, the Board may also seek independent professional advice or draw on specialist expertise from within the wider Group to support informed deliberations on complex matters.

The Board periodically reviews its composition so that it maintains an appropriate balance of skills, experience, independence, and diversity, consistent with the expectations of the CMA Code and evolving corporate governance best practice.

A summary of the current Board diversity profile is presented below.

Director's Name	Occupation	Appointment Date
Mr. Nicholas Ng'ang'a – Chairman – Non-Executive Director	Farmer/Businessman	28 November 2002
Mr. Christopher Flowers – Managing Director (Executive Director)	Engineer	28 March 2013
Mr. Graham Mclean – Non -Executive Director	Agriculturist	01 January 2005
Mr. Daniel M Ndongye – Non-Executive Director	Accountant	29 November 2012
Mr. Stephen Waruhiu – Non-Executive Director	Valuer and Estate Agent	29 November 2012
Mr. Andrew Ndegwa Njoroge – Non-Executive Director	Accountant	2 August 2016
Dr John Kibunga Kimani – Non-Executive Director	Agriculturist	1 November 2020
Mr. Ketan Shah – Finance Director (Executive Director)	Accountant	28 August 2007
Ms. Pamella Ager – Independent Director	Lawyer	1 April 2023

Board appointment and re-appointment

The Board, assisted by the Board Nominations and Remuneration Committee, is responsible for identifying its members and recommending them for election by the shareholders, who are ultimately responsible for the appointment of Directors to the Board subject to regulatory approvals.

In accordance with the Code and the Company's Articles of Association, all serving Directors excluding the Managing Director, are subject to retirement by rotation and must seek re-election by shareholders at least once every three years. During the 2025 Annual General Meeting Mr. Stephen Njoroge Waruhiu, Mr. Daniel Mutisya Ndongye, and Mr. Graham Harold Mclean offered themselves up for re-election and were re-elected by the shareholders.

Prior to formal appointment, Directors are required to declare any Conflict of Interest that may undermine their position or service as Directors. Declaration of interest is a continuous process that is done at every meeting of the Board.

All Directors have received an appointment letter setting out the terms of their appointment.

The Nomination and Remuneration Committee is tasked on an annual basis, to review the structure, size and composition (including the skills, knowledge, experience, gender and diversity) of the Board. Any further re-appointment of a Non-Executive Director, who has served the Board and attained the age of seventy (70) years is subject to a separate resolution that is approved by the shareholders.

Succession Planning

The Board Nomination and Remuneration Committee regularly reviews the composition of the Board and maintains succession planning as an annual standing agenda item in its deliberations, demonstrating the Board's commitment to leadership continuity and governance effectiveness.

Separation of roles and responsibilities: Chairman, Managing Director and Company Secretary

The role of the Chairman is separate from that of the Managing Director and Company Secretary and there are distinct and clearly defined duties and responsibilities set out in writing in the Company's Board Charter. The separation of the functions of the Chairman (a Non-Executive Director) and the Managing Director (Executive Director) support an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. The roles of the Board are separated from that of the Management.

The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board decisions. The Managing Director is responsible to the Board and takes responsibility for the effective and efficient running of the Group businesses on a day-to-day basis.

The Company Secretary, who is a member of the Institute of Certified Secretaries of Kenya and in good standing, with the assistance of the Finance Director and Head of Legal, provides guidance to the Board on its duties and responsibilities and other matters of governance and monitoring and coordinating their completion.

The Board has delegated appropriate authority and limits through various Board approved policies relevant to the tasks to be overseen by Management. In addition, the Board has established Board Committees to assist it to effectively perform its mandate.

A summary of the key responsibilities of each role can be found below:

Chairman	Managing Director	Company Secretary
- Setting the style and tone of Board discussions and creating the overall conditions for Board and Director Effectiveness. - Ensuring that the Board as a whole is enabled to play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. - Ensuring that the development of the Group's businesses and the protection of the reputation of the Group receive sufficient attention from the Board.	- Directs and controls the work and resources of the Group and ensures the recruitment and retention of the required numbers and types of well-motivated, trained and developed staff so that it achieves its mission and objectives. - Prepares and recommends to the Board, a long-term strategy and annual business plan and budgets and monitor progress against these plans so that the Group attains its objectives as cost-effectively and efficiently as possible. - Provides strategic advice and guidance to the Chairperson and members of the Board, to keep them aware of developments within the industry and ensure that the appropriate policies are developed to meet the Group's mission and objectives and to comply with all relevant statutory and other regulations. - Establishes and maintains valid formal and informal links with major customers, relevant government departments and agencies, local authorities, key decision-makers and other stakeholders generally, to exchange information and views and that the Group is providing the appropriate range and quality of services. - Develops and maintains an effective marketing and public relations strategy to promote the products, services and image of the Group on the broader community. - Represents the Group in negotiations with customers, suppliers, government departments and other key contacts to secure for it the most effective contract terms. - Oversees the preparation of the Annual Report and Accounts of the Group and their approval by the Board. - Develops and directs the implementation of policies and procedures so that the Group complies with relevant statutory regulations.	- The Company Secretary facilitates effective communication between the organization and the shareholders. - Ensures that the Board complies with its obligations under the law and the Company articles of association; - Provides guidance to the Board on its duties and responsibilities and other matters of governance; - Coordinates the governance audit process; and - Maintains and updates the register of conflict of interest.

Roles and Functions of the Board

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises Executive Management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Group and its shareholders.

Matters reserved for the Board include:



Board Meetings

The Board has in place a schedule of Board meetings, Committee meetings as well as the date of the Annual General meeting. The Board and its Committees meet regularly in accordance with business requirements. It is vital to the proper functioning of our Board and Committees that each Director is able to commit sufficient time to their role in order to discharge their responsibilities effectively. Directors make every effort to attend all Board and Committee meetings as part of their fiduciary duties and all Board and Committee meetings had full attendance during the reporting period. In addition to holding extra meetings when needed, the Board meets routinely at least four times a year at quarterly intervals. Four (4) Board meetings were held during the year 2025.

The Chairman, in conjunction with the Finance Director, works closely with the Managing Director to formulate the annual work plan and an agenda for each meeting. The notice, agenda and detailed Board papers are circulated in advance of the meetings. Directors are entitled to request for additional information where they consider further information is necessary to support informed decision-making.

The Committee meetings are scheduled around the Board meetings and Board agendas, though they also meet as and when they think it is appropriate. Committee papers and other appropriate information are distributed prior to each meeting to allow the Committees to meet its duties.

Directors of the Company play an active role in participating in these meetings through contribution of their professional opinions and their active participation in discussions. The Chairpersons of the Board Committees report at each meeting of the Board on the activities of the Committees since the previous Board meeting. The Board also receives regular reports and presentations from the Managing Director.

2025 BOARD & BOARD COMMITTEES MEMBERSHIP AND ATTENDANCE

Details of the Board and Board Committee meetings held during the Reporting Period and attendances at those meetings are set out below:

Director	Classification	Designation		Board	Audit and Risk	Nomination and Remuneration	Legal risk	IHRA*
Mr. Nicholas Ng'ang'a	Non-Executive	Chairperson of the Board	Membership	√				
			Attendance	4/4	2/2			
Mr. Christopher Flowers	Executive	Managing Director	Membership	√		√	√	
			Attendance	4/4	2/2	5/5	6/6	
Mr. Graham Mclean	Non-Executive		Membership	√				
			Attendance	4/4	2/2			
Mr. Daniel Ndonge	Non-Executive	Chairperson of the Audit & Risk Committee	Membership	√	√			
			Attendance	4/4	2/2			
Mr. Stephen Waruhiu	Non-Executive		Membership	√	√	√	√	
			Attendance	4/4	2/2	5/5	6/6	
Mr. Andrew Ndegwa Njoroge	Non-Executive	Chairperson of the Legal Risk Committee	Membership	√	√	√	√	√
			Attendance	4/4	2/2	5/5	6/6	3/3
Dr John K Kimani	Non-Executive		Membership	√				
			Attendance	4/4	2/2			
Mr. Ketan Shah	Executive	Finance Director	Membership	√				
			Attendance	4/4	2/2			
Ms. Pamella Ager	Independent	Chairperson of the Nomination & Remuneration Committee	Membership	√	√	√	√	
			Attendance	4/4	2/2	5/5	6/6	

During the course of the year 2025, the Board focused on the following key areas:

Areas of focus

Key Deliberations in 2025

Strategy Development and Capital Planning

- Overseeing the Group's strategy and any changes and monitoring delivery.
- Approving any major capital project, corporate action or investment by the Company including investment in land, joint ventures and development arrangements.
- Continuous review of the strategy for the years 2024 to 2033
- Establishing the Group's strategic objectives for the year, business plans and budgets and advising on implementation thereof
- Considered risks and issues arising during the year including impact of regulatory changes and macroeconomic factors on strategic plan.
- Discussed strategic opportunities to create value and diversify our products evidenced by Management reports to the Board.
- Reviewing comprehensive market updates and recommending actions for implementation against the strategic plans.

Leadership, Governance and Ethics

- Changing the structure, size and composition of the Board following recommendations from the Nomination and Remuneration Committee.
- Making appointments to the Board, following recommendations from the Nomination Committee.
- Reviewing the performance of the Board and its Committees, individual Directors and the Group's overall corporate governance framework.
- Reviewing the Board's succession planning and diversity status and policies
- Reviewing the individual Directors' independence
- Facilitating induction and continued development education of the Directors with the aid of the Nomination and Remuneration Committee
- Review and Approval of the succession planning and diversity policies of the Board.
- Board members attended training during the period of review that covered various areas of focus such as ESG among others.
- Monitoring compliance with good governance principles and practices and implementing measures for adherence including avoiding of conflict of interest.
- Undertaking an evaluation of the Group's Board, its Committees, Chairman's, Managing Director's and the Company Secretary's effectiveness.
- Review of the Terms of reference of the Committees
- Reconstitution of Board Committees membership

Business plan and performance

- Approving annual budget and business plan and regularly reviewing actual performance and latest forecasts against the budget and business plan, including proposed actions by Management to address performance issues.
- Approved 2026 budget and business plan
- Received reports on supply chain challenges and steps being taken by Management to manage and mitigate the issues and risks.
- Approved the financing facilities
- Reviewed and considered Managing Director's reports

Financial reporting

- Approving final and interim results, trading updates, the Annual Report and the release of price sensitive information.
- Approving the dividend policy, determination of any interim dividend and the recommendation (subject to the approval of shareholders in general meeting) of any final dividend to be paid by the Company or any other distributions by the Company or purchase of own shares.
- Approved final results and interim results announcements.
- Recommended the first and final dividend following the 2024 financial results.
- Approved Annual Report and Notice of AGM.
- Reviewed and approved major contracts and tenders awarded.

Areas of focus	Key Deliberations in 2025
Internal Controls, Risk Management and Compliance Ensuring the Group has effective systems of internal control and risk management in place including approving the Group's risk appetite.	- Reviewed the effectiveness of the Group's risk management and internal control systems. - Reviewed and approved the Group's risk matrix, principal and emerging risks. - Received reports from the Audit and Risk Committee on the process for the management of risks and their associated mitigation plans, and the identification of emerging risks - Received and reviewed internal auditor and external auditor reports
Stakeholder engagement - Considering the balance of interests between the Group's stakeholders. - Meeting with stakeholders to receive and consider their views - Receiving and considering the views of the Group's shareholders.	- Received regular reports on engagement with the communities, regulators and suppliers among others. - Monitored and considered stakeholder feedback and continued to actively promote wider engagement.
Sustainability, ESG and Corporate Social Investment - Overseeing the Group's sustainability strategy - Reviewing the Group's sustainability strategy and its implementation.	- Reviewed progress against sustainability strategy and targets and agreed priorities for 2025. - Approved the 2024 ESG report - Review Board's oversight of climate-related risks and opportunities. - Review Management's role in assessing and managing climate related risks and opportunities. - Received and reviewed quarterly CSI reports.
External Factors Overseeing, reviewing and discussing external matters arising that may significantly affect the company operations	- Effect of climate and weather patterns - Impact of the ongoing conflict between Russia and Ukraine on Kenya's business environment. - Impact of the Red Sea conflict on shipping routes to Europe - Changes in Government policy and the opportunities and threats arising thereof vis-à-vis the Group's business such issues surrounding land disputes. - Impact of inflation and the resultant monetary and fiscal policy actions on the economy. - Effect of the extended drought on economic activity and especially on the agricultural sector.

Board Committees

The Board, in line with the Code, delegates its powers and authorities from time to time to various Board Committees for operational efficiency and specific issues are being handled with relevant expertise. During the year under review, the existing Board Committees namely the Audit and Risk Committee, Nomination and Remuneration Committee and Legal Risk Committee continued to support the Board. The appointment of the members to these Committees draws on the skills and experience of individual Directors. Each Committee is governed and guided on their specific duties and authorities set out in its own terms of reference which are reviewed from time to time. The Committees are provided with all necessary resources to enable them to undertake their duties effectively. Extract of the Committees terms of reference are in the website.

The CMA Code requires the Board Audit and Risk Committee to comprise at least three Independent Non-Executive Directors and to be chaired by an Independent Non-Executive Director. The Committee currently has four members, with only one Independent Director, and the Chairperson of the Committee is not independent. The Board has acknowledged this position and is considering addressing it as part of its ongoing Board renewal and succession planning processes.

Board Committees (continued)

Board members have access to all Board Committee meeting papers. Following each Board Committee meeting, the minutes are included in the subsequent Board papers and presented to the Board by the respective Committee Chairs.

Management and external service providers and experts attend the Committee meetings by invitation as circumstances dictate. Details of these Committees and Directors' attendance of these Committees is provided on page 18.

The following are the detailed Committee functions and key deliberations for the year ending 31 December 2025:

Committees	Members	Major Functions	Key deliberations during FY2025
Audit and Risk Committee	- Mr. Daniel M Ndonye (Chairperson) - Mr. Stephen Waruhiu - Ms. Pamela Ager - Mr. Andrew Ndegwa Njoroge All the members of the Audit & Risk Committee have the relevant qualifications and expertise in audit, financial management and accounting.	- to monitor the financial reporting process of the Group - to review the Group's financial control, internal control and risk management systems and arrangements under the Group's whistleblowing policy - to review the effectiveness of internal audit activities carried out by the Group's audit function and senior Management - to govern the engagement of external auditor and its performance - to review non-audit services provided by the external auditors. - To oversee ESG matters and Climate-related risks and mitigation	- review of external auditors 2024 audit findings reports and audit plan for 2025 - review of Financial report for the year ended 31 December 2024 - Status of implementation of 2025 internal audit plan - review of the internal audit reports - review of the risk map update reports - Review of the external auditor's reports - review of dividend and press announcement of interim and year-end financial results. - Met with external auditors without the presence of management - Review of the Terms of reference of the Committee
Nomination and Remuneration Committee	- Ms. Pamela Ager (Chairperson) - Mr. Stephen Waruhiu - Mr. Andrew Ndegwa Njoroge - Mr. Christopher Flowers	- to review the structure, size and composition (including the skills, knowledge and experience) of the Board - Annual review of the term limits and independence of the individual Directors. - Board evaluation - continuing professional development - review of the Committee's terms of reference - to oversee the Board's succession planning requirements and identify qualified individuals and to make recommendations to the Board on the appointment or re-appointment of Directors - to review and recommend to the Board on the Group's policy and structure for remuneration of Directors and on the establishment of a formal and transparent procedure for developing policy on such remuneration	- Annual review of the Board composition, term limits and Independence of the individual Directors. - Facilitated Board evaluation. - Oversaw shortlisting of the trainers and Board training. - Review of the Terms of reference of the Committee - Review of the CMA findings and recommendations report on the Company's Corporate Governance assessment for 2024. - Reconstitution of Board Committees membership

Board Committees (continued)

Committees	Members	Major Functions	Key deliberations during FY2025
Legal Risk Committee	- Mr. Andrew Ndegwa Njoroge (Chairperson) - Mr. Stephen Waruhiu - Ms. Pamella Ager - Mr. Christopher Flowers	- to understand the nature of any legal claim or process with Management and appraise the Board on the same - to review any material breaches of policy which may expose the Group to a legal risk and advise on adequacy of the proposed remedial action - to understand advise the Board on any future legal risk mitigation strategy - to review the Group legal audit and advise the Board on the findings, non-compliances and required action plan to remedy such non-compliance	- Oversaw the Group's dispute resolution mechanisms and any resulting claims and legal proceedings and appraised the Board on the progress. - Review of the legal cases and the legal risk register - Review of the CMA findings and recommendations report on the Company's Corporate Governance assessment for 2024. - Progress update on the internal and external legal audit

Independent Human Rights Advisory Committee

An Independent Human Rights Advisory Committee has been established. The Committee is governed and guided on their duties and responsibilities set out in its own Terms of Reference. The following are the detailed Committee functions and key deliberations for the year ending 31 December 2025:

Committee	Members	Major Functions	Key deliberations during FY2025
Independent Human Rights Advisory Committee	- Professor Githu Muigai (Chairman) - Grace Madoka - Dr Brenda Achieng - Andrew Ndegwa Njoroge - Gina Din Kariuki	- identifying Human Rights risks to which the Group is exposed and recommend to the Board measures to mitigate these risks, set goals and evaluate results - reviewing Human rights matters raised with the Group to be handled in accordance with the Group Human Rights policies - advise the Board on best practices - has access to Lady Justice – Violet Mavisi (Rtd), an Independent Senior Lawyer in her role as the Independent head of SIKIKA.	- Facilitation of the Operational-level Grievance Mechanism and review of the Independent Monitor for SIKIKA Mechanism - Appraises the Independent Monitors report on the effectiveness of the OGM - Appraise the wider Human Rights Action Plan for the Company. - Staffing levels for 2025 - Research on DOHS compensation

Management Committees

In addition to the Board Committees, the Group has in place several established Management Committees to support its decision-making structures, increase efficiency and allow detailed deliberation on specific areas. The Management Committees deal with particular sets of ongoing issues and work across the Group to promote best practice and information sharing. Each Committee has terms of references that sets out its mandate. The Executive Directors can delegate their responsibilities to these Committees and utilize the areas of expertise contained within them. These Committees report to the Managing Director. In 2025, the Management Committees supporting the Group's activities included:

- Executive Committee
- Tender Committee
- Trainings Committee
- Health and safety Committee
- Company Community Partnership Committee

Management Committees (continued)

- Energy Management Committee
- Recruitment Committee
- Grievance Committee
- Data Protection Committee

Director Access to Management and Independent Advisors

Directors receive operating and financial reports of the Group and have access to senior Management at Board and Committee meetings. The Board has the authority to retain, terminate and determine the fees and terms of consultants, legal counsel and other advisors to the Board as the Board may deem appropriate.

The Group has employed the expertise of external independent consultants, amongst others, covering Public relations, implementation of the Operational-level Grievance Mechanism (SIKIKI), statutory trainings and audits.

Directors' external activities and Conflicts of Interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Group. The conflict-of-interest requirements is embedded in the Code of Conduct and Ethics policy as well as the Directors' letters of appointment. The Board and Board Committee meetings have a standing agenda item on the declaration of interest, where members declare actual, potential or perceived conflicts of interest. The declared items of interest are part of the minutes and are documented in a conflict-of-interest register. The of conflict-of-interest policy is awaiting Board approval.

Board Policies and Processes

The Board is committed to ensuring that the business is run in a professional, transparent, just and equitable manner to protect and enhance shareholder value and satisfy the interests of other stakeholders.

The Board has established several processes, policies and procedures to guide the Board and Management in conducting the Group's business. A summary of the Board policies and related governance documents include:

Board Charter This Board Charter recognizes and aims to adopt related best practices and guidance from the provisions of the Code of Corporate Governance Practices for Issuers of securities to the Public, 2015 (the Code), Kenyan Companies Act, 2015, the Company's Memorandum and Articles of Association and any applicable law or regulatory provision. The document is in no way intended to replace or amend the Company's Memorandum and Articles of Association in any way whatsoever.

The purpose of the Board Charter is to promote the highest standards of Corporate Governance and to set out the role, composition and responsibilities of the Board of Directors. The Board Charter serves not only as a reminder of the Board's roles and responsibilities but also as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities. The Board Charter is periodically reviewed so that it remains current. <https://www.kakuzi.co.ke/documents/normal/board-charter-2024.pdf>

Board Policies and Processes (continued)

Code of Conduct & Ethics	The Group has established a Code of Conduct and Ethics that binds both the Directors and employees. The Group takes cognizance of the fact that its operations are closely integrated with the local communities and, because the very nature of agriculture is long-term, it is aware that it has an impact on the environment. The Group policy is to make the Group activities meet and exceed the social, economic and environmental expectations of its stakeholders. https://www.kakuzi.co.ke/company-code-of-conduct-and-ethics The Code has been integrated into the Company's operations through the development of various policies and reporting mechanisms. Before on-boarding suppliers, the Company requires them to confirm compliance with Company's policy on Anti-Slavery and Human Trafficking, Code of Ethics for doing business in Kenya (KEPSA and KAM) Ethical Purchasing Policy (Supplier Code). The Anti-Bribery Policy is in place to foster an environment that encourages ethical behaviour and compliance. The staff are provided with the code of conduct and ethics upon appointment and must commit to abide by its requirements as part of the employment contract with the Company. Several initiatives are in place for its application. Every year the Managing Director conducts a staff training called "Kakuzi who we are", highlighting the values and the mission. Every six months the Anti –Bribery (TABO) report, which also covers gifts/entertainment, is presented to the Board. No unethical issues were reported during the course of the year under review.
Environmental, Social and Governance (ESG) Report	ESG considerations have been incorporated into decision-making processes at Kakuzi as we have noted growing interest in our approach to environmental, social and governance (ESG) issues, and in particular our performance on carbon emissions. The Company published its fifth ESG report in 2024. This report covers the key commitments the Company is making to UN SDGs, the UN Guiding Principles on Business and Human Rights and highlights the work being undertaken in key Corporate Social Investment areas. The Board reviewed the Group's climate related risks and opportunities and the related financial impact on the group. In line with the recommendations of the Task force on climate-related financial disclosures, these financial disclosures are in the 2024 ESG report – https://www.kakuzi.co.ke/environment. These disclosures will be updated in the 2025 ESG Report.
Insider Trading	The Board has adopted an Insider Trading Policy, which was reviewed and approved in 2023, in order to comply with applicable laws, regulations, and guidelines governing the Group's securities trading. The Policy prohibits Directors, employees, and other insiders from dealing in the Company's securities when they are in possession of price-sensitive information that is not publicly available. Information is considered non-public unless it has been disclosed to the market and sufficient time has elapsed for the market to absorb it. All staff are required to comply with the Group's Insider Trading Policy, which is available on the Company's website, https://www.kakuzi.co.ke/insider-trading-policy. The Policy reinforces the Company's commitment to maintaining market integrity, transparency, and fair disclosure. During Board meetings held in 2025, the Board received updates on the top ten shareholders, as well as reports on share trading activities, including purchases, sales, and transfer transactions. In the event of any breach of the Insider Trading Policy, the Board is required to notify the Capital Markets Authority (CMA). To the best of the Company's knowledge, no insider trading occurred during the financial year under review. In line with the 2024 NSE–CMA Joint Circular, the Company has also published its forward-looking insider trading windows on its website, further strengthening transparency and promoting market integrity. Top of Form Bottom of Form

Board Policies and Processes (continued)

Related Party Transactions	The Group recognizes that related party transactions arise where there is a relationship by virtue of shareholding, common shareholding or key management personnel directorship. The Group Related Party Transactions policy, which is on the Group's website, https://www.kakuzi.co.ke/related-party-transactions-policy, gives guidance on related party transactions, which are carried out using the arm's length principle. All transactions with related parties are disclosed in note 27 to the Financial Statements.
Whistle blowing policy	The Whistleblowing Policy, which is on the Group's website, (https://www.kakuzi.co.ke/whistle-blowing-policy) sets out the Board of Directors', Managements' and staff members' commitment to upholding the highest levels of integrity and observance of the rule of law. The policy applies to all employees of the Group, general public, service providers, customers, Company agents, contractors and any other individuals performing functions in relation to the Group. The Group's website provides an email contact (confidential@kakuzi.co.ke) to report any fraud, misconduct or wrongdoing by employees, Company Agents or Executives of the Group. All reported cases are investigated in a confidential and timely manner, and the required action taken so that feedback is provided as appropriate.
Operational-Level Grievance Mechanism (SIKIKI)	The Operational-level Grievance Mechanism (OGM) provides a systematic and transparent process for receiving, investigating, and addressing company-related grievances from affected communities, workers, farmers who supply avocados through Kakuzi's economic empowerment program, and other relevant stakeholders. The overall objective of the OGM is to enhance Kakuzi's existing processes to respect human rights, to provide access to remedy through a transparent process of fact finding and respectful dialogue aimed at mutually agreed outcomes, and to strengthen Kakuzi's relationships with all its stakeholders. The OGM has been given a local name, SIKIKA, which means "be heard". Extensive stakeholder engagement has been undertaken in developing the Company's OGM as described on the web site. (https://www.kakuzi.co.ke/business-and-human-rights). The SIKIKA process is annually evaluated by an independent monitor regarding its fairness, transparency, effectiveness and efficiency and recommendations are reported to the Board. The latest report is on the website: (https://www.kakuzi.co.ke/documents/normal/kakuzi%202025%20independent%20monitor%20Report%20reg.pdf).
Procurement policy	The Group's Procurement Policy which is on the website (https://www.kakuzi.co.ke/procurement-policy) is to promote fairness and transparency in the process of procurement and awarding of tenders, as far as possible with the ultimate objectives of procuring the required quantity/quality of goods or service at the most competitive price. The policy gives guidance on the principles and tender procedures. In addition, a Management Tender Committee oversees the award of tenders in line with its terms of reference. Every half year a TABO report is tabled to the Board on the procurement process, stating whether the Company followed the processes and adhered to the system of internal controls around supplier selection by reviewing a gift register.
ICT policy	The Group has deployed a number of Information Technology (IT) systems and infrastructures for its various activities and leverages on the systems to achieve its objectives. An IT/Security policy administered by the IT Manager is in place. It provides guidelines on proper utilization and safeguarding of Computer hardware, system, application and proprietary software and communications infrastructure whether wired or wireless as well as provision of adequate protection and confidentiality of all corporate data. A data protection policy is in place and the data protection committee continues to monitor its implementation. (https://www.kakuzi.co.ke/data-protection-policy)

Board Policies and Processes (continued)

Corporate Social Investment (CSI)	The Group has put in place a Community Relations policy to guide the CSI Committee in carrying out its duties. The Board allocates funds annually when the budget is prepared and approved. The Group as part of the community is committed to enhance its community relations by ensuring that it supports, collaborates and co-exists with the community, employees and other stakeholders as a responsible corporate citizen. Focus areas of our community relations program include but are not limited to economic empowerment, good health and wellbeing, quality education, clean water and sanitation, environmental conservation and climate action. The community relations program is conducted through partnerships with various stakeholders and relevant community linkages. The Group has established a Company Community Partnership Management Committee to facilitate and promote CSI mandates in accordance with the Company strategy, as well as to provide and define goals and metrics for measuring the implementation of corporate citizenship. The Community Stakeholder plan enables the specific departments to assess the necessity of CSI initiatives and appropriately allocate resources which enhances the company Community Partnership program. The CSI Committee reports to the Board on a quarterly basis detailing the projects and initiatives taken each quarter. A highlight of these is contained in the Corporate Social Investment and Sustainability report on pages 37 to 43, within the Group's ESG report and on the Group's web site.
Operational policies	There are broad operational policies that guide Management in executing the Group's operations in an efficient and socially responsible manner. The policies cover various operational functions including: human resource, financial management, sustainability, environment, safety and health, fire and safety, and corporate affairs among others. Some of the key policies which have been updated in line with the amendments of applicable legislations and rules as well as the current market practices are available on the Group's website, (https://www.kakuzi.co.ke/corporate-governance)
Group Guiding Principles (GGPs)	The Holding Company requires each subsidiary to comply with the Group Guiding Principles and confirm this to its Board on an annual basis. The Group has in place policies as required by the Holding Company as follows which are also on the website: • Occupational Safety & Health Policy • Whistleblowing Policy • Anti-Slavery and Human Trafficking Policy • Environment Policy • Safety and Health Employee Handbook • Human Rights Policy • Anti-Bribery Policy

Board Evaluation

The Group recognizes the importance of measuring the effectiveness of the Board through a proper Board evaluation process on a regular basis.

The Nomination and Remuneration Committee is responsible for determining the process for evaluating Board performance. The Board has taken a progressive step of rolling out Board evaluation, in line with the provisions of the Code. In 2025, the Board engaged an external consultant to conduct the evaluation.

The evaluation covered the performance of the Board of Directors as a whole, peer assessment (individual members of the Board), Company Secretary, Chairperson, Managing Director and Board Committees. The process, which involved detailed questionnaires, examined the balance of the skills of the Directors, the operation of the Board in practice, including governance issues, and the content of the Board meetings.

Board Evaluation (continued)

The evaluation identified strengths, weaknesses, opportunities and challenges that will make the Board more effective. The Board evaluation methodology processes included administering quantitative forms, internal documentation review and structured one on one sessions.

The key points of focus in the evaluation included:

- The effectiveness of the governance structures, processes and systems in place.
- The effectiveness of the collective board in the performance, transformative leadership, compliance and concordance roles.
- The effectiveness of the board in providing strategic and ethical leadership and management oversight.
- The clarity of the roles, functions and responsibilities of board committees and the effectiveness of the committees in performing those roles.
- The effectiveness of the individual Directors in performance of their roles, responsibilities and duties.
- The adequacy, timeliness and appropriateness of information to and from the Board.
- Management and effectiveness of board and committee meetings.
- Development of the collective board and individual Directors.
- Nature and effectiveness of Board/Management relationships.
- Relationships between the board, shareholder and stakeholders.

Development and improvement opportunities

- Development of a formal work plan to support the working of the board and to comply with best practices. This is an important tool especially for Induction of new Directors.
- Succession at the management level is generally good, but there is still room for strengthening and formalizing the process.
- Board Quorum requirements: The board should consider reviewing the quorum provisions as provided for in the board charter and also that it is aligned to the Memorandum & Articles.

Board Induction and Continuous Professional Development

The Chairperson is responsible for ensuring that new Directors participate in a full, formal, and tailored induction programme facilitated by the Managing Director. Newly appointed Directors are provided with orientation upon his/her appointment. In addition, as part of their induction, new Directors also meet Senior Management of the Company and undertake visits to the Company's operations. In the year 2025 there were no new Directors appointed to the Board.

The Nomination and Remuneration Committee is responsible for the continuing professional development programs for Directors to develop and maintain the skills and knowledge needed to perform their role effectively. Directors are continually updated on the Group's businesses, the markets in which the Group operates and changes to the competitive and regulatory environments.

The Board approved the Directors' training programme for 2025, which was delivered by external consultants. The trainings took 12 hours and covered the following topics:

- Economic Outlook and Corporate Governance Trends in 2025
- Cybersecurity and Public Relations Management
- ESG and Climate Change
- Community Stakeholder Management General Legal Updates and local and International Corporate Governance Trends

In addition, the Company Secretary, through the Finance Director, updates the Board on its duties and responsibilities and latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements.

The Board has put in place a formal Remuneration Policy which sets guidelines and criteria for the Board's compensation, attraction and retention of Directors. All aspects of remuneration, including but not limited to Directors' fees, salaries, benefits-in-kind and short-term and long-term incentives, options, share-based incentives and awards are overseen by the Nomination and Remuneration Committee.

Board Remuneration

Directors' fees are reviewed annually and submitted to shareholders for approval at each Annual General Meeting.

The Directors' remuneration policy and report, including details of their compensation appears on page 12.

Multiple Directorship

The Board recognizes that it is important for Directors to have a diverse range of experience and the benefit that external appointments in other companies can provide for both the individual Director and to the Board as a whole. In light of this, Directors may be permitted to take up external appointments and Directorships in other companies in accordance with the Capital Markets Authority Code.

The Board has clearly determined the maximum number of listed Board representations a Director may hold. The Nomination and Remuneration Committee, having reviewed the Directors' directorships in other companies, their principal commitments, attendance and contributions to the Group, is satisfied that all Directors are able to contribute and have adequately performed their duties as Directors of the Group. A review of the other listed Company Directorships of the Directors indicated that all the Directors have complied with the Code, which limits the number of Directorships in listed companies a member of the Board holds at any given time.

Governance Audit

The Board is committed to ensuring that the company has sound corporate governance practices and strives for continuous improvement in its governance structures and processes. The Capital Markets Authority (CMA) Code provides that issuers of securities to the public are required to undertake periodic governance audits.

In line with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public (2015), a Governance Audit for the Group was undertaken in 2025. The Governance Auditor issued an opinion noting that the current number of Independent Non-Executive Directors is below the threshold recommended under the applicable governance framework.

Capital Markets Authority (CMA) Corporate Governance Assessment

Annually the CMA, as part of its statutory activities, undertakes an assessment of the Group's status of implementation of the Code of Corporate Governance Practices for Issuers of Securities to the Public. The 2024 CMA Corporate Governance Reporting Template was submitted on time, with feedback received for governance strengthening. The Company attained an overall weighted score of (Good) of 74% in 2024 (2023 – 69%).

Adherence to Corporate Governance Principles

The Board remains committed to upholding the highest standards of corporate governance. In this regard, it has carefully considered the feedback provided by the Capital Markets Authority (CMA) and the Independent Governance Auditor while also taking into account evolving corporate governance best practices. The Board continues to work closely with Management to progressively implement the recommendations arising from these assessments, with the aim of further strengthening the Group's governance practices and internal control framework.

Legal and Compliance Audit

The Group has identified several local and international laws and regulations and performs regular compliance assessment checks under the various divisions of the Group. A Compliance Register that identifies the areas of compliance and the level of compliance by the Group is presented to the Board regularly.

In accordance with the Code, the Group is undergoing an internal Legal and Compliance Audit for the year ending 2025, having conducted an independent Audit for the year ending 2023 and finalized in 2024. The findings from the independent audit which were presented to the Legal Risk Committee confirmed that the Group was generally in compliance with the applicable laws and regulations

Legal and Compliance Audit (Continued)

In accordance with the Code, the Group is undertaking an internal Legal and Compliance Audit for the year ending 2025, having conducted an in addition, to promote full transparency, traceability, and accountability in its operations, the Group maintains various industry certifications and accreditations that support compliance with applicable standards, regulatory requirements, and responsible production practices. These accreditations, which are disclosed on the Company's website, include a range of self-assessment and certification programmes, among others. The accreditations which are on the website, include the following self-assessment, and certification programs:

a) Global certifications:

- FSSC 22000
- Rainforest Alliance
- SMETA (Sedex Members Ethical Trade Audit)
- Diamond Mark of Quality
- Global G.A.P. add-ons
- Halal certification
- SPRING
- Kosher

b) statutory-assessments:

- NEMA- environmental self-assessment
- Fire safety audit
- Occupational and health and safety audit
- Occupational safety and health risk assessment

Shareholders Relations

All shareholders receive full and timely information about the Group's performance. This is achieved through the distribution of a half-yearly interim Financial report and the Annual Report and Financial Statements as well as through compliance with the relevant continuing obligations under the Capital Markets Authority Act.

The Group's results are advertised in the press and released to the securities exchanges within the prescribed period at each half-year and year-end. The published results and related investor information together with all the relevant information relating to the Company is available on the Group's website, www.kakuzi.co.ke (Company Reports – Kakuzi).

The Group's Annual General Meeting (AGM) is an opportunity for shareholder engagement when the Chairman and the Managing Director explain the Group's full year performance and receive questions from shareholders. The Chairpersons of the Audit and Risk Committee, the Legal Risk Committee and the Nominations and Remuneration Committee are usually available at the AGM to take any relevant questions. All other Directors also attend.

The Group has engaged the services of a registrar, Custody & Registrar Services (Kenya) Limited, who together with the Finance Director, regularly address issues raised by the shareholders. Shareholders' enquiries, either received by telephone or by email, are properly attended to by the registrar. Through the registrar, the shareholders have a secure central custody and simplified, swift and safe method of transfer and registration of ownership of their shares. Frequently asked questions on share ownership and CDS accounts are answered on the CDSC Website.

In 2024, a shareholder's visit to the Group's farm operations in Makuyu was carried out which was well received by the shareholders who visited. Such visits will be held on a biennial basis.

Annual General Meetings (AGM)

The Board is committed to the constructive use of the AGM as a forum to meet with Shareholders and to hear their views and answer their questions about the Group and its business. In 2025, we provided our Shareholders a valuable opportunity to meet with all Directors and Company Secretary to answer any questions.

Shareholders were able to participate in the AGM and were given the right to ask questions and participate in the AGM and to vote for the resolutions and all resolutions were passed on a poll.

Annual General Meetings (AGM) (continued)

During the last AGM held on 14 May 2025, the shareholders approved the Financial Statements for 2024, Dividend, Directors' Remuneration Report, re-election of Directors, re-election of the members of the Audit and Risk Committee and re-appointment of Messrs. Deloitte & Touche LLP as Auditors.

Stakeholder Engagement

Understanding the perspectives of our stakeholders and building and maintaining strong ties with them enables their views and concerns to be considered in Board and Committee discussions and decision-making. In keeping with our sustainability strategy, which addresses stakeholder concerns as advised by the Global Reporting Initiative (GRI), our Board members and management continue to actively engage with stakeholders and address their concerns. Additionally, the Board continues to seek to identify and facilitate mechanisms for more effective and meaningful dialogue with our stakeholders. The Group is committed to equitable treatment of its stakeholders.

A Stakeholder engagement matrix is in place and it identifies all the key stakeholders, our engagement with them, modes of the engagements, the issues most material to them and how we have responded ([Kakuzi PLC 2024 ESG Report](#)).

The Company has put in place a community relations policy which is on the Company's website covering the key stakeholders. For each of the stakeholders, an effective mode of communication and engagement including education, informing, engagement and collaboration has been developed with timelines. A number of the activities conducted have been captured on the Company's website.

The company continually engaged with stakeholders through community partnerships, trade shows, forums and expositions during the period under review.

Stakeholder relations

The Board recognizes that the Group is accountable to various stakeholders including farmers and suppliers, employees, investors, general public, media, regulators/authorities and the communities in which we operate. In order to promote effective relationships with its stakeholders, the Group has set and expects the highest standards of conduct within its operations, based on our established core values. The Group is committed to building mutually beneficial relationships with all its stakeholders and to ensuring that a balance is maintained between the individual interests of stakeholders and those of the Group. In particular, the Group:

- promotes fair, just and equitable employment policies;
- promotes and is sensitive to the preservation and protection of the natural environment;
- is sensitive to and conscious of gender interests and concerns;
- promotes and protects the rights of children and other vulnerable groups;
- enhances and promotes the rights and participation of host communities; and
- supports staff and customer sensitization.

The Group encourages feedback from all stakeholders via various channels including but not limited to general meetings, surveys, whistleblowing and feedback forms. This feedback in turn informs the Board on the issues that stakeholders are most concerned with, and these are considered when formulating the Group's strategy.

Directors' Responsibilities for Financial Reporting and Disclosures

The Group has maintained timely balanced disclosure of all material information concerning the Group. The Group publishes on its website ([News \(kakuzi.co.ke\)](https://www.kakuzi.co.ke)) key Group information including but not limited to; Annual reports, ESG reports, Financial Statements, changes in Board composition, Group Notices and AGM materials, Group Board Charter, Group policies such as the Code of Ethics, Human Rights Policy, Whistleblowing Policy among others.

The Group additionally releases material information to the Capital Markets Authority, the Nairobi Securities Exchange and any other relevant regulators in line with all disclosure requirements prescribed in the Code and listing regulations.

A statement of the Directors' responsibilities in respect of the Annual Report and Financial Statements is set out on page 11 of the Annual Report. A statement on going concern is also given within the statement of corporate governance on page 32 of the Annual Report.

Internal Controls, and Risk Management Systems

The Directors acknowledge their responsibility for maintaining a sound system of internal control and risk management. The Board has delegated to the Board Audit and Risk Committee the responsibility for reviewing the effectiveness of the Group's internal control framework and risk management processes. During the year, the Committee, on behalf of the Board, reviewed the effectiveness of the Group's internal control systems through reports received from the Internal Audit function and observations raised by the External Auditors in the course of their audit work.

Accountability and delegation of authority across the Group are clearly defined, supported by regular communication between the Board and Management.

The Group maintains an independent Internal Audit Department, which reports functionally to the Board Audit and Risk Committee and provides independent assurance on compliance with the Group's policies, procedures, and business standards. Where necessary, the Internal Audit function recommends corrective actions to strengthen internal controls.

The performance of each division is monitored centrally through regular reviews of annual budgets, forecasts, and monthly reports on sales, profitability, and cash flows. Financial results and key operational indicators are closely monitored against approved plans, and any significant variances are analysed and addressed. The Board has reviewed the Group's internal control policies and procedures and is satisfied that appropriate systems and controls are in place.

The Company has also developed a comprehensive Risk Map, which is reviewed semi-annually by the Board Audit and Risk Committee and is a standing agenda item at Board meetings. The Risk Map identifies key risk categories faced by the Company, including Macroeconomic, Strategic, Operational, Financial, Information Technology (IT), People, and Health, Safety and Environment risks. The Board Audit and Risk Committee reviews the Company's aggregated residual risk profile against approved quantitative and qualitative risk appetite metrics and receives regular updates from Senior Management on mitigation measures and corrective actions.

In addition, the Company receives independent assurance through annual external audits, during which the external auditors assess significant audit risk matters. This was evidenced by the Deloitte & Touche 2025 Audit Findings Report.

Further details on the Group's Risk Management Policies are provided in Note 4 to the Financial Statements.

Internal Audit

The Group has an independent Internal Audit Department, which reports functionally to the Board Audit and Risk Committee and provides independent assurance on compliance with the Group's business standards, policies, and procedures. The function is headed by the Head of Internal Audit, a member of the Institute of Internal Auditors (IIA), and operates in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Internal Audit Charter, approved by the Board, outlines the authority, scope, standards, and procedures governing the activities of the Internal Audit Department. The Internal Audit function reports to the Board Audit and Risk Committee on a half yearly basis, providing independent assurance on the effectiveness of the Group's governance, risk management, and internal control processes.

The Department adopts a risk-based auditing approach, which provides a systematic framework for identifying, prioritizing, and scheduling audits while ensuring that audit resources are directed towards areas of higher risk. An annual internal audit plan is developed using a structured risk and control assessment framework that evaluates both inherent risks and the effectiveness of existing controls, including emerging risks arising from internal and external factors.

Audit engagements are prioritised based on the results of this assessment, with emphasis placed on higher-risk areas. The Head of Internal Audit submits the annual risk-based audit plan to the Board Audit and Risk Committee for review and approval.

Performance reports presented in 2025 indicated strong execution of the audit plan, with 95% completion of planned audits in 2025 (2024: 92%), including both planned and additional audit assignments.

External Auditor

To assess the effectiveness of the external audit process, the external auditor is required to report to the Audit and Risk Committee and confirm their independence in accordance with ethical standards and that they have maintained appropriate internal safeguards to ensure their independence and objectivity.

In addition to the steps taken by the Board to safeguard auditor objectivity, the Committee has reviewed the non-audit services provided by the external auditor and satisfied itself that the scale and nature of those services were such that the external auditors' objectivity and independence were safeguarded.

The Committee confirms that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

The External Auditors attended the two meetings of the Audit and Risk Committee, one to present their 2024 Audit findings report and the second one to present their audit service plan for the year ended 31 December 2025.

The current External Auditors were appointed on 15th May 2017.

Going Concern

The Board confirms the Financial Statements are prepared on a going concern basis, and the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. For this reason, it continues to adopt the going concern basis when preparing the Financial Statements.

Shareholding Profiles

The Company, through its Registrar, files returns regularly in line with the requirement of the Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

The number of shareholders as at 31st December 2025 was 1,618 (2024 –1,440).

Principal Shareholders

The top 10 major shareholders, based on the Group's share register as at 31st December 2025 were as follows:-

	Shareholder name	Number of ordinary shares	%
1.	John Kibunga Kimani	6,570,947	33.53%
2.	Bordure Limited*	5,107,920	26.06%
3.	Lintak Investments Limited*	4,828,714	24.64%
4.	Kakuzi Neighbourhoods Development Foundation	496,498	2.53%
5.	G.H. Kluge & Sons Limited	239,118	1.22%
6.	HSBC Global Custody Nominee (UK) Limited	200,000	1.02%
7.	John Okuna Ogango	122,700	0.63%
8.	B. Wanjui Joe	122,004	0.62%
9.	Lise Larsen & Esther Ebba Aasberg Larsen	48,999	0.25%
10.	Kusumben Ambubhai Amin	47,559	0.24%
		17,784,459	90.74%

* Camellia Plc incorporated in England, by virtue of its interests in Bordure Limited incorporated in England and Lintak Investments Limited incorporated in Kenya, is deemed to be interested in these ordinary shares.

Distribution Schedule

Ordinary shares range	Number of shareholders	Number of ordinary shares	%
Less than 500	1,131	137,807	0.70 %
501 to 5,000	398	710,180	3.62%
5,001 to 10,000	45	342,135	1.75%
10,001 to 100,000	36	721,976	3.68%
100,001 to 1,000,000	5	1,180,320	6.02%
Over 1,000,000	3	16,507,581	84.22%
	1,618	19,599,999	100.00%

Category	Number of Shareholders	Number of Shares	%
Local Individual Investors	1,382	8,083,943	41.24 %
Local Institutional Investors	97	5,575,856	28.45 %
Foreign Individual Investors	120	340,107	1.74 %
Foreign Institutional Investors	19	5,600,093	28.57%
Total	1,618	19,599,999	100.00%

The following Directors had direct or indirect beneficial equity interests in the ordinary shares of the Group as at 31st December 2025.

	At 31 December 2025		At 31 December 2024	
	Beneficial Ordinary shares	Non-Beneficial Ordinary shares	Beneficial Ordinary shares	Non-beneficial Ordinary Shares
Mr. Nicholas Ng'ang'a	1000	-	1000	-
Mr. Christopher Flowers	-	-	-	-
Mr. Graham Mclean	100	-	100	-
Mr. Ketan Shah	200	-	200	-
Mr. Daniel M Ndonye	-	-	-	-
Mr. Stephen Waruhiu	-	-	-	-
Mr. Andrew Ndegwa Njoroge	-	-	-	-
Dr John Kibunga Kimani	6,570,947	-	6,536,523	-
Ms. Pamela Ager	-	-	-	-

BY ORDER OF THE BOARD

K R SHAH
24 March 2026

C J FLOWERS
24 March 2026

CORPORATE GOVERNANCE AUDIT OPINION

Introduction

We have carried out Governance Audit of Kakuzi PLC for the Calendar Year ended 31st December 2025 through which we reviewed the Governance Practices, Structures and Systems put in place by the Board of the Company.

Board Responsibility

The Board of Kakuzi PLC is responsible for putting in place governance structures and systems that support the practice of good governance in the two companies. Their responsibilities include planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the companies. The Board is responsible for ensuring that it is properly constituted to promote and enhance ethical leadership and corporate citizenship, accountability, risk management, internal controls, transparency, disclosure, members' rights and obligations, members' relationship, compliance with laws and regulations, sustainability and performance management.

Governance Auditor's Responsibility

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in a Company within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; sustainability; and performance management based on our audit.

We conducted our audit in accordance with the ICS-K Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the Company's policies, systems, practices and processes. We believe that our governance audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the Board of Kakuzi PLC has established governance structures that are appropriate and effective, and which align with the applicable legal and regulatory framework as well as recognised corporate governance best practices in the interest of stakeholders. We note, however, that the current number of Independent Non-Executive Directors is below the threshold recommended under the applicable governance framework. The Board has acknowledged this position and is addressing it as part of its ongoing Board renewal and succession planning processes in order to further strengthen independence, oversight, diversity and minority shareholder representation.

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LUCY NJOROGE P.174

24 March 2026

The Company is committed to supporting community initiatives that foster sustainable development and build collaborative partnerships for mutual growth and prosperity.

There is good progress on Company Community Partnership (CCP) focus areas which are aligned to the UN Sustainable Development Goals (SDGs): Good health and Well-being (SDG 3); Quality Education (SDG 4); Gender Equality (SDG 5); Clean water & Sanitation (SDG 6); Decent Work & Economic growth (SDG 8); and Climate Action (SDG 13).

Our interventions are continuously shaped by needs assessment, the requests and valuable feedback we receive from the community and our partners.

Meaningful community relations remain essential for fostering mutual trust, understanding and collaboration between Kakuzi and the community we serve. Strong relationships with community members, local administration, and stakeholders contribute to long-term success and positive societal development. Strategic community forums, sessions with local administration and county government, community visits to the office fostered interaction and engagement with the stakeholders and informed our direction in the year.

In 2025 Kakuzi invested in the following initiatives:

Good health and Well-being (SDG 3)

Good and well-being is fundamental to individual and community development, contributing to social, economic, and environmental progress, including improved productivity and educational outcomes.

Kakuzi, in partnership with Government officials from the Ministry of Health attended the commissioning of Mwanja Mbogo dispensary in Ithanga area. The facility was established through a partnership between the County Government and the Company. Kakuzi constructed a 4-door ablution block, to improve on liquid waste management at the facility.

In an effort to enhance access to quality primary health care and health education, Kakuzi partnered with Murang'a County Health department to celebrate nurses during nurse's week, a globally recognized event held annually in the month of May to honor the dedication, hard work and invaluable contribution of nurses in delivering quality health care. In addition to the event banner, Kakuzi supported the celebrations with 450 sanitary towels for issuance to ladies as a reproductive health support against period poverty.

In collaboration with the Ministry of Health, Kakuzi organized free medical camps in Gikono, Kinyangi, and Makuyu locations, providing preventive, curative and health promotion services that included; health education, voluntary HIV counseling and testing, cervical, breast, and prostate cancer screening, as well as blood sugar and blood pressure checks, among others. A total of 1,224 community members benefited from these outreach services.

Through Tabasamu, our menstrual health and hygiene program, we strive to equip the community with knowledge on menstrual health, breaking taboos and ending the stigma associated with menstruation. Sensitization forums were done in 8 learning institutions, over 4,070 absorbents donated to school going girls and the community and, in an effort, to enhance hygiene, over 2,000 pieces of bar soaps were issued to boys in these institutions.

Kakuzi supported the World Patient Safety Day celebrations by providing tents and chairs for the event. World Patient Safety Day raises global awareness about patient safety and calls for collective action by countries and international partners to reduce patient harm and strengthen healthcare systems. Through this support, Kakuzi reaffirmed its commitment to promoting community health and partnering in initiatives that enhance the well-being of the communities it serves.

Global Handwashing Day is an annual international campaign aimed at raising awareness about the importance of handwashing with soap and water as a simple, effective, and affordable way to prevent some communicable diseases and save lives. Kakuzi supported the event by providing t-shirts and tents to help promote the campaign's message.

Quality Education (SDG 4)

Education plays a vital role in nurturing abilities, promoting understanding, and developing skills necessary for progressive change and a sustainable society. By investing in education, Kakuzi lays a foundation for long-term social and economic development, empowerment, and sustainable progress.

Kakuzi awarded academic scholarships to seven deserving students from the local communities who are at different levels of secondary education.

The Company supported payment of wages for eight additional teachers across four local schools Kitito, Kinyangi, Kakuzi Primary, and Gititu Secondary to enhance learning through improved teacher-student ratio leading to expected better learning outcomes.

Kakuzi donated 20 desktop computers and their accessories to 18 institutions to enhance education by transforming traditional teaching and learning methods into dynamic and interactive experiences.

Type and condition of classroom furniture may influence academic performance by enhancing comfort, promoting concentration, improving engagement and supporting overall learning efficiency. In recognition of its importance to academic success, Kakuzi donated 468 classroom furniture to 33 local learning institutions.

Academic mentorship has been known to transform learner's life-choices by fostering knowledge, improving confidence, opportunity, and general societal progress. Kakuzi organized mentorship forums for its seven sponsored students. The forums provided guidance on study skills and life-choices for the learners.

We believe income-generating projects in schools provide a powerful blend of educational and economic benefits. Students learn the value of gainful work and financial responsibility, while schools gain aspects of financial independence, reducing the burden on parents and enabling investment in vital resources, infrastructure, and educational programs.

Kakuzi is supporting four schools with avocado projects, the projects were established through a cumulative donation of 350 avocado seedlings to these institutions, complemented with capacity building and periodic extension support services from Kakuzi Extension Services Team.

Clean Water and Sanitation (SDG 6)

Recognizing that improved water and sanitation facilities are fundamental to achieving the Sustainable Development Goals, including good health and gender equality, Kakuzi actively invested in construction of sanitation facilities and installation of rain water harvesting systems in learning institutions to enhance access to safe waste disposal and increase access to safe water.

Kakuzi funded construction of 32 ablution facilities in 8 learning institutions and a 5,000L rainwater harvesting system in one learning institution to strengthen hygiene practices and promote better health for students at these institutions.

Decent Work and Economic Growth (SDG 8)

Economic empowerment for a community is a process that aims to increase the ability of individuals and groups within that community to participate in, contribute to, and benefit from economic activities. It's about creating sustainable economic opportunities and fostering self-sufficiency.

Kakuzi remains committed to providing employment and a source of sustainable livelihood opportunities for the locals, boosting the local economy and enhance economic self-sufficiency for the surrounding communities. Within the reporting period, the Company supported local suppliers by purchasing from them, goods and services worth over 74 million Kenya shillings.

Skills development drives community transformation and economic growth by creating sustainable livelihoods, fostering independence, and enhancing the overall quality of life.

Kakuzi conducted a beekeeping training and donated 5 beehives to Blue Gum Self-Help Group in Makuyu to establish a sustainable, income-generating project and donated an additional 25 beehives for a community-based beekeeping project, through Muranga' Women's representative.

Decent Work and Economic Growth (SDG 8) (continued)

A refresher training session was conducted for the Stima Beekeeping group in Kangangu, also beneficiaries of 25 beehive, to address the reported challenges of unsuccessful hive habitation by bees.

Kakuzi sponsored 33 staff members to take part in the standard chartered marathon, an annual marathon held in Nairobi that brings people together to raise funds for Standard Chartered Future makers program, which empowers youth in underserved communities.

Climate Action (SDG 13)

Environmental management is central to the sustainability of our operations. In line with this commitment, Kakuzi organized a conservation and riparian area rehabilitation initiative along Thika River riparian zone, from Ndula to Rubiru, aimed at restoring and preserving the river basin by way of planting indigenous trees. In collaboration with the local administration and the government forester, 315 indigenous tree seedlings were planted as part of a continuous project targeting the rehabilitation of 12 kilometres stretch of the river.

In collaborated with NEMA Murang'a branch and the Kenya Red Cross Society in a tree planting exercise, Kakuzi contributed to the significant tree planting activity by providing quality seedlings and branded t-shirts. The initiative successfully targeted planting of over 1,000 trees at Kiharu Technical Institute, Mumbi Girls, Kenya Red Cross Society Office Land, and other locations, to promote a greener and healthier environment.

Kakuzi partnered with the Kenya Forest Service (KFS) in Murang'a in a joint tree-planting activity during the County's short rains Tree Planting Launch at Kimakia Forest Station. The exercise targeted the planting of 40,000 seedlings, contributing to the national goal of growing 15 billion trees.

The company partnered with the local community, alongside administration leaders, in a joint environmental conservation initiative. The initiative involved Community sensitization on the importance of environmental conservation, distribution and planting of 1100 tree seedlings donated by the company.

Stakeholder and Community engagement/ Collaboration

Kenya red Cross hosted Kakuzi during the world Red Cross Day held at Kiambu High School. Kakuzi was celebrated for excellence and demonstrating leadership, innovation and social impact.

Kakuzi hosted staff members from Murang'a Technical Training Institute, following their expression of interest in collaborating with the company across various disciplines offered at the institution.

This partnership approach if successful, is designed to enable trainees to gain theoretical knowledge in the classroom while concurrently acquiring hands-on experience within relevant industries. The initiative aims to address the challenge of accessing qualified human resources and to encourage more youth to pursue technical and vocational training, thereby enhancing their employability in an increasingly dynamic job market.

As part of its commitment to fostering goodwill, strengthening community engagement, and supporting sustainable development, Kakuzi donated football kits to Kabati Football Club and Kakuzi Sisal Football Club, both local teams, committed to nurturing talent, promoting sportsmanship, and inspiring the community through games and sports.

BY ORDER OF THE BOARD

K R SHAH
DIRECTOR
24 March 2026

C J FLOWERS
DIRECTOR
24 March 2026

Independent auditor's report to the shareholders of Kakuzi Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

We have audited the accompanying separate financial statements of Kakuzi Plc (the Company) and the consolidated financial statements of the Company and its subsidiaries (together, the Group) set out on pages 43 to 106, which comprise the consolidated and separate statements of financial position at 31 December 2025 and consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of the Group and of the Company at 31 December 2025 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of 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 the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Kenya. We have also 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Partners: D.M. Mbogho; A.N. Muraya; F. O. Aloo; J. Nyang'aya; B.W. Irungu; I. Karim; F. Okwiri; F.O Omondi; F. Mitambo; P. Seroney; D. Waweru; C Luo.

Deloitte & Touche, a partnership with registration No. 177912, converted to Deloitte & Touche LLP Registration No. LLP-A2IDDP effective 14 June 2021

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Measurement of biological assets (in the consolidated and separate financial statements) The measurement of biological assets involves significant judgements and estimates by the Directors, which could have a material impact on the financial position and financial performance of the Group and the Company. At the end of year, the carrying value of the biological assets amounted to Shs. 1,633,683,000 (2024: Shs. 1,658,234,000) as disclosed in Note 6 to the consolidated and separate financial statements. As discussed in Note 6 of the financial statements, biological assets comprise forestry plantations, livestock and growing agricultural produce on bearer plants. These assets are measured at fair value less costs to sell at the end of each reporting period. The fair value is determined using level 2 & 3 hierarchy and the assumptions are based on unobservable inputs hence more susceptible to significant judgments by management. The changes in fair value arise as biological transformation of the assets occur rather than at the time of harvest. The Group carried out the valuation of biological assets using fair valuation methodology discussed in Note 6 and employed the services of external valuers (management experts) in the valuation of forestry and livestock. As disclosed in Note 3(a)(ii), 3(a)(iii) and Note 6 to the consolidated and separate financial statements, the key assumptions and estimates used in the valuation include expected yield, future market prices, exchange rates, costs to sell and the age and condition of the assets. The determination of these assumptions and estimates require significant judgment by the Directors and any changes could lead to material adjustments to the consolidated and separate financial statements. We therefore identified the measurement of biological assets as a key audit matter. Refer to Note 2 (h) for the accounting policy on biological assets; Note 3 (a) for the significant estimates used in determining the fair values of biological assets; and Note 6, for the disclosure on biological assets.	Our audit procedures to address the key audit matter included the following: We assessed the competence and independence of the management experts and discussed the scope of their work. We obtained a detailed understanding of the processes followed and the data used by management in making the relevant assumptions. We assessed and identified the key controls involved in the valuation process and tested their design and implementation. We engaged our internal valuation specialists to assist with assessing the appropriateness of the methodology and significant judgements and assumptions used by Management and its experts. We reviewed the valuation reports and discussed the details with Management and the management experts. The discussions involved the valuation process, valuation models, significant assumptions and judgements applied during the valuation. We performed an analysis of the significant assumptions made in the valuation models and assessed them for reasonableness. Our procedures included comparison with market information, sensitivity analysis, physical verification and retrospective review of the key assumptions and judgements. In addition, we tested a selection of data inputs used against management's financial and operational information and external sources, to assess the accuracy, reliability and completeness thereof. We evaluated the sufficiency and accuracy of the disclosures in the notes to the consolidated and separate financial statements for compliance with International Accounting Standard (IAS 41) and IFRS 13. We concluded that the assumptions and judgements used in the valuation were reasonable to support the amounts presented in the consolidated and separate financial statements. We also found the models used for the valuation of the biological assets to be appropriate. In addition, the disclosures in the consolidated and separate financial statements pertaining to the valuation and measurement of biological assets were found to be appropriate in compliance with IAS 41 and IFRS 13.

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

Other information

The Directors are responsible for the other information. The other information comprises the Company Information, Notice of Annual General Meeting, Chairman's Statement, Corporate Social Investment Report, Report of the Directors, Statement of Directors' Responsibilities, Statement on Corporate Governance, Directors' Remuneration Report and Company's five year record 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, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

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

Responsibilities of the Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of 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 the 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 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 judgement and maintain professional scepticism 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.

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)

- 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 the audit of the consolidated and separate financial statements (continued)

Report on other matters prescribed by the Kenyan Companies Act, 2015

Report of the Directors

In our opinion, the information given in the report of Directors' report on pages 9 to 10 is consistent with the financial statements.

Directors' remuneration report

In our opinion, the auditable part of the Directors' remuneration report on page 12 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Fredrick Okwiri, Practising certificate No. 1699**

For and on behalf of Deloitte & Touché LLP
Certified Public Accountants (Kenya)
Date of Appointment: 15 May 2017

24 March 2026

Consolidated and Separate statement of profit or loss and other comprehensive income

		Year ended 31 December	
	Notes	2025	2024
		Shs'000	Shs'000
Sales	5	5,368,622	4,791,692
Gains arising from changes in fair value less costs to sell of non-current biological assets	6(i)	98,230	237,956
		5,466,852	5,029,648
Cost of sales		(3,573,764)	(4,137,314)
Gross profit		1,893,088	892,334
Other income/(loss)	7	16,114	(173,369)
Selling and distribution costs		(1,410,430)	(957,878)
Operating profit/(loss)		498,772	(238,913)
Interest income	8	69,705	72,444
Finance costs	8	(60)	(279)
Profit/(loss) before income tax	5	568,417	(166,748)
Income tax (charge)/credit	11(a)	(180,844)	35,054
Profit/(loss) for the year		387,573	(131,694)
Other comprehensive (loss)/income			
<i>Items that are not reclassified subsequently to profit or loss:</i>			
Remeasurement of post-employment benefit obligations			
Actuarial gain	16	5,650	1,887
Deferred tax charge to other comprehensive income	15	(1,695)	(565)
		3,955	1,322
Total comprehensive income/(loss) for the year		391,528	(130,372)
Earnings per share (Shs):			
Basic and diluted earnings/(loss) per ordinary share	12	19.77	(6.72)

The notes on pages 49 to 106 are an integral part of these consolidated and separate Financial Statements.

Consolidated statement of Financial position

	Notes	31 December 2025 Shs'000	31 December 2024 Shs'000
EQUITY			
Share capital	13	98,000	98,000
Other reserves		40,206	36,251
Retained earnings		5,116,232	5,042,259
Proposed dividend	12(ii)	313,600	156,800
Total equity		5,568,038	5,333,310
Non current liabilities			
Deferred income tax	15	1,090,524	1,115,532
Post employment benefit obligations	16	165,515	151,744
Lease obligations	17	691	688
		1,256,730	1,267,964
Total equity and non current liabilities		6,824,768	6,601,274
Non current assets			
Property, plant and equipment	18	2,878,343	2,981,247
Biological assets	6(i)	1,128,680	1,118,962
Right of use assets	19	4,051	4,099
Non current receivables	23	61,817	53,434
		4,072,891	4,157,742
Current assets			
Biological assets – growing agricultural produce	6(ii)	505,002	539,272
Inventories	22	465,756	369,464
Receivables and prepayments	23	594,723	661,105
Current tax recoverable	11(d)	–	81,374
Cash and cash equivalents	25	1,593,203	1,106,684
		3,158,684	2,757,899
Current liabilities			
Payables and accrued expenses	24	307,131	301,029
Current tax payable	11(d)	92,180	–
Lease obligations	17	51	55
Post employment benefit obligations	16	7,445	13,283
		406,807	314,367
Net current assets		2,751,877	2,443,532
		6,824,768	6,601,274

The notes on pages 49 to 106 are an integral part of these consolidated and separate Financial Statements.

The consolidated and separate Financial Statements on pages 43 to 106 were approved for issue by the Board of Directors on 24 March 2026 and signed on its behalf by:

K R SHAH
DIRECTOR

C J FLOWERS
DIRECTOR

Separate statement of Financial position

	Notes	31 December 2025 Shs'000	31 December 2024 Shs'000
EQUITY			
Share capital	13	98,000	98,000
Other reserves		40,206	36,251
Retained earnings		5,112,091	5,038,118
Proposed dividend	12(ii)	313,600	156,800
Total equity		5,563,897	5,329,169
Non current liabilities			
Deferred income tax	15	1,090,524	1,115,532
Post employment benefit obligations	16	165,515	151,744
Lease obligations	17	691	688
		1,256,730	1,267,964
Total equity and non current liabilities		6,820,627	6,597,133
Non current assets			
Property, plant and equipment	18	2,878,343	2,981,247
Biological assets	6(i)	1,128,680	1,118,962
Right of use assets	19	4,051	4,099
Investment in subsidiaries	20	4,295	4,295
Non current receivables	23	61,817	53,434
		4,077,186	4,162,037
Current assets			
Biological assets – growing agricultural produce	6(ii)	505,002	539,272
Inventories	22	465,756	369,464
Receivables and prepayments	23	594,723	661,105
Current tax recoverable	11(d)	–	81,321
Cash and cash equivalents	25	1,593,203	1,106,684
		3,158,684	2,757,846
Current liabilities			
Payables and accrued expenses	24	315,514	309,412
Current tax payable	11(d)	92,233	–
Lease obligations	17	51	55
Post employment benefit obligations	16	7,445	13,283
		415,243	322,750
Net current assets		2,743,441	2,435,096
		6,820,627	6,597,133

The notes on pages 49 to 106 are an integral part of these consolidated and separate Financial Statements.

The consolidated and separate Financial Statements on pages 43 to 106 were approved for issue by the Board of Directors on 24 March 2026 and signed on its behalf by:

K R SHAH
DIRECTOR

C J FLOWERS
DIRECTOR

Consolidated statement of changes in equity

	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
Year ended 31 December 2025					
At start of year	98,000	36,251	5,042,259	156,800	5,333,310
<i>Total comprehensive income for the year:</i>					
Profit for the year	-	-	387,573	-	387,573
Other comprehensive income	-	3,955	-	-	3,955
<i>Total</i>	-	3,955	387,573	-	391,528
<i>Transactions with owners:</i>					
Dividends:					
- Final paid for 2024	-	-	-	(156,800)	(156,800)
- Proposed for 2025	-	-	(313,600)	313,600	-
<i>Total</i>	-	-	(313,600)	156,800	(156,800)
At end of year	98,000	40,206	5,116,232	313,600	5,568,038
	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
Year ended 31 December 2024					
At start of year	98,000	34,929	5,330,753	470,400	5,934,082
<i>Total comprehensive income for the year:</i>					
Loss for the year	-	-	(131,694)	-	(131,694)
Other comprehensive income	-	1,322	-	-	1,322
<i>Total</i>	-	1,322	(131,694)	-	(130,372)
<i>Transactions with owners:</i>					
Dividends:					
- Final paid for 2023	-	-	-	(470,400)	(470,400)
- Proposed for 2024	-	-	(156,800)	156,800	-
<i>Total</i>	-	-	(156,800)	156,800	-
At end of year	98,000	36,251	5,042,259	156,800	5,333,310

The notes on pages 49 to 106 are an integral part of these consolidated and separate Financial Statements.

Other reserves relate to remeasurement of post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions.

Separate statement of changes in equity

	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
Year ended 31 December 2025					
At start of year	98,000	36,251	5,038,118	156,800	5,329,169
<i>Total comprehensive income for the year:</i>					
Profit for the year	-	-	387,573	-	387,573
Other comprehensive income	-	3,955	-	-	3,955
<i>Total</i>	-	3,955	387,573	-	391,528
<i>Transactions with owners:</i>					
Dividends:					
- Final paid for 2024	-	-	-	(156,800)	(156,800)
- Proposed for 2025	-	-	(313,600)	313,600	-
<i>Total</i>	-	-	(313,600)	156,800	(156,800)
At end of year	98,000	40,206	5,112,091	313,600	5,563,897
	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
Year ended 31 December 2024					
At start of year	98,000	34,929	5,326,612	470,400	5,929,941
<i>Total comprehensive income for the year:</i>					
Loss for the year	-	-	(131,694)	-	(131,694)
Other comprehensive income	-	1,322	-	-	1,322
<i>Total</i>	-	1,322	(131,694)	-	(130,372)
<i>Transactions with owners:</i>					
Dividends:					
- Final paid for 2023	-	-	-	(470,400)	(470,400)
- Proposed for 2024	-	-	(156,800)	156,800	-
<i>Total</i>	-	-	(156,800)	156,800	-
At end of year	98,000	36,251	5,038,118	156,800	5,329,169

The notes on pages 49 to 106 are an integral part of these consolidated and separate Financial Statements.

Other reserves relate to remeasurement of post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions.

Consolidated and separate statement of cash flows

	Notes	Year ended 31 December 2025 Shs'000	2024 Shs'000
Operating activities			
Profit/(loss) before income tax	26	568,417	(166,748)
Adjustment for non-cash items	26	267,629	494,778
Changes in working capital and other items	26	(18,607)	122,525
Cash generated from operations	26	817,439	450,555
Interest received	8	69,705	72,444
Income tax paid	11(d)	(33,993)	(48,318)
Net cash generated from operating activities		853,151	474,681
Investing activities			
Purchase of property, plant and equipment	18	(179,956)	(204,065)
Purchase and development of biological assets	6(i)	(28,781)	(40,171)
Proceeds from disposal of property, plant and equipment		491	5,480
Investment in fixed deposits over three months	25	(60,000)	-
Proceeds from maturing financial assets held at amortised cost	21	-	100,000
Net cash used in investing activities		(268,246)	(138,756)
Financing activities			
Dividend paid		(156,800)	(470,400)
Lease payments	17	(61)	(63)
Net cash used in financing activities		(156,861)	(470,463)
Net increase/(decrease) in cash and cash equivalents		<u>428,044</u>	<u>(134,538)</u>
Movement in cash and cash equivalents			
At start of year		1,106,684	1,408,131
Net increase/ (decrease) in cash and cash equivalents		428,044	(134,538)
Effect of exchange rate differences on cash and cash equivalents	7	(1,525)	(166,909)
At end of year	25	<u>1,533,203</u>	<u>1,106,684</u>

The notes on pages 49 to 106 are an integral part of these consolidated and separate Financial Statements.

Notes to the Consolidated and Separate Financial Statements

1 General information

Kakuzi Plc is incorporated in Kenya under the Kenyan Companies Act, 2015 as a public limited liability company, and is domiciled in Kenya. The address of its registered office is:

Main Office
Punda Milia Road, Makuyu
P O Box 24
01000 THIKA
Kenya

The Company's ordinary shares are listed on the Nairobi Securities Exchange and the London Stock Exchange.

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

Reference to, "the Group," in the consolidated and separate Financial Statements covers the separate Company Financial Statements as well. The principal activities of the Group comprise:

- growing, packing and selling of avocados
- growing, cracking and selling of macadamia nuts
- the cultivation and sale of tea green leaf
- forestry development & sale of forestry products
- livestock farming, animal feed and sale of beef
- growing, packing and selling of blueberries

2 Material accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated and separate Financial Statements have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The consolidated and separate Financial Statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of the consolidated and separate Financial Statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated and separate Financial Statements, are disclosed in Note 3.

The following new or amended IFRS Accounting Standards became effective in the current year. The nature and impact of these amendments are described below. The Directors have evaluated the impact of the new standards and interpretations and none of them had material impact on the Group's Financial Statements.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards

(i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2025

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability.
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2025 (continued)

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability (continued)

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its Financial Statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

(ii) New and revised IFRS Accounting Standards in issue but not yet effective

Impact of new and amended standards and interpretations in issue but not yet effective

At the date of authorization of these Financial Statements, the Group has not yet applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

IFRS 18 – Presentation and Disclosures in Financial Statements	Annual periods beginning on or after 1 January 2027 with earlier application permitted
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	Annual periods beginning on or after 1 January 2027 with earlier adoption permitted
Amendments to IFRS 7 and IFRS 9 – amendments to classification and measurements of financial instruments	Annual periods beginning on or after 1 January 2026 with earlier adoption permitted
Annual Improvements to IFRS Accounting Standards – Volume II	Annual periods beginning on or after 1 January 2026 with earlier adoption permitted
Amendments to IFRS 9 and IFRS 7– Contracts Referencing Nature-dependent Electricity	Annual periods beginning on or after 1 January 2026 with earlier adoption permitted

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(ii) New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Impact of new and amended standards and interpretations in issue but not yet effective (continued)

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss.
- provide disclosures on management-defined performance measures (MPMs) in the notes to the Financial Statements.
- improve aggregation and disaggregation.

The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors of the group anticipate that the application of these amendments may have an impact on the group's consolidated Financial Statements in future periods.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its Financial Statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated Financial Statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent),
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated Financial Statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(ii) New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Impact of new and amended standards and interpretations in issue but not yet effective (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures (continued)

- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual Financial Statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated Financial statement may do so in its separate Financial Statements.

If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The Directors of the group do not anticipate that IFRS 19 will be applied for purposes of the consolidated Financial Statements of the group on the basis that the group has public accountability.

Amendments to IFRS 7 and IFRS 9 – amendments to classification and measurements of financial instruments

Classification of financial assets

Contractual terms that are consistent with a basic lending arrangement

The application guidance in IFRS 9 is amended to provide guidance on how an entity assesses whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

The IASB specifies that when assessing interest, an entity focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation an entity receives may indicate that the entity is being compensated for something other than basic lending risks and costs.

The amendments clarify that contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost (for example, the value of equity instruments or the price of a commodity) or if they represent a share of the debtor's revenue or profit, even if such contractual terms are common in the market in which the entity operates.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(ii) New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Amendments to IFRS 7 and IFRS 9 – amendments to classification and measurements of financial instruments (continued)

Contractual terms that are consistent with a basic lending arrangement (continued)

In some cases, a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks or costs. For example, the terms of a loan may specify that the interest rate is adjusted by a specified amount if the debtor achieves a contractually specified reduction in carbon emissions. In such a case, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature. In some circumstances, the entity may be able to make that determination by performing a qualitative assessment; but, in other circumstances, it may be necessary to perform a quantitative assessment. If it is clear, with little or no analysis, that the contractual cash flows are not significantly different, an entity need not perform a detailed assessment

Financial assets with non-recourse features

IFRS 9 is amended to enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets. In other words, the entity is primarily exposed to the specified assets' performance risk rather than the debtor's credit risk. For example, a creditor's ultimate right to receive cash flows may be contractually limited to the cash flows generated by specified assets of a structured entity. Contractually linked instruments. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(ii) New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Amendments to IFRS 7 and IFRS 9 – amendments to classification and measurements of financial instruments (continued)

Classification of financial assets (continued)

The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments; some are instead lending arrangements that are structured to provide enhanced credit protection to a creditor (or group of creditors). For example, a structured entity may be set up to hold the underlying assets that will generate the cash flows to repay the creditor. The structured entity issues senior and junior debt instruments. The creditor holds the senior debt instrument and the entity sponsoring the structured entity that holds the junior debt instrument has no practical ability to sell the junior instrument without the senior debt instrument becoming payable. Under the amendments, the holders of such debt instruments apply the requirements for contractual cash flows that are solely payments of principal and interest on the principal amount outstanding instead of the contractually linked instruments requirements.

The contractually linked instruments requirements in IFRS 9 apply only if the underlying pool includes one or more instruments that have contractual cash flows that are solely payments of principal and interest. The amendments clarify that this includes financial instruments that are not within the scope of the classification requirements, provided these instruments have contractual cash flows that are equivalent to solely payments of principal and interest on the principal amount outstanding—for example, some lease receivables. The amendments specify that this would not be the case for lease receivables that are subject to residual value risk, or that comprise variable lease payments that are indexed to a variable that is not a basic lending risk or cost (for example, a market rental rate).

Amendments to IFRS 7

Investments in equity instruments designated at FVTOCI

The disclosures requirements in IFRS 7 in respect of investments in equity instruments designated at FVTOCI are amended. In particular, an entity is required to disclose the fair value gain or loss presented in OCI during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period. If an entity derecognises investments in equity instruments measured at FVTOCI during the reporting period, it is now required, under the amendments, to disclose any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(ii) *New and revised IFRS Accounting Standards in issue but not yet effective (continued)*

Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Also, an entity is no longer required to disclose the reporting date fair value of each equity instruments designated at FVTOCI, this information can be provided by class of instruments.

Contractual terms that could change the timing or amount of contractual cash flows

The amendments introduce disclosure requirements for financial instruments that include contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs (such as the time value of money or credit risk). Disclosures include a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows as well as the gross carrying amount of financial assets and the amortised cost of financial liabilities subject to those contractual terms. The entity is required to make these disclosures by class of financial assets measured at amortised cost or FVTOCI and by class of financial liabilities measured at amortised cost.

The Directors do not expect that the adoption of the amendments to IFRS 9 and IFRS 7 standards listed above will have a material impact on the Financial Statements of the group in future periods.

Annual Improvements to IFRS Accounting Standards—Volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11.

The following is a table summarising the amendments from the Annual Improvements to IFRS Accounting Standards—Volume 11:

IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge Accounting by a First-time Adopter Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.
IFRS 7 Financial Instruments: Disclosures	Gain or Loss on Derecognition The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(ii) *New and revised IFRS Accounting Standards in issue but not yet effective (continued)*

Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Annual Improvements to IFRS Accounting Standards—Volume 11 (continued)

Guidance on implementing IFRS 7 Financial Instruments: Disclosures	The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Disclosure of Deferred Difference between Fair Value and Transaction Price Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Credit Risk Disclosures Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.
IFRS 9 Financial Instruments	Transaction Price Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.
IFRS 10 Consolidated Financial Statements	Determination of a 'De Facto Agent' Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(ii) *New and revised IFRS Accounting Standards in issue but not yet effective (continued)*

Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Annual Improvements to IFRS Accounting Standards—Volume 11 (continued)

IFRS 9 Financial Instruments	Lessee Derecognition of Lease Liabilities Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9.
IAS 7 Statement of Cash Flows	Cost Method Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Amendments to IFRS 9 and IFRS 7—Contracts Referencing Nature-dependent Electricity

Amendments to IFRS 9 Financial Instruments

The following requirements of IFRS 9 are affected by the amendments:

- the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
 - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
 - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures

The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted. The amendments shall be applied retrospectively; prior periods need not be restated to reflect the application of the amendments.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(b) Adoption of new and revised IFRS Accounting Standards (continued)

(iii) Early adoption of standards

The Group did not early-adopt any new or amended standards in the year ended 31 December 2025.

(c) Consolidation of subsidiaries

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

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

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Directors as the chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions.

(e) 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. 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.

For the sale of agricultural produce to the local market, revenue is recognised when control of the agricultural produce has transferred, being at the point the customer purchases the goods at the retail outlet or 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.

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.

(f) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the consolidated and separate Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Kenyan Shillings which is the consolidated and separate functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(g) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at historical cost and subsequently stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 to scrap sales.

The cost of bearer plants includes, cost of seedlings, plants and maintaining the bushes until when they become commercially viable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement within 'cost of production' during the financial period in which they are incurred.

Bearer plants that are immature are classified as capital work in progress until the produce can be commercially harvested. At that point they are reclassified to bearer plants and depreciation commences. The periods which are considered immature are based on actual biological transformation. Immature plantations are measured at accumulated cost. The accumulated costs relate to cost of seedlings, planting & maintenance of the immature fields until the biological transformation is complete.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write cost to their residual values over their estimated useful life as follows:

	Immature period	Estimated useful life
Buildings, dams and improvements		20 – 50 years
Plant and machinery		10 – 13 years
Motor vehicles, tractors, trailers & implements		4 – 10 years
Furniture, fittings and equipment		3 – 8 years
Bearer plants:		
– Avocado trees	4 years	25 years
– Macadamia trees	6 years	30 years
– Blueberries	1 year	5 years
– Tea bushes	4 years	50 years

Capital work in progress is not depreciated

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(g) Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

(h) Biological assets

Biological assets comprise forestry, livestock and growing agricultural produce on tea, avocado, blueberries and macadamia plantations.

Biological assets are measured on initial recognition at cost and subsequently at fair value less costs to sell at each reporting date. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised in the profit or loss in the year in which they arise.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

The tea bushes, avocado and macadamia trees, and blueberries crops are bearer plants and are therefore presented and accounted for as property, plant and equipment (see note 2(g)). However, the produce growing on these trees is accounted for as biological assets until the point of harvest. Harvested produce is transferred to inventory at fair value less costs to sell.

Management has assessed the fair value of growing agricultural produce on avocado, macadamia, blueberries and tea plantations using estimated market prices less costs to sell based on the biological transformation of the produce at the reporting date.

The fair value of timber plantations and livestock is based on market prices as valued by external independent valuers.

Additions and replanting of timber plantations include the cost of planting and upkeep until they mature. Livestock includes the cost of purchases and additional livestock as a result of breeding.

Subsequently all costs of upkeep and maintenance of mature biological assets are recognised as an expense through profit or loss under cost of sales in the period in which they are incurred.

(i) Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(i) Leases (continued)

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its buildings which comprise less than 1% of total buildings.

Leases for which the Group is a lessor are classified as operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(i) Leases (continued)

The Group as lessor (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Agricultural produce at the point of harvest is measured at fair value less costs to sell. Any changes arising on initial recognition of agricultural produce at fair value less costs to sell are recognised in the statement of comprehensive income in the year in which they arise.

The cost of other inventory is determined by the weighted average method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

The cost of sales is the accumulated total of all costs used to create our products which have been sold. The various costs of sales fall into the general sub-categories of direct labor, direct materials, depreciation and overheads. The cost of sales does not include selling and distribution expenses.

Provisions for obsolete, damaged and unusable inventories are made based on inventory aged listings.

(k) Payables

Payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are financial instruments as disclosed in note 2(n).

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Share capital

Ordinary shares are classified as equity.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short term highly liquid investments with original maturities of three months or less.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(n) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated and separate statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Treasury bonds

The treasury bonds held by the Group are classified at amortised cost when they meet the following criteria:

- the financial asset is held within 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 are solely payments of principal and interest on the principal amount outstanding.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established using an Expected Credit Losses ("ECL") model in line with the requirements of IFRS 9 as outlined in the next section below. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is charged to profit or loss.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive Income ("FVTOCI"), lease receivables and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(n) Financial instruments (continued)

Impairment of financial assets (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past the due date unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group write-offs debt only when there is objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(n) Financial instruments (continued)

(iii) Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(i) Interest income is recognised on a time proportion basis using the effective interest method.

(ii) Dividends are recognised as income in the period in which the right to receive payment is established.

(o) Employee benefits

(i) Post employment benefits obligations

For unionised employees, the group has an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreements with the union. Employees who resign/retire after completing at least twelve years (Nandi Hills employees) or employees who retire/resign and have completed at least five years (Makuyu employees) of service are entitled to twenty days' pay (Nandi Hills employees) or nineteen days (Makuyu employees) for each completed year of service respectively.

The liability recognised in the statement of financial position in respect of this defined benefit scheme is the present value of the defined benefit obligation at the reporting date. The obligation is estimated annually using the projected unit credit method by independent actuaries. The present value is determined by discounting the estimated future cash outflows using interest rates of government bonds. The currency and estimated term of these bonds is consistent with the currency and estimated term of the post-employment benefit obligation. The obligation relating to employees who have reached the minimum retirement age and completed the required years of service and are still in employment are classified as payable within the next twelve months.

Remeasurement of post employment benefit obligations arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Group operates a defined contribution post-employment benefit scheme for management employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of the defined contribution post-employment benefit scheme are held in a separate trustee administered fund, which is funded by contributions from both the Group and the employees. The Group and all its employees also contribute to the statutory National Social Security Fund, which is a defined contribution scheme.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(o) Employee benefits (continued)

(i) Post employment benefits obligations (continued)

The Group's contributions to both these defined contribution schemes are charged to the statement of profit or loss within 'cost of production' in the year in which they fall due.

(ii) Other entitlements

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

(p) Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. The Group considers each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of uncertainty. Due to the uncertainty associated with such tax items, there is a possibility that on conclusion of open tax matters at a future date, the final outcome may differ differently.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the Financial Statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated and Separate Financial Statements (continued)

2 Material accounting policies (continued)

(p) Current and deferred income tax (continued)

(ii) Deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared (i.e. proposed dividend).

3 Critical accounting estimates, judgements and assumptions

In applying the accounting policies, which are described in note 2 above, the Directors are required to make judgements that have material impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and associated assumptions are continually evaluated and are based on historical experience and other factors, that are considered to be relevant. Actual results may differ from these estimates.

(a) Critical accounting estimates and assumptions

(i) Useful life of bearer plants

Critical judgement has been made in determining the useful life and maturity period of the bearer plants. The useful life of the bearer plant is based on experience and expected productivity of the plant and the expected replanting schedules.

(ii) Fair values of biological assets

Critical assumptions are made by the Directors and the independent valuers in determining the fair values of biological assets. Changes in these assumptions and inputs are taken into account based on group's expectation of these values in future periods. The key assumptions relate to:

- the market prices of livestock of similar age, breed and genetic merit.
- recent market transaction prices and yields for forestry plantations.

(iii) Growing agricultural produce

Critical judgement has been made in determining the fair value of growing agricultural produce on bearer plants. Changes in these assumptions and inputs are taken into account based on group's expectation of these values in future periods. The key assumptions made in determination of fair value are:

- the biological transformation process of the growing agricultural produce.
- the market price.
- the actual costs to sell.
- foreign exchange rate.

Notes to the Consolidated and Separate Financial Statements (continued)

3 Critical accounting estimates, judgements and assumptions

(a) Critical accounting estimates and assumptions

(iv) Post-employment benefits obligations

Critical assumptions are made by the actuary in determining the present value of the service gratuities to non-management employees. The carrying amount of the provision and the key assumptions made in estimating the provision are set out in Note 16.

(v) Climate change

Climate change is especially pertinent to the Group as its primary activity is agriculture. The Group is experiencing the physical and transitional impacts of climate change, to varying degrees, and is aware that without intervention, this will only increase. As science progresses, the group's understanding of the impact of climate change will evolve and influence how the Group mitigates and adapts to these risks. The group continues in its efforts to work collaboratively and dynamically. In determining the assumptions and inputs into the valuation of biological assets, the group considers any impact of climate on the variables.

(b) Key sources of estimation uncertainty

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

(i) Income taxes

Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax 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 income tax and deferred tax provisions in the period in which such determination is made.

(ii) Property, plant and equipment

Significant estimates are made by Directors in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

(c) Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Consolidated and Separate Financial Statements (continued)

3 Critical accounting estimates, judgements and assumptions (continued)

(c) Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

4 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, prices for its agricultural produce, foreign currency exchange rates and interest rates.

The Group's overall risk management programme focuses on the unpredictability of financial and agricultural markets and seeks to minimise potential adverse effects on its financial performance, but the Group does not hedge any risks.

Financial risk management is carried out by the Management under policies approved by the Board of Directors. These policies provide principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

The Group monitors closely the returns it achieves from its crops and considers replacing its biological assets when yields decline with age or markets change. Further financial risk arises from changes in market prices of key cost components. Such costs are closely monitored.

(a) Market risk

(i) Foreign exchange risk

The Group and Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

The sensitivity analysis below have been determined based on the exposure to exchange rates for financial assets and liabilities at the reporting date. A 5% increase or decrease is used when reporting exchange rate risk internally to key Management personnel and represents Management's assessment of the reasonably possible change in exchange rates.

At 31 December 2025, if the Shilling was weaker/stronger by 5% (2024: 5%) against the US dollar with all other variables held constant, the Group and Company post tax profit/(loss) and equity would have been Shs 5,344,000 (2024: Shs 14,035,000) higher/lower mainly as a result of US dollar deposits and trade receivables.

At 31 December 2025 if the Shilling was weaker/stronger by 5% (2024: 5%) against the Euro with all other variables held constant, the Group and Company post tax profit/(loss) and equity would have been Shs 5,309,000 higher/lower (2024: Shs 2,864,000).

At 31 December 2025 if the Shilling was weaker/stronger by 5% (2024: 5%) against the Sterling Pound with all other variables held constant, the Group and Company post tax profit/(loss) and equity would have been Shs 415,000 higher/lower (2024: Shs 164,000).

Notes to the Consolidated and Separate Financial Statements (continued)

4 Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

At 31 December 2025 if the Shilling was weaker/stronger by 5% (2024: 5%) against the Australian Dollar with all other variables held constant, the Group and Company post tax profit/(loss) and Equity would have been Shs 122,000 lower/ higher (2024: Shs 72,000).

At 31 December 2025 if the Shilling was weaker/stronger by 5% (2024: 5%) against the South African Rand with all other variables held constant, the Group and Company post tax profit/(loss) and Equity would have been Shs 60,000 lower/ higher (2024: Shs 10,000).

Below is a summary of the foreign-denominated financial assets and liabilities at their carrying amounts.

	USD	EUR	STG	AUD	ZAR	
Closing exchange rate as at 31 Dec 2025 (to Kenya Shillings)	129.06	151.44	173.52	86.05	7.80	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Total in Shs'000
Cash and bank balances	110,361	166	1,348	-	-	111,875
Trade and other receivables	74,841	151,517	-	-	-	226,358
Total financial assets	185,202	151,683	1,348	-	-	338,233
Trade and other payables	32,524	-	10,512	3,486	1,724	48,246
Total financial liabilities	32,524	-	10,512	3,486	1,724	48,246
	USD	EUR	STG	AUD	ZAR	
Closing exchange rate as at 31 Dec 2024 (to Kenya Shillings)	129.35	133.94	162.00	80.09	6.85	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Total in Shs'000
Cash and bank balances	184,229	84,198	4,694	-	-	273,121
Trade and other receivables	257,666	-	-	-	-	257,666
Total financial assets	441,895	84,198	4,694	-	-	530,787
Trade and other payables	40,964	2,373	-	2,049	291	45,677
Total financial liabilities	40,964	2,373	-	2,049	291	45,677

Notes to the Consolidated and Separate Financial Statements (continued)

4 Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group and Company has interest earning deposits that are held at fixed interest rates and are therefore not exposed to interest rate risk.

(iii) Commodity price risk

Commodity price risk in the Group primarily arises from price fluctuations and the availability of avocado, tea, macadamia, blueberries, forestry and livestock. The Group has not entered into derivative transactions to limit these risks.

If the commodity prices had been 5% higher/(lower) as of December 2025, profit/(loss) after tax and equity after tax would have been Shs 187,902,000 (2024: Shs 167,709,000) higher/(lower).

(b) Credit risk

Credit risk arises from deposits with banks, financial assets held at amortised cost as well as trade and other receivables.

The Group does not have any significant concentrations of credit risk. The Group and Company has policies in place to ensure that sales are made to customers with an appropriate credit history.

The amount that best represents the Group and Company's maximum exposure to credit risk at 31 December 2025 is the carrying value of the financial assets in the statement of financial position.

The Group holds collateral in form of vehicles log books registered in the name of staff and Group amounting to Shs 55,078,000 (2024: Shs 48,987,000) in respect of staff loans amounting to Shs 56,763,000 (2024: Shs 50,776,000) included in other receivables. The Group and Company does not grade the credit quality of receivables. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

The Group considers bank balances, financial assets measured at amortised cost and related party recoverables to have low credit risk and uses external credit ratings to check if there is increased risk on those assets.

Notes to the Consolidated and Separate Financial Statements (continued)

4 Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 – month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

31/12/2025	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
Trade receivables	23	N/A	Performing	Lifetime ECL (simplified approach)	207,223	(5,958)	201,265
Related companies	23	N/A	Performing	Lifetime ECL (simplified approach)	119,141	-	119,141
Staff debtors	23	N/A	Performing	Lifetime ECL (simplified approach)	72,222	(15,459)	56,763
Cash at bank	25	B	Performing	12-month ECL	1,593,203	-	1,593,203
					<u>1,991,789</u>	<u>(21,417)</u>	<u>1,970,372</u>

Notes to the Consolidated and Separate Financial Statements (continued)

4 Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

31/12/2024	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
Trade receivables	23	N/A	Performing	Lifetime ECL (simplified approach)	206,690	(5,958)	200,732
Related companies	23	N/A	Performing	Lifetime ECL (simplified approach)	141,678	-	141,678
Staff debtors	23	N/A	Performing	Lifetime ECL (simplified approach)	65,218	(14,442)	50,776
Cash at bank	25	B	Performing	12-month ECL	1,106,684	-	1,106,684
					<u>1,520,270</u>	<u>(20,400)</u>	<u>1,499,870</u>

(c) Liquidity risk

The Group's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The group does not hedge any risks.

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The Directors monitor rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's and Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2025:				
- Trade and other payables	307,131	-	-	-
- Lease liability	51	47	44	600
	<u>307,182</u>	<u>47</u>	<u>44</u>	<u>600</u>
At 31 December 2024:				
- Trade and other payables	301,029	-	-	-
- Lease liability	55	21	19	648
	<u>301,084</u>	<u>21</u>	<u>19</u>	<u>648</u>

Notes to the Consolidated and Separate Financial Statements (continued)

4 Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Company	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2025:				
- Trade and other payables	315,514	-	-	-
- Lease liability	51	47	44	600
	<u>315,565</u>	<u>47</u>	<u>44</u>	<u>600</u>
At 31 December 2024:				
- Trade and other payables	309,412	-	-	-
- Lease liability	55	21	19	648
	<u>309,467</u>	<u>21</u>	<u>19</u>	<u>648</u>

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may limit the amount of dividends paid to shareholders.

The Group ensures that funds are available for capital developments by capping the dividends payable. The dividends paid and proposed are shown in Note 12.

Notes to the Consolidated and Separate Financial Statements (continued)

5 Segmental reporting – Group

The Executive Directors are the operating decision makers of the Group. They make decisions based on the review of the operating segments reports.

The Group operates in two geographical areas in Kenya, Makuyu and Nandi Hills, and under several operating segments. The principal operating segments currently consist of Avocados and Macadamia whose reported sales are greater than 10% of combined sales of all operating segments and Tea whose assets are more than 10% of combined assets of all operating segments. The business activities of forestry, livestock, arable and blueberries are included under one segment as they relate to agricultural operations and do not meet any set criteria for individual reportable segments. There is no single customer whose revenue amounts to 10% or more of the Group's revenue.

The segment profit/(loss) reviewed by the Executive Directors include revenue cost of sales, depreciation charge, changes in fair value of non-current biological assets, selling and distribution expenses and income tax. Interest income and interest expense are not included in the segment profit or loss measure and is therefore disclosed at the consolidated level.

The Group derives all revenues from contracts with customers for the transfer of goods at a point in time.

Segment assets consist primarily of property, plant and equipment, biological assets, inventories, receivables and prepayments. Unallocated assets are cash, financial assets, property, plant and equipment, and inventories relating to Main Office and Engineering Stores. Segmental liabilities consist primarily of payables and accrued expenses. Unallocated liabilities are taxes, payables, accrued expenses and non-current liabilities. The segment information for the reportable segments for the year ended 31 December 2025 and 31 December 2024 is as follows:

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Tea		Avocados		Macadamia		Forestry, Livestock, Arable & Blueberries		Consolidated	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Sales										
Sales to external customers	296,745	373,032	3,459,933	2,567,884	934,886	1,255,059	677,058	595,717	5,368,622	4,791,692
Total sales	<u>296,745</u>	<u>373,032</u>	<u>3,459,933</u>	<u>2,567,884</u>	<u>934,886</u>	<u>1,255,059</u>	<u>677,058</u>	<u>595,717</u>	<u>5,368,622</u>	<u>4,791,692</u>
Comprising										
Major external customers sales	296,745	373,032	3,207,658	2,394,668	875,852	1,184,560	83,788	51,583	4,464,043	4,003,843
All other external customers sales	-	-	252,275	173,216	59,034	70,499	593,270	544,134	904,579	787,849
	<u>296,745</u>	<u>373,032</u>	<u>3,459,933</u>	<u>2,567,884</u>	<u>934,886</u>	<u>1,255,059</u>	<u>677,058</u>	<u>595,717</u>	<u>5,368,622</u>	<u>4,791,692</u>
Geographical analysis										
UK & Continental Europe	-	-	3,109,985	2,332,991	321,840	455,941	-	-	3,431,825	2,788,932
Kenya	296,745	373,032	252,274	173,216	59,034	70,499	593,269	544,134	1,201,322	1,160,881
Others	-	-	97,674	61,677	554,012	728,619	83,789	51,583	735,475	841,879
	<u>296,745</u>	<u>373,032</u>	<u>3,459,933</u>	<u>2,567,884</u>	<u>934,886</u>	<u>1,255,059</u>	<u>677,058</u>	<u>595,717</u>	<u>5,368,622</u>	<u>4,791,692</u>

Notes to the Consolidated and Separate Financial Statements (continued)

5 Segmental reporting – Group (continued)

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Tea		Avocados		Macadamia		Forestry, Livestock, Arable & Blueberries		Unallocated		Consolidated	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Profit/(loss)												
Gross profit/(loss) before depreciation and fair value changes in non-current biological assets and intersegmental purchases	(42,342)	25,309	2,151,197	1,333,791	514,719	248,587	113,025	116,469	-	-	2,736,599	1,724,156
Depreciation charge	(14,389)	(14,823)	(122,572)	(123,962)	(91,859)	(91,882)	(27,872)	(30,865)	(26,023)	(21,644)	(282,715)	(283,176)
Changes in fair value of non-current biological assets	-	-	-	-	-	-	98,230	237,956	-	-	98,230	237,956
Gross profit/(loss) before unallocated operating expenditure	(56,731)	10,486	2,028,625	1,209,829	422,860	156,705	183,383	323,560	(26,023)	(21,644)	2,552,114	1,678,936
Selling and distribution costs	-	-	(1,319,716)	(848,805)	(57,363)	(88,098)	(33,351)	(20,975)	-	-	(1,410,430)	(957,878)
Segment profit/(loss)	(56,731)	10,486	708,909	361,024	365,497	68,607	150,032	302,585	(26,023)	(21,644)	1,141,684	721,058
Other(loss)/ income	3,995	4,577	-	-	-	-	-	-	12,119	(177,946)	16,114	(173,369)
Interest income	-	-	-	-	-	-	-	-	69,705	72,444	69,705	72,444
Finance costs	-	-	-	-	-	-	-	-	(60)	(279)	(60)	(279)
Unallocated operating expenditure	-	-	-	-	-	-	-	-	(659,026)	(786,602)	(659,026)	(786,602)
Profit/(loss) before income tax	(52,736)	15,063	708,909	361,024	365,497	68,607	150,032	302,585	(603,285)	(914,027)	568,417	(166,748)
Income tax (charge)/credit	16,778	(3,167)	(225,544)	(75,896)	(116,285)	(14,423)	(47,732)	(63,611)	191,939	192,151	(180,844)	35,054
Profit/(loss) for the year	(35,958)	11,896	483,365	285,128	249,212	54,184	102,300	238,974	(411,346)	(721,876)	387,573	(131,694)
Intersegmental sales	-	-	-	-	25,827	14,275	24,137	19,473	-	-	49,964	33,748
Assets (all located in Kenya)												
Segment assets	1,216,673	496,364	1,510,907	1,687,671	1,620,132	1,632,262	1,045,850	1,064,130	630,767	582,048	6,024,329	5,462,475
Unallocated assets	-	-	-	-	-	-	-	-	-	-	1,207,247	1,453,166
	-	-	-	-	-	-	-	-	-	-	7,231,576	6,915,641
Liabilities												
Segment liabilities	53,487	48,837	-	-	-	-	-	-	278,330	276,074	331,817	324,911
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	1,331,721	1,257,420
	-	-	-	-	-	-	-	-	-	-	1,663,538	1,582,331
Additions												
Property, plant and equipment	3,988	4,759	101,091	48,643	59,917	93,757	5,666	19,443	9,294	37,463	179,956	204,065
Biological assets	-	-	-	-	-	-	27,815	28,764	966	11,407	28,781	40,171
	3,988	4,759	101,091	48,643	59,917	93,757	33,481	48,207	10,260	48,870	208,737	244,236

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company

(i) Non current assets

Changes in carrying amounts of non-current biological assets comprise:

	Livestock Shs'000	Forestry plantation Shs'000	Total Shs'000
Year ended 31 December 2025			
At start of year	208,062	910,900	1,118,962
Increase due to purchases and development	-	28,781	28,781
Gains arising from changes in fair value less costs to sell due to physical change and price changes	77,298	20,932	98,230
Decrease due to harvest and sales	(57,980)	(59,313)	(117,293)
At end of year	<u>227,380</u>	<u>901,300</u>	<u>1,128,680</u>
Year ended 31 December 2024			
At start of year	168,424	766,800	935,224
Increase due to purchases and development	9,347	30,824	40,171
Gains arising from changes in fair value less costs to sell due to physical change and price changes	77,892	160,064	237,956
Decrease due to harvest and sales	(47,601)	(46,788)	(94,389)
At end of year	<u>208,062</u>	<u>910,900</u>	<u>1,118,962</u>

Livestock is made up of cattle, sheep and goats. Forestry plantations are made up of bluegum and pine trees.

The value of bluegum and pine trees as at 31 December 2025 is Shs 812,800,000 and Shs 88,500,000 respectively (2024: Shs 808,800,000 and Shs 102,100,000) respectively.

There are no biological assets whose title is restricted or pledged as security for liabilities as at 31 December 2025 (2024: Nil).

(ii) Current assets

Growing agricultural produce on bearer plants as at the reporting date

	2025 Shs'000	2024 Shs'000
Avocado – Hass	164,432	173,442
Avocado – Carmen	8,901	9,866
Avocado – Pinkerton	92,732	176,876
Total Avocado	<u>266,065</u>	<u>360,184</u>
Macadamia	237,289	176,978
Tea (Growing Crop)	1,648	2,110
At end of year	<u>505,002</u>	<u>539,272</u>

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

Biological assets are carried at fair value less costs to sell at the end of each reporting period.

Plantations comprise forestry. The fair value of forestry is determined by external independent valuers based on recent market prices, yield, hectareage and maturity of the tree. Plantations under two years are valued at cost.

The fair value of livestock is determined by external independent valuers based on market prices of livestock of similar age, breed and genetic merit.

The fair value at each reporting date of growing agricultural produce is estimated using the market approach. The key assumptions made in the determination of the fair value are:

- climatic conditions will remain the same and hence productivity will be similar to prior years
- the biological transformation process of the growing agricultural produce will remain consistent to prior produce.
- the market price will remain constant based on estimated future market prices.
- the actual costs to sell will not change significantly from estimated costs.
- exchange rate will remain constant based on forecast exchange rate.

The following table presents Group's biological assets that are measured at fair value:

		Level 1	Level 2	Level 3	Total
Valuation technique		Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2025					
Livestock	Market approach	-	227,380	-	227,380
Forestry	Market approach	-	-	901,300	901,300
Avocado	Market approach	-	-	266,065	266,065
Tea	Market approach	-	1,648	-	1,648
Macadamia	Market approach	-	-	237,290	237,290
		-	229,028	1,404,655	1,633,683
Year ended 31 December 2024					
Livestock	Market approach	-	208,062	-	208,062
Forestry	Market approach	-	-	910,900	910,900
Avocado	Market approach	-	-	360,184	360,184
Tea	Market approach	-	2,110	-	2,110
Macadamia	Market approach	-	-	176,978	176,978
		-	210,172	1,448,062	1,658,234

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

The following unobservable inputs at the respective year ends were used to measure the Group's Hass avocado growing agricultural produce classified as level 3 of fair value hierarchy.

Year ended 31 December 2025

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Avocado Produce	164,432	Market approach	Yield – Kgs per Hectare	14,705 – 15,479	The higher the yield, the higher the value
			Net price per carton	€3.83	The higher the market price, the higher the fair value
			Stage of growth	15%	The higher the stage of growth, the higher the fair value
			Exchange rate	Shs151.44 for 1 Euro	The higher the exchange rate, the higher the fair value

Year ended 31 December 2024

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Avocado Produce	173,442	Market approach	Yield – Kgs per Hectare	16,026 – 16,870	The higher the yield, the higher the value
			Net price per carton	€4.31	The higher the market price, the higher the fair value
			Stage of growth	15%	The higher the stage of growth, the higher the fair value
			Exchange rate	Shs133.94 for 1 Euro	The higher the exchange rate, the higher the fair value

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

The following unobservable inputs at the respective year ends were used to measure the Group's Pinkerton avocado growing agricultural produce classified as level 3 of fair value hierarchy.

Year ended 31 December 2025

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Avocado Produce	92,732	Market approach	Yield – Kgs per Hectare Net price per carton Stage of growth Exchange rate	22,431 – 23,612 €3.90 85% Shs151.44 for 1 Euro	The higher the yield, the higher the value The higher the market price, the higher the fair value The higher the stage of growth, the higher the fair value The higher the exchange rate, the higher the fair value

Year ended 31 December 2024

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Avocado Produce	176,876	Market approach	Yield – Kgs per Hectare Net price per carton Stage of growth Exchange rate	16,609 – 17,483 €4.35 85% Shs133.94 for 1 Euro	The higher the yield, the higher the value The higher the market price, the higher the fair value The higher the stage of growth, the higher the fair value The higher the exchange rate, the higher the fair value

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

The following unobservable inputs at the respective year ends were used to measure the Group's Carmen avocado growing agricultural produce classified as level 3 of fair value hierarchy.

Year ended 31 December 2025

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Avocado Produce	8,901	Market approach	Yield – Kgs per Hectare	14,019 – 14,757	The higher the yield, the higher the value
			Net price per carton	€3.83	The higher the market price, the higher the fair value
			Stage of growth	15%	The higher the stage of growth, the higher the fair value
			Exchange rate	Shs151.44 for 1 Euro	The higher the exchange rate, the higher the fair value

Year ended 31 December 2024

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Avocado Produce	9,866	Market approach	Yield – Kgs per Hectare	15,686 – 16,512	The higher the yield, the higher the value
			Net price per carton	€4.35	The higher the market price, the higher the fair value
			Stage of growth	15%	The higher the stage of growth, the higher the fair value
			Exchange rate	Shs133.94 for 1 Euro	The higher the exchange rate, the higher the fair value

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

The following unobservable inputs at the respective year ends were used to measure the Macadamia growing agricultural produce classified as level 3 of fair value hierarchy.

Year ended 31 December 2025

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Macadamia Produce	237,289	Market approach	Yield – Kgs per Hectare Net price per kg of Saleable Kernel Stage of growth – Early season crop Stage of growth – Late season crop Exchange rate	884 – 930 USD 11.06 56% 0% Shs 129.06 for 1 USD	The higher the yield, the higher the value The higher the market price, the higher the fair value The higher the stage of growth, the higher the fair value The higher the stage of growth, the higher the fair value The higher the exchange rate, the higher the fair value

Year ended 31 December 2024

Description	Fair value at 31 December Shs'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Macadamia Produce	176,978	Market approach	Yield – Kgs per Hectare Net price per kg of Saleable Kernel Stage of growth – Early season crop Stage of growth – Late season crop Exchange rate	902 – 950 USD 9.37 56% 0% Shs 129.35 for 1 USD	The higher the yield, the higher the value The higher the market price, the higher the fair value The higher the stage of growth, the higher the fair value The higher the stage of growth, the higher the fair value The higher the exchange rate, the higher the fair value

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

Changes in carrying amounts of growing agricultural produce as at reporting date comprise:

	Group & Company				
	Avocado Shs'000	Macadamia Shs'000	Tea Shs'000	Blueberries Shs'000	Total Shs'000
Year ended 31 December 2025					
At start of year	360,184	176,978	2,110	-	539,272
Increase due to purchases and development	741,262	398,650	167,000	35,079	1,341,991
Decrease due to harvest and sales	(741,262)	(398,650)	(167,000)	(35,079)	(1,341,991)
Gains/(losses) arising from changes in fair value less estimated point-of-sale costs	(94,119)	60,311	(462)	-	(34,270)
At end of year	266,065	237,289	1,648	-	505,002
Year ended 31 December 2024					
At start of year	548,802	246,696	4,988	-	800,486
Increase due to purchases and development	748,116	409,449	177,319	35,199	1,370,083
Decrease due to harvest and sales	(748,116)	(409,449)	(177,319)	(35,199)	(1,370,083)
Gains/(losses) arising from changes in fair value less estimated point-of-sale costs	(188,618)	(69,718)	(2,878)	-	(261,214)
At end of year	360,184	176,978	2,110	-	539,272

Gains/ (losses) arising from changes in fair value less estimated point-of-sale costs of growing agricultural produce have been recognised in the statement of profit or loss as part of cost of sales.

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

	2025	2024		
	Hectares	Hectares		
Areas planted at the year end:				
Forestry plantations	1,938	1,912		
	Head	Head		
Livestock (cattle, sheep and goats)				
numbers at the year end	4,428	4,290		
	2025	2024	2025	2024
	Hectares	Hectares	Metric tonnes	Metric tonnes
Areas planted with various crops and				
output of agricultural produce during				
the year:				
Tea (green leaf)	510	510	7,758	8,926
Avocado	1,121	1,057	15,673	12,537
Blueberries	10	10	75	53
Macadamia	1,410	1,410	2,703	2,435
			Cubic metres	Cubic metres
Timber harvested during the year was:			25,094	36,555

Sensitivity Analysis

Non-current: – Forestry – a 5% increase or decrease in the market price for trees or yield (cubic meter per hectare) assumed would result in a Shs 45,065,000 (2024: Shs 45,545,000) increase or decrease in the fair value of forestry.

Non-current: – Livestock – a 5% increase or decrease in the market price or number of livestock assumed would result in a Shs 11,369,000 (2024: Shs 10,403,000) increase or decrease in the fair value of livestock.

Current: – Macadamia – a 5% increase or decrease in the yield (kilograms per hectare) or the price assumed would result in a Shs 12,980,000 (2024: Shs 9,566,000) or Shs 12,910,000 (2024: Shs 9,622,000) increase or decrease in the fair value of macadamia growing crop respectively.

Hass Avocados – a 5% increase or decrease in the yield (kilograms per hectare) or the price assumed would result in a Shs 10,100,000 (2024: Shs 10,767,000) or Shs 10,115,000 (2024: Shs 10,772,000) increase or decrease respectively in the fair value of growing crop.

Pinkerton Avocados – a 5% increase or decrease in the yield (kilograms per hectare) or the price assumed would result in a Shs 5,850,000 (2024: Shs 10,865,000) or Shs 5,851,000 (2023: Shs 10,868,000) increase or decrease respectively in the fair value of growing crop.

Carmen Avocados – a 5% increase or decrease in the yield (kilograms per hectare) or the price assumed would result in a Shs 540,000 (2024: Shs 604,000) or Shs 547,000 (2024: Shs 604,000) increase or decrease respectively in the fair value of growing crop.

Notes to the Consolidated and Separate Financial Statements (continued)

6 Biological assets – Group and Company (continued)

Agricultural Risks

Agricultural activity is often exposed to climatic, disease and other natural risks. During the year a part from heavy rainfall which affected production of avocado and consequently sales, no other event occurred that gave rise to a material item of income or expense. 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.

	2025 Shs'000	2024 Shs'000
Fair value of the agricultural produce harvested during the year after deducting costs to sell:		
Tea (green leaf)	296,745	373,032
Avocado	2,140,218	1,698,092
Blueberries	68,870	44,658
Macadamia	877,524	1,166,960
Livestock	107,932	110,549
Forestry	416,050	371,240
	<u>3,907,339</u>	<u>3,764,531</u>
7 Other income/(loss) – Group and Company	2025 Shs'000	2024 Shs'000
Net foreign exchange gains/(losses) other than cash and cash equivalents	4,051	(30,212)
Net exchange (losses) on foreign currency on cash and cash equivalents	(4,380)	(166,909)
Gain on disposal of property, plant and equipment	347	877
Rental income	7,514	6,965
Sundry	8,582	15,910
	<u>16,114</u>	<u>(173,369)</u>
8 Interest income and finance costs – Group and Company	2025 Shs'000	2024 Shs'000
Interest income		
Interest income on short term bank deposits	69,705	59,944
Interest income on infrastructure bonds	–	12,500
	<u>69,705</u>	<u>72,444</u>
Finance costs		
Interest on lease liabilities (Note 17)	(60)	(279)
	<u>(60)</u>	<u>(279)</u>
Net interest income and finance costs	<u>69,645</u>	<u>72,165</u>

Notes to the Consolidated and Separate Financial Statements (continued)

9 Expenses by nature – Group and Company

The following items have been charged/ (credited) in arriving at profit/(loss) before income tax:-

	2025 Shs'000	2024 Shs'000
Cost of inventories sold	2,819,844	3,270,758
Employee benefits expense (Note 10)	1,283,341	1,092,188
Depreciation on property, plant and equipment (Note 18)	282,715	283,176
Repairs and maintenance expenditure on property, plant and equipment	277,525	267,136
Non-Executive Directors' remuneration (Note 27(iv))	29,912	29,218
Key Management compensation (Note 27(iii))	94,077	139,294
Auditor's remuneration	8,724	8,308
Depreciation of right of use assets (Note 19)	48	88
Expected credit loss allowance (Note 23)	14,591	30
Gain on disposal of property plant and equipment (Note 7)	347	877
Gains arising from changes in fair value less costs to sell of non-current biological assets (Note 6 (i))	(98,230)	(237,956)
	<u>1,283,341</u>	<u>1,092,188</u>

10 Employee benefits expense – Group and Company

The following items are included within employee benefits expense:

	2025 Shs'000	2024 Shs'000
Salaries, wages, leave pay and medical	1,234,775	1,049,445
Post employment benefits costs:		
– Post employment benefit obligations (Note 16)	28,868	21,314
– Defined contribution pension scheme	16,674	18,757
– National Social Security Fund	3,024	2,672
	<u>1,283,341</u>	<u>1,092,188</u>

The average number of employees during the year was as follows:

	2025	2024
Management	84	78
Permanent unionisable employees	630	687
Other unionisable employees	<u>2,704</u>	<u>2,997</u>
	<u>3,418</u>	<u>3,762</u>

Notes to the Consolidated and Separate Financial Statements (continued)

11 Income tax – Group and Company

(a) Taxation charge/(credit)

	2025 Shs'000	2024 Shs'000
<i>Current tax</i>		
Current tax on profit for the year	207,547	39,364
<i>Deferred income tax</i>		
Deferred income tax credit for the year	(26,703)	(74,418)
Total deferred income tax credit (Note 15)	(26,703)	(74,418)
Income tax charge /(credit)	180,844	(35,054)

(b) Reconciliation of tax based on accounting profit /(loss) to tax charge/(credit)

The tax on the Group's and Company's profit/(loss) before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2025 Shs'000	2024 Shs'000
Profit/(loss) before income tax	568,417	(166,748)
Tax calculated at the statutory income tax rate of 30% (2024: 30%)	170,525	(50,024)
Tax effect of:		
Income not subject to income tax	(32)	(3,860)
Expenses not deductible for income tax purposes	10,351	18,830
Taxation charge/(credit)	180,844	(35,054)

(c) Group and Company tax charge relating to components of other comprehensive income

	2025 Shs'000	2024 Shs'000
Remeasurement of post-employment benefit obligations:		
Actuarial gain (Note 16)	5,650	1,887
Charge to other comprehensive income (Note 15)	(1,695)	(565)
Net credit to other comprehensive income	3,955	1,322

Notes to the Consolidated and Separate Financial Statements (continued)

11 Income tax – Group and Company (Continued)

(d) Current tax payable /(recoverable)

	Group		Company	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	(81,374)	(72,420)	(81,321)	(72,367)
Taxation charge (Note 11 (a))	207,547	39,364	207,547	39,364
Paid during the year	(33,993)	(48,318)	(33,993)	(48,318)
At end of year	<u>92,180</u>	<u>(81,374)</u>	<u>92,233</u>	<u>(81,321)</u>

12 Earnings and dividends – Group

i) Basic and diluted earnings per ordinary share

Basic earnings per ordinary share is calculated on the profit attributable to the members of Kakuzi Plc and on the 19,599,999 ordinary shares in issue at 31 December 2025 and 31 December 2024 as follows:-

	2025	2024
Profit /(loss) attributable to equity holders of the Group (Shs '000)	<u>387,573</u>	<u>(131,694)</u>
Number of ordinary shares in issue (thousands)	<u>19,600</u>	<u>19,600</u>
Basic and diluted earnings per ordinary share (Shs)	<u>19.77</u>	<u>(6.72)</u>

The Group had no potentially dilutive ordinary shares outstanding at 31 December 2025 and 31 December 2024.

ii) Dividends per ordinary share

At the annual general meeting to be held on 20 May 2026, the Directors will recommend the payment of a first and final dividend of 320% (2024: 160%) of par value equivalent to Shs 16 per ordinary share (Shs 313,600,000) in respect of the year ended 31 December 2025 ((2024: Shs 8.00 per ordinary share) (Shs 156,800,000)).

13 Share capital

	Number of ordinary shares (Thousands)	Ordinary share capital Shs '000
Authorised		
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>20,000</u>	<u>100,000</u>
Issued		
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>19,600</u>	<u>98,000</u>

The par value of the shares is Shs 5.

Notes to the Consolidated and Separate Financial Statements (continued)

14 Borrowing facilities – Group and Company

2025
Shs'000

2024
Shs'000

The Group has the following undrawn committed borrowing facilities:

Floating rate (expiring within one year)	220,000	200,000
--	---------	---------

The facilities are subject to annual review during the year 2026.

The undrawn bank facilities of Shs 220,000,000 are secured by an undertaking, at any time if and when required by the banks, to execute legal or other mortgages and charges including fixed or floating charges or assigned in favour of the banks.

15 Deferred income tax – Group and Company

Deferred income tax is calculated using the enacted tax rate of 30% (2024: 30%). The net deferred taxation liability is attributable to the following items:

2025
Shs'000

2024
Shs'000

Property, plant and equipment	754,431	758,808
Biological assets	421,891	435,052
Unrealised exchange gains	603	921
Other temporary differences*	(86,401)	(79,249)
Net deferred income tax liability	1,090,524	1,115,532

*Other temporary differences include gratuity provision, provision for bad and doubtful debts, provision for leave, accrued leave, legal & professional fees – general provision, Vehicle Loan Scheme (VLS) Provision, earth moving equipment provision, RoU asset and lease liability.

The movement on the deferred income tax account is as follows:

2025
Shs'000

2024
Shs'000

At start of year	1,115,532	1,189,385
Credit to profit or loss (Note 11(a))	(26,703)	(74,418)
Charge to other comprehensive income (Note 11(c))	1,695	565
At end of year	1,090,524	1,115,532

The make up of the deferred tax liability shown on the statement of financial position is made up of the following deferred tax assets and liabilities.

2025
Shs'000

2024
Shs'000

Deferred income tax assets	(87,330)	(80,478)
Deferred income tax liabilities	1,177,854	1,196,010
	1,090,524	1,115,532

Notes to the Consolidated and Separate Financial Statements (continued)

16 Post employment benefit obligations – Group and Company

The amounts recognised in the statement of financial position are determined as follows:

	2025 Shs'000	2024 Shs'000
Present value of post employment benefit obligations	172,960	165,027
Split as follows:		
Non-current portion	165,515	151,744
Current portion	7,445	13,283

The movement in present value of the post employment benefit obligations is as follows:

	2025 Shs'000	2024 Shs'000
At start of year	165,027	162,506
Net expense recognised in statement of profit or loss and other comprehensive income	23,218	11,579
Benefits paid	(15,285)	(9,058)
At end of year	172,960	165,027

The amounts recognised in the statement of profit or loss within 'cost of sales' for the year are as follows:

	2025 Shs'000	2024 Shs'000
Current service cost	6,570	(7,256)
Past service cost	-	(1,253)
Interest on obligation	22,298	21,975
Total included in employee benefits expenses (Note 10)	28,868	13,466
Actuarial gain recognised in other comprehensive income (Note 11(c))	(5,650)	(1,887)

Notes to the Consolidated and Separate Financial Statements (continued)

16 Post employment benefit obligations – Group and Company (continued)

The amounts recognised in the statement of financial position represent the present value of unfunded obligations and are determined as follows:

	31 December 2025			31 December 2024		
	Gratuity (Makuyu) Shs'000	Gratuity (Nandi Hills) Shs'000	Total Shs'000	Gratuity (Makuyu) Shs'000	Gratuity (Nandi Hills) Shs'000	Total Shs'000
At start of year	139,143	25,884	165,027	125,036	37,470	162,506
Current service cost	5,410	1,160	6,570	5,351	(12,607)	(7,256)
Past service cost	-	-	-	-	(1,253)	(1,253)
Interest expense	19,003	3,295	22,298	19,885	2,090	21,975
	24,413	4,455	28,868	25,236	(11,770)	13,466
Remeasurements:						
Gains from change in assumptions	(5,637)	(13)	(5,650)	(3,664)	1,777	(1,887)
	(5,637)	(13)	(5,650)	(3,664)	1,777	(1,887)
Benefits paid	(9,646)	(5,639)	(15,285)	(7,465)	(1,593)	(9,058)
At end of year	148,273	24,687	172,960	139,143	25,884	165,027

Notes to the Consolidated and Separate Financial Statements (continued)

16 Post employment benefit obligations – Group and Company (continued)

The principal actuarial assumptions used are as follows:

	Gratuity (Makuyu)		Gratuity (Nandi Hills)	
	2025	2024	2025	2024
Discount rate (% p.a.)	12.9%	13.6%	12.9%	13.6%
Future salary increases (% p.a.)				
first year	5.0%	8.0%	5.0%	8.0%
second year	5.0%	6.0%	5.0%	6.0%
Thereafter	5.0%	6.0%	5.0%	6.0%
Mortality (pre-retirement)	A 1949 – 1952	A 1949 – 1952	A 1949 – 1952	A 1949 – 1952
Withdrawals	At rates consistent with similar arrangements	At rates consistent with similar arrangements	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill-Health	At rates consistent with similar arrangements	At rates consistent with similar arrangements	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	55 years	55 years	55 years	55 years

The sensitivity of the defined obligation to changes in the weighted principal assumptions is:

Impact on post employment benefit obligation

	Changes in assumption	Increase/Decrease in assumption
Discount rate	by 1%	Shs 4,436,000
Salary growth rate	by 1%	Shs 3,524,000

Notes to the Consolidated and Separate Financial Statements (continued)

16 Post employment benefit obligations – Group and Company (continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the post employment benefit obligation to significant actuarial assumptions the same method (present value of the post employment benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

	2025 Shs'000	2024 Shs'000
Present value of post employment benefit obligations – Group and Company	172,960	165,027
Net charge/(income) recognised in the statement of profit or loss and other comprehensive income – Group and Company		
– within 'cost of sales'	28,868	13,466
– within 'other comprehensive income'	(5,650)	(1,887)

Characteristics and Risks of the post-employment benefit obligation:

The post-employment benefit obligation is an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreements with the union. Therefore, one of the main risks relating to the benefits under the Scheme is the rate of salary growth. As the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid and the present value of the benefit obligation under the scheme. The Company's experience with respect to pre-retirement exit experience, actual ages of retirement and mortality will also impact the benefits payable under the Scheme, when compared with the assumption made.

Notes to the Consolidated and Separate Financial Statements (continued)

17 Lease obligations – Group and Company

	2025 Shs'000	2024 Shs'000
The movement in the lease liabilities is as follows:		
Balance at 1 January	743	527
Interest on lease liabilities (Note 8)	60	279
Lease payments	(61)	(63)
At 31 December	742	743
Amounts due for settlement within 12 months	51	55
Amounts due for settlement after 12 months	691	688
	742	743
Year 1	51	55
Year 2	47	21
Year 3	44	19
Year 4	40	18
Year 5	37	16
Onwards	523	614
	742	743

The lease liabilities were discounted on initial recognition using the incremental borrowing rates of 8%. In the current year, there were no remeasurements of the lease liabilities and the incremental borrowing rates (IBR) at initial recognition was still deemed appropriate.

The cash outflow for leases for the year ended 31 December 2025 was Shs 61,000 (2024 Shs 63,000).

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. All lease obligations are denominated in Kenya Shillings.

Notes to the Consolidated and Separate Financial Statements (continued)

18 Property, plant and equipment – 31 December 2025

Group and Company

	Bearer plants	Buildings, dams and improvements	Plant & machinery	Motor vehicles, tractors, trailers and implements	Furniture, fittings and equipment	Capital work in progress	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost							
At start of year	1,924,013	2,370,109	445,635	416,528	208,794	184,325	5,549,404
Transfers	40,007	8,998	-	-	1,098	(50,103)	-
Additions	-	66,780	18,893	24,391	6,291	63,601	179,956
Disposals	-	-	-	-	(3,369)	-	(3,369)
At end of year	1,964,020	2,445,887	464,528	440,919	212,814	197,823	5,725,991
Depreciation and impairment							
At start of year	693,456	993,408	422,384	319,454	139,455	-	2,568,157
Charge for the year	92,916	114,778	38,966	23,585	12,470	-	282,715
Eliminated on disposals	-	-	-	-	(3,224)	-	(3,224)
At end of year	786,372	1,108,186	461,350	343,039	148,701	-	2,847,648
Net book value	1,177,648	1,337,701	3,179	97,880	64,113	197,823	2,878,343
Depreciation and impairment at year end comprises:							
Depreciation	786,372	1,108,186	461,350	343,039	148,701	-	2,847,648
Impairment	-	-	-	-	-	-	-
	786,372	1,108,186	461,350	343,039	148,701	-	2,847,648

Property, plant and equipment stated at cost of Shs 820,051,973 (2024: 721,272,499) have been fully depreciated as at 31 December 2025. There were no items of property, plant and equipment whose title were restricted or pledged as security for liabilities as at 31 December 2025 (2024: none).

Based on an impairment review performed by the Directors at 31 December 2025, no indication of impairment of property, plant and equipment were identified (2024: none).

Capital work-in-progress largely relates to self-constructed assets that had not been brought into use as at year end and bearer plants that have not yet matured.

Notes to the Consolidated and Separate Financial Statements (continued)

18 Property, plant and equipment (continued) – 31 December 2024

Group and Company

		Buildings, dams and improvements	Plant & machinery	Motor vehicles, tractors, trailers and implements	Furniture, fittings and equipment	Capital work in progress	Total
	Bearer plants Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost							
At start of year	1,858,103	2,247,252	464,410	419,435	184,856	217,303	5,391,359
Transfers	65,910	44,756	1,717	-	1,716	(114,099)	-
Additions	-	83,473	10,836	5,347	23,288	81,121	204,065
Disposals	-	(5,372)	(31,328)	(8,254)	(1,066)	-	(46,020)
At end of year	1,924,013	2,370,109	445,635	416,528	208,794	184,325	5,549,404
Depreciation and impairment							
At start of year	602,269	898,605	399,816	298,499	127,209	-	2,326,398
Charge for the year	91,187	99,888	53,441	25,355	13,305	-	283,176
Eliminated on disposals	-	(5,085)	(30,873)	(4,400)	(1,059)	-	(41,417)
At end of year	693,456	993,408	422,384	319,454	139,455	-	2,568,157
Net book value	1,230,557	1,376,701	23,251	97,074	69,339	184,325	2,981,247
Depreciation and impairment at year end comprises:							
Depreciation	693,456	993,408	422,384	319,454	139,455	-	2,568,157
Impairment	-	-	-	-	-	-	-
	693,456	993,408	422,384	319,454	139,455	-	2,568,157

Notes to the Consolidated and Separate Financial Statements (continued)

19 Right of use assets – Group and Company

The Group has leased land for its use. Information about the leases in which the Group is a lessee is presented below:

	2025 Shs'000	2024 Shs'000
Cost		
At 1 January and at 31 December	4,791	4,791
Accumulated depreciation		
At 1 January	692	604
Charge for the year	48	88
At 31 December	740	692
At 31 December	4,051	4,099
Amounts recognised in profit and loss		
Depreciation expense of right of use assets	48	88
Interest expenses on lease liabilities (Note 17)	60	279
	108	367

The Group is not committed to any arrangements that are short term as at year end.

All of the land leases in which the Group is the lessee contain only fixed payments.

There are no restrictions or covenants imposed by lessors and the Group did not enter into any sale and leaseback transactions during the year (2024: Nil).

Notes to the Consolidated and Separate Financial Statements (continued)

20 Investment in subsidiaries – Company only

The subsidiary companies, Estates Services Limited and Kaguru EPZ Limited, are incorporated in Kenya, have the same year end, are wholly owned and dormant with no transactions during the year.

Year ended 31 December 2025	Kaguru EPZ Limited Shs'000	Estates Services Limited Shs'000	Total Shs'000
At start of year	1,670	2,625	4,295
At end of year	1,670	2,625	4,295

Year ended 31 December 2024	Kaguru EPZ Limited Shs'000	Estates Services Limited Shs'000	Total Shs'000
At start of year	1,670	2,625	4,295
At end of year	1,670	2,625	4,295

There were no restrictions on the Group's ability to access or use assets of the subsidiaries to settle the Group's liabilities at 31 December 2025 and 31 December 2024.

21 Financial assets held at amortised cost – Group and Company

The weighted average effective interest rate on infrastructure bonds at the year end was Nil (2024: 12.5%). The maturity date of these bonds was 21 November 2024.

The movement in financial assets held to maturity is as follows:

	2025 Shs'000	2024 Shs'000
At start of year	-	100,000
Redeemed in the year	-	(100,000)
At end of year	-	-

22 Inventories – Group and Company

	2025 Shs'000	2024 Shs'000
Spare parts and consumable materials	209,353	182,801
Avocado	-	82,216
Macadamia nuts	168,368	23,325
Poles and timber	88,035	81,122
Total inventories	465,756	369,464

The cost of inventories recognised as an expense and included in cost of sales amounted to Shs 2,819,844,000 (2024: Shs 3,270,758,000).

Notes to the Consolidated and Separate Financial Statements (continued)

23 Receivables and prepayments – Group and Company

	2025 Shs'000	2024 Shs'000
Trade receivables	207,223	206,690
Expected credit loss allowance	(5,958)	(5,958)
Trade receivables – net	201,265	200,732
Value Added Tax (VAT) Refunds receivable	201,552	239,903
Due from related companies (Note 27(v))	119,141	141,678
Staff debtors	56,763	50,776
Other receivables and prepayments	77,819	81,450
	656,540	714,539
Less non current portion	(61,817)	(53,434)
Current receivables and prepayments	594,723	661,105
Staff loans	60,267	51,884
Trade deposits	1,550	1,550
Non current receivables	61,817	53,434

Other receivables comprise trade deposits and a shipping rebate.

Non current receivables are due within five years from reporting date and are secured and are charged interest of 3.5% (2024: 3.5%). None of the amounts were impaired (2024: Nil).

Trade receivables

The Directors of the Group estimate the loss allowance on trade receivables at the end of the reporting period at an amount equal to lifetime expected credit loss ("ECL").

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

31/12/2025	Trade receivables – days past due					
	Not past due Shs'000	<30 Shs'000	31 – 60 Shs'000	61 – 90 Shs'000	>90 Shs'000	Total Shs'000
Trade receivables – gross	-	201,265	-	-	5,958	207,223
Expected credit loss rate	0%	0%	0%	0%	100%	-
31/12/2024	Trade receivables – days past due					
	Not past due Shs'000	<30 Shs'000	31 – 60 Shs'000	61 – 90 Shs'000	>90 Shs'000	Total Shs'000
Trade receivables – net	-	200,732	-	-	5,958	206,690
Expected credit loss rate	0%	0%	0%	0%	100%	-

Notes to the Consolidated and Separate Financial Statements (continued)

23 Receivables and prepayments – Group and Company (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed Shs'000	Individually assessed Shs'000	Total Shs'000
Balance at 1 January 2024	–	5,928	5,928
Loss allowance charge for the year 2024	–	30	30
Balance as at 31 December 2024	–	5,958	5,958
Loss allowance charge for the year 2025	–	–	–
Balance as at 31 December 2025	–	5,958	5,958

24 Payables and accrued expenses

	Group		Company	
	2025 Shs'000	2024 Shs'000	2025 Shs'000	2024 Shs'000
Trade payables	123,641	106,813	123,641	106,813
Due to related companies (Note 27(v))	–	2,053	8,383	10,436
Accrued expenses	50,341	48,999	50,341	48,999
Leave obligations	43,233	42,045	43,233	42,045
Payroll and statutory deductions	35,921	31,059	35,921	31,059
Legal and professional fees	42,805	52,628	42,805	52,628
Other payables	11,190	17,432	11,190	17,432
	307,131	301,029	315,514	309,412

Other payables relate to provisions for audit, legal and sundry payables.

Leave obligations cover the Group's liability for accrued annual leave. The movement on the leave obligations for Group and Company is as follows:

	Group		Company	
	2025 Shs'000	2024 Shs'000	2025 Shs'000	2024 Shs'000
At start of year	42,045	48,338	42,045	48,338
Charge for the year	2,538	(4,943)	2,538	(4,943)
Paid during the year	(1,350)	(1,350)	(1,350)	(1,350)
At end of year	43,233	42,045	43,233	42,045

The carrying amounts of the payables and accrued expenses approximate to their fair values.

Notes to the Consolidated and Separate Financial Statements (continued)

25 Cash and cash equivalents – Group and Company

	2025 Shs'000	2024 Shs'000
Cash at bank and in hand	21,504	143,062
Short term deposits	1,571,699	963,622
	<u>1,593,203</u>	<u>1,106,684</u>

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:-

	2025 Shs'000	2024 Shs'000
Cash and cash equivalents in the statement of financial position	1,593,203	1,106,684
Less: fixed deposit – maturity over three months	(60,000)	-
Cash and cash equivalents in the statement of cash flows	<u>1,533,203</u>	<u>1,106,684</u>

The short-term deposits are denominated in Kenya Shillings (Shs) and United States Dollars (USD) and have a maturity of six months or less from the date of placement and are repayable immediately with no loss of interest. The effective interest rates on the short term deposits as at 31 December were as shown below:

	2025	2024
Kenya Shillings deposits	8.5%	10.0%
United States Dollar deposits	<u>3.4%</u>	<u>3.3%</u>

The Directors consider that the carrying amounts of cash and cash equivalents in the consolidated Financial Statements approximate their fair values. As at the reporting date, the Group and Company had undrawn facilities with local financial institutions amounting to Shs. 220,000,000 (2024: Shs. 200,00,000) as disclosed in Note 14.

There were no amounts of cash and cash equivalents held by the Group that were not available for use by the Group as at 31 December 2025 (2024: Nil).

Notes to the Consolidated and Separate Financial Statements (continued)

26 Note to the consolidated and separate statement of cash flows

Reconciliation of profit/(loss) before income tax to cash generated from operations:

	2025 Shs'000	2024 Shs'000
Profit/(loss) before income tax	568,417	(166,748)
Adjustments for non-cash items		
Net exchange (loss)/gains on foreign currency cash & cash equivalents (Note 7)	1,525	166,909
Interest expense on lease liabilities (Note 8)	60	279
Interest income (Note 8)	(69,705)	(72,444)
Depreciation on property, plant and equipment (Note 18)	282,715	283,176
Depreciation of right of use assets (Note 19)	48	88
Gain on disposal of property, plant and equipment (Note 9)	(347)	(877)
Gains arising from changes in fair value less estimated point-sale costs of non-current biological assets (Note 6 (i))	(98,230)	(237,956)
Decrease in the fair value of biological assets due to sales and harvest and disposal (Note 6 (i))	117,293	94,389
Fair value movement in biological assets – growing agricultural produce (Note 6)	34,270	261,214
	267,629	494,778
Changes in working capital:		
- (Decrease)/increase in inventories	(96,292)	182,171
- Increase/(decrease) in receivables and prepayments	57,999	(35,471)
- Increase/(decrease) in payables, accrued expenses and lease obligations	6,103	(28,583)
Other items:		
- Increase in post-employment benefit obligations and actuarial gains	13,583	4,408
Total changes in working capital and other items	(18,607)	122,525
Cash generated from operations	817,439	450,555

27 Related party transactions – Group and Company

The group is controlled by Camellia Plc, a company incorporated in England. Camellia Plc is the ultimate parent of the Group. There are other Camellia Plc group companies that are related to Kakuzi Plc through common shareholdings. Fellow subsidiaries within the Camellia Plc Group act as brokers and managing agents for certain products and operations of the Group.

The following transactions were carried out with Camellia Plc Group related parties:

	2025 Shs'000	2024 Shs'000
i) Sale of goods to:		
Eastern Produce Kenya Limited	296,745	344,244
	296,745	344,244

Notes to the Consolidated and Separate Financial Statements (continued)

27 Related party transactions – Group and Company (continued)

ii) Purchase of goods and services from:	2025 Shs'000	2024 Shs'000
Eastern Produce Kenya Limited	94,859	95,252
Eastern Produce Regional Services Limited	144,642	147,685
	<u>239,501</u>	<u>242,937</u>

The purchase of goods and services related to Eastern Produce Regional Services Limited includes a charge for the Executive Directors remuneration amounting to Shs 44,717,000 (2024: Shs 38,667,000).

iii) Key Management compensation	2025 Shs'000	2024 Shs'000
Salaries and other short-term employment benefits	91,920	137,012
Post-employment benefits	2,157	2,282
	<u>94,077</u>	<u>139,294</u>
iv) Non-Executive Directors' remuneration		
Fees for services as a Director	29,096	28,474
Benefits in Kind	816	744
	<u>29,912</u>	<u>29,218</u>

v) Outstanding balances arising from sale and purchase of goods and services

	Group		Company	
	2025 Shs'000	2024 Shs'000	2025 Shs'000	2024 Shs'000
Due from related Companies				
Eastern Produce Kenya Limited	105,679	141,678	105,679	141,678
EP (T) East Africa Ltd	143	-	143	-
Eastern Produce Regional Services Limited	13,319	-	13,319	-
Total (Note 23)	<u>119,141</u>	<u>141,678</u>	<u>119,141</u>	<u>141,678</u>
Due to related Companies				
Estates Services Limited	-	-	2,570	2,570
Kaguru EPZ Limited	-	-	5,813	5,813
Eastern Produce Regional Services Limited	-	2,053	-	2,053
Total (Note 24)	<u>-</u>	<u>2,053</u>	<u>8,383</u>	<u>10,436</u>

Notes to the Consolidated and Separate Financial Statements (continued)

28 Commitments – Group and Company

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the Financial Statements is as follows:

	2025 Shs'000	2024 Shs'000
Property, plant and equipment	<u>25,469</u>	<u>33,488</u>

Biological assets commitments

There were no commitments for development or acquisition of biological assets as at 31 December 2025 (2024: Nil).

29 Contingent liabilities and guarantees

Various claims have been submitted against the Group in relation to different litigations and inquiries. It is not practical to estimate the potential effect of these claims and inquiries but legal advice indicates that it is not probable that a material liability will arise. The Directors believe that the ultimate resolution of these legal proceedings and inquiries would not have a material effect on the Group's consolidated and separate Financial Statements.

Various parties have lodged claims at the National Land Commission (NLC) against the Group, potentially affecting the land on which it carries out its business. The Group has instructed its legal advisers to represent it in these matters.

The recommendations made by the NLC have been scrutinized by our legal team and in their opinion lack any legal basis, including the position that the Company selects 3,200 acres of land and surrenders it to the NLC. Consequently, our lawyers have filed an application in court seeking to set aside these recommendations. The Directors, in consultation with professional legal advisers, believe that the Group has a reasonable chance of successfully getting these recommendations set aside.

In October 2022, the Kenya Revenue Authority (KRA) carried out a tax audit on the operations of Kakuzi Plc and issued an assessment notice under section 31 (1) of the Tax Procedures Act 2015 in relation to withholding taxes paid to sales agents dating back to years 2017 to 2022. The Group objected to these assessments and filed an appeal at the Tax Appeals Tribunal (TAT). On 30th August 2024, the TAT ruled in favour of the Group and set aside the assessments. However, KRA has since filed an appeal from the judgement of the TAT at the High Court. KRA is yet to file the supplementary record of appeal. The assessment by KRA amounted to Shs 35,662,523, comprising principal withholding tax of Shs. 30,735,064 and penalties and interest amounting to Shs. 1,536,753 and Shs. 3,390,706 respectively.

The Directors, in consultation with professional tax and legal advisers, believe they have sufficient grounds of defence against the KRA appeal and that it is unlikely that the matter will result into a material liability to the Group.

30 Subsequent events

There have been no significant events after the reporting date to the date of issuing these Financial Statements which have a material financial statement impact at 31 December 2025.

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Company's five year record

	2025 Shs'000	2024 Shs'000	2023 Shs'000	2022 Shs'000	2021 Shs'000
Sales	5,368,622	4,791,692	5,401,468	4,434,211	3,296,414
Profit/(Loss) before income tax	568,417	(166,748)	663,982	1,221,624	471,556
Income tax	(180,844)	35,054	(210,465)	(375,820)	(151,820)
Profit/(Loss) after income tax	387,573	(131,694)	453,517	845,804	319,736
Profit/(Loss) attributable to the members of Kakuzi Plc	387,573	(131,694)	453,517	845,804	319,736
Dividends: -					
Proposed final dividend - for the year	313,600	156,800	470,400	470,400	431,200
Capital and reserves: -					
Called up share capital	98,000	98,000	98,000	98,000	98,000
Reserves	5,465,897	5,231,169	5,831,941	5,846,710	5,437,282
Total equity	5,563,897	5,329,169	5,929,941	5,944,710	5,535,282
Basic earnings per ordinary share (Shs)	19.77	(6.72)	23.14	43.15	16.31
Dividends per ordinary share (Shs)	16.00	8.00	24.00	24.00	22.00
Dividend cover	1.24	(0.84)	0.96	1.80	0.74
Total equity per ordinary share (Shs)	283.87	271.90	302.55	303.30	282.41

All amounts are stated in Kenya shillings thousands (shs'000) except where otherwise indicated.

I/WE _____

of _____ being a member of the above-named
Company,

hereby appoint: _____

of (address) _____ Telephone Number _____

Email Address _____, or failing him/her _____

of (address) _____ Telephone number _____

Email Address _____ or failing him/her the

duly appointed Chairman of the meeting, as my/our proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday, 20th May 2026 at 11:00 a.m.**, and at any adjournment thereof.

As witness my/our hand this.....day of2026

Signed

Signed

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy 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 authorized in writing.
3. Proxies must be in the hands of the Company's Registrars no later than Monday, 18th May 2026.

FOLD 2

STAMP

FOLD 1

Kakuzi Plc
P O Box 24
Thika 01000
Kenya

FOLD 3

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