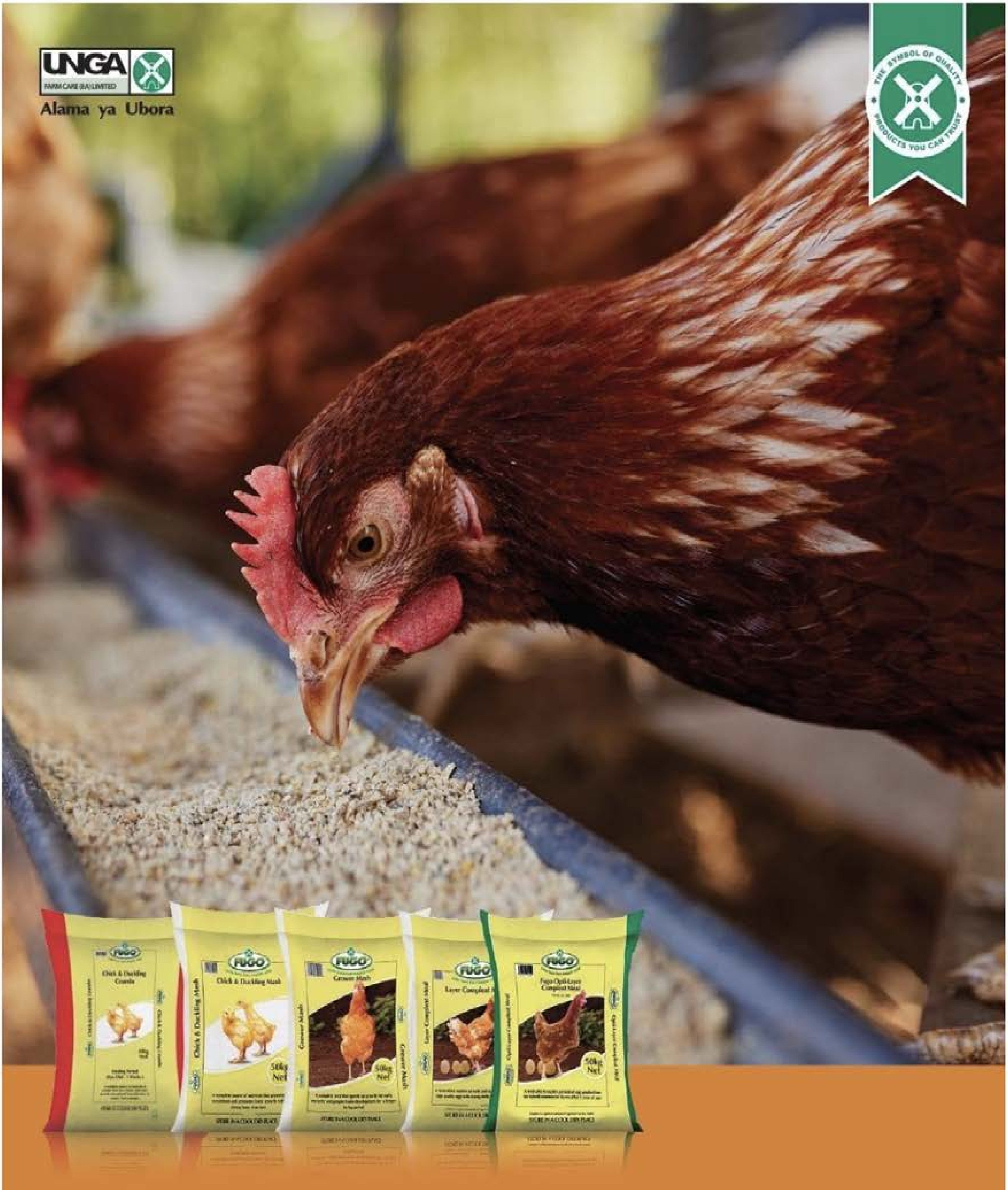
UNGA GROUP Plc

2024 INTEGRATED REPORT

AT THE HEART OF THE CUSTOMER



Complete feed for thriving layers, broilers and kienyeji birds

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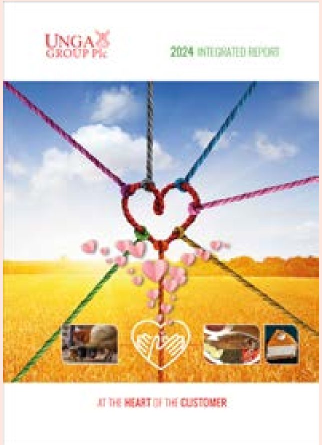
ENTRENCHING QUALITY SUSTAINABLY

Unga Group Plc is a Kenya-based holding company that has a majority shareholding in companies involved with the manufacture and marketing of a broad range of human nutrition, animal nutrition, and animal health products.

Unga Group Plc entered into a strategic investment partnership with US-based Seaboard Corporation in 2000 to form Unga Holdings Limited in which **Unga Group Plc owns 65%** and Seaboard Corporation 35%.

01 ABOUT THIS REPORT



We are pleased to present our 2024 Integrated Report which provides insight into Unga's business model, governance processes and strategy. The report evaluates our commercial, economic, social and environmental outcomes which drive our prospects for value creation. It should be read together with our annual financial statements, which are contained as part of this report.

SCOPE AND BOUNDARY

This report covers material information for the financial year ended 30 June 2024. It covers the Group company and subsidiaries and focuses on the main operations and activities that contribute to our performance. This report is aimed at a wide range of stakeholders who have an interest in understanding the Company's performance, strategy and longterm sustainability. It also provides disclosure on the Group's most significant impacts on people, society and the environment.

Our integrated reporting boundary covers the material risks and opportunities arising from our strategy and operating context and includes insight into the quality of our relationships with key stakeholders whose interests affect Unga's creation of value. Accordingly, this report should be of interest to all stakeholders who seek to be informed about Unga's capacity to create value over time.

The Board and Management are confident that this report covers all qualitative and quantitative disclosures deemed to be material to the Group's ability to sustainably deliver value to its stakeholders. Other information in this report was drawn from internal documentation, management interviews and presentations, including market disclosure related to the Group's year-end results and other relevant announcements.

REPORTING FRAMEWORKS

The report has been prepared with the intention of adhering to the recommendations and guidelines of the fundamental concepts of the Integrated Reporting Framework as well as the Global Reporting Initiatives (GRI) Standards that aim to advance the practice of sustainability reporting, and enabling us and our stakeholders to take action that creates economic, environmental and social benefits for everyone.

Furthermore, we continue to adhere to the Kenya Companies Act, 2015, Capital Markets Authority guidelines, and Nairobi Securities Exchange (NSE) listing requirements, as we have done in the past, including the NSE's Environmental, Social, and Governance (ESG) disclosures manual for listed companies. As the reporting landscape continues to evolve, we are committed to progressively enhance our reporting and disclosures in line with local and international best practice.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements based on the beliefs or expectations of Unga's Board of Directors and other members of its Executive and Senior Management. These include statements about, amongst others, future performance and prospects. Forward-looking statements are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors. Consequently, no guarantee or assurance can be given that forward-looking statements will prove to be accurate and stakeholders are advised not to place undue reliance on them.

BOARD RESPONSIBILITY AND APPROVAL

The Board acknowledges its responsibility of ensuring the credibility and reliability of the Integrated Report which, in the Board's opinion, addresses all material matters, fairly presents the integrated performance of the Group and offers a balanced view of Unga's strategy and how it translates into value creation in the short, medium and long term.

CORPORATE INFORMATION

DIRECTORS	I Ochola-Wilson (Mrs)	Chairman
	J Choge	Resigned on 31.5.2024
	J K Kibet	
	James Nyutu	(Appointed ag. GMD on 31.5.2024)
	V O Ojode	
	A McKittrick	
	P O Obath	
	S Haria (Ms)	
	A S M Ndegwa	
	W Wangari (Mrs)	
	C Miringu (Ms)	

SECRETARY

Winniefred Nyagoha Jumba
Plot LR. No.209/6921
5th Floor, West Wing
ICEA Lion Centre, Riverside Park
Chiromo Road, Westlands
Nairobi, Kenya

REGISTERED OFFICE

Plot No.209/6841
Ngano House
Commercial Street
Industrial Area
P O Box 30096, 00100
Nairobi, Kenya

REGISTRARS

Custody & Registrars Services Limited
1st Floor, Tower B, IKM Place
5th Ngong Avenue
P O Box 8484, 00100
Nairobi, Kenya

AUDITOR

PricewaterhouseCoopers LLP
Certified Public Accountants (Kenya)
PwC Tower, Waiyaki Way/ Chiromo Road, Westlands
P O Box 43963, 00100
Nairobi, Kenya

BANKERS

NCBA
Mara Rd. Upper-hill
P.O. Box 44599-00100
Nairobi, Kenya

LAWYERS

Coulson Harney LLP
5th Floor, West Wing, ICEA Lion Centre
Riverside Park, Chiromo Road, Nairobi
PO Box 10643-00100
Nairobi, Kenya

02 UNGA GROUP AT A GLANCE

Unga operates as a strategic alliance between Unga Group and Seaboard Corporation, and is involved in the manufacturing of human and animal nutrition products and solutions.

ABOUT THE GROUP

Unga Group Plc is a leading human and animal nutrition production company in Kenya with over 115 years of operation in the region.

Unga operates as a strategic alliance between Unga Group and Seaboard Corporation, a US-based multinational whose diversified business has operations in North America, Central & South America, the Caribbean, Africa, South-East Asia, and Australia.

Seaboard provides technical support to Unga's production operations. Through its trading division, it also provides a platform through which Unga can optimise its procurement of internationally sourced materials and equipment.

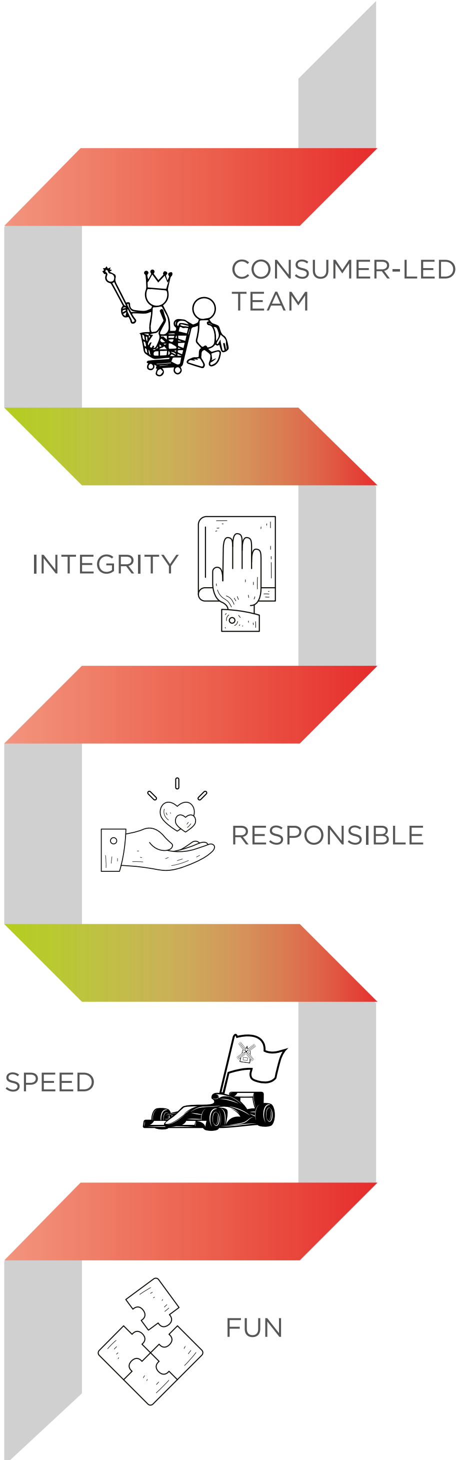
OUR PURPOSE

We provide food and farm-care solutions for better living, sustainably.

OUR VISION

To be the leading provider of high-quality, affordable products that nourish people and animals whilst supporting local communities and protecting the environment.

OUR CORE VALUES



STRATEGIC PRIORITIES

- Enhancement of Core Business
- Pursue Innovation and New Business Opportunities
- Foster a High-Performance Culture

OUR HISTORY

Unga's history in Kenya dates back over 115 years. Our presence and success attests to a heritage of consistent quality human and animal nutrition and health products across the East Africa region.

1904 - 1910

1904: Lord Delamare planted his first crop of wheat on his Equator Ranch/Njoro - he was the first to grow wheat on a commercial scale in Kenya - first wheat grown in Kenya was at CMS (Church Missionary Society) Station in Machakos.

1908: Unga Limited incorporated on 28th December.

1909: First bag of wheat flour produced at the mill situated on Sadler Street (now Koinange Street) on 5th April - packed under the brand 'Kenia's Mist'. The mill was close to where Chester House is now located.

1911 - 1929

1921: New wheat mill commissioned in Njoro.

1924: Sadler Street mill sold - primarily because it was unable to compete with cheap wheat being imported from India - it was milling significantly more expensive local wheat.

1927: All shares in Unga Limited sold to the Wheat Growers Association, who then amalgamated with the Kenya Farmers Association in the same year.

1928: Unga (1928) Limited incorporated.

1929: Purchased Kenya Grain Mills (who had a mill commissioned in 1925 on Commercial Street).

1930 - 1939

1932: Njoro mill burnt down - new wheat mill commissioned in Eldoret.

1937: Acquired Sun Flour Mills in Eldoret - renamed White Star Milling Company Limited.

1939: Leased wheat mill in Iringa, Tanzania.

1940 - 1949

1945: Commissioned wheat mill in Arusha, Tanzania; purchased Iringa mill.

1948: Doubled capacity of Eldoret mill.

1950 - 1959

1953: Proctor & Allan purchased.

1955: Uganda Grain Milling Company established; wheat milling commenced at Jinja in 1956.

1956: Public listing as Unga Limited, trading on Nairobi Stock Exchange.

1956: Nakuru Feeds plant opened.

1957: Nakuru wheat mill commissioned; new Eldoret wheat mill commenced production.

1960 - 1969

1961: Assumed ownership of Elliot's Bakeries Ltd. (had been in operation since 1947).

1965: Acquired Maida Limited, Jogoo brand.

1967: Tanzania entity nationalised.

1970 - 1979

1970: Unga Millers Ltd renamed Mercat Ltd.

1973: Partnered with Elianto AG and Agricultural Development Corporation to set up new company called Elianto Kenya Ltd based in Nakuru; factory opened by H.E. President Jomo Kenyatta on 2nd December.

1976: Ugandan entity nationalised.

1980 - 1989

1981: Unga Feeds established.

1984: Chester House opened.

1986: Ufuta Ltd established.

1987: Mercat Ltd renamed Unga Group Ltd.

1990 - 1999

1991: Unga House opened.

1994: Elliot's Bakeries sold.

1998: Bullpak Limited commenced operations (JV with Nampak SA from South Africa); Proctor & Allan sold.

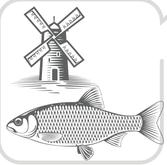
1999: Unga Farm Care (EA) Ltd established.

2000 - 2009

2000: Seaboard Corporation Investment via Unga Holdings Ltd (65% Unga Investments Ltd. 35% Seaboard Corporation).

2002: Unga Millers (U) Ltd commenced wheat milling operations in Kampala.

2009: 100 year anniversary.



2010 - 2019

2013: New wheat mill commissioned at Commercial Street.

2014: Interest in Bullpak Limited divested.

2015: Controlling interest acquired in Ennsvalley Bakery Ltd.

2017: Unga Millers (U) Ltd ceased milling operations; extruded fish feed plant comissioned at Dakar Road.

2018: New wheat mill commissioned in Eldoret.

2019: Soybean meal plant commissioned in Nairobi.

2020 - 2024

2021: Divested from bakery business and sold assets of Ennsvalley Bakery Limited

2022: Transfered business and assets of its fish feed business and invested in Tunga Nutrition (K) Limited and Tunga Nutrition (U) Limited.

2023: Commissioned the second fish feeds production line in Tunga Nutrition (K) Limited.

OPERATIONAL STRUCTURE

UNGA MILLERS (U) Limited

Kampala -
Investment in Tunga Nutrition (U) Limited (Animal feeds plant)

UNGA FARM CARE (EA) LIMITED

Manufactures animal nutrition products and distributes animal health products.

Nairobi Feeds – mash and pellet lines + soya cake and fish feed plants.
Nakuru Feeds – mash and pellet lines
Nakuru Mineral – pre-mix, powdered mineral and mineral block plants.

Investment in Tunga Nutrition (K) Limited (Fish feeds plant)

UNGA LIMITED

Milling of wheat, maize and millet into flour products for human consumption. Also packs and distributes a wide range of foods under Amana® Brand.

Eldoret – maize and wheat mills
Commercial Street – maize and wheat mills, Famila porridge plant.


Tasty
GOODNESS
THE SYMBOL OF QUALITY · PRODUCTS YOU CAN TRUST
Make Your
Taste buds
Dance
Amana
Healthy Goodness
BASMATI
PREMIUM RICE
2kg
www.unga.shop
Amana®
Healthy Goodness

BRANDS PORTFOLIO


UNGA
Alama ya Ubora
Malezi Bora
Mapato Zaidi
A heritage of consistent quality animal nutrition and health products across the East Africa Region.
UNGA Farmcare (E.A) feeds provide the highest quality source of nutrition and animal health, ensuring higher productivity per shilling spent.
FUGO
Lishe bora kwa mapato zaidi
AFYA BORA
Madini bora kwa mapato zaidi
Viminera
Hakikisho la Ubora
Champion
ALMATIX
Nemazole
LEOXY
K9
Dog Food

OUR PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Revenue Ksh23.7bn (2023: Ksh24bn)
- Gross profit Ksh1.6bn (2023: Ksh1.1bn)
- Gross profit margin 7% (2023: 5%)
- Operating Loss Ksh275.6m (2023: Ksh440.5m)
- Total Assets Ksh11.3bn (2023: Ksh11.5bn)
- Total Wealth Created: Ksh659.3m (2023: Ksh427.6m)
- Dividends nil (2023: nil)
- Borrowings Ksh2bn (2023: Ksh1bn)
- Retained earnings Ksh2.9bn (2023: Ksh3.4bn)

CONSUMER HIGHLIGHTS

- New products such as Amana Spaghetti, Pendo wheat flour, and long grain rice
- Relaunch of Amana brand with a refreshed visual identity
- **Innovative animal feed products:** Opti-Layer for poultry, Afya Bora Ndama for calves
- Enhanced stakeholder partnerships on route to consumer
- E-Commerce expansion
- Data-driven approaches to customer service
- **Digital Platforms:** U-Client, Fugo Smart
- Sales force automation for enhanced customer service

EMPLOYEE HIGHLIGHTS

- **Employee benefits and remuneration:** Ksh921.7m
- Headcount (permanent 268, contract 17, outsourced (2023:Ksh843m)
- **Average workforce age:** 39 years (56% millennials, 20% Gen X, 9% Gen Z)
- **Gender diversity:** 75% Male, 25% Female
- 42% inter-mobility rate, targets 70% by 2027
- Employee Assistance Program uptake of 48% Weekly aerobics sessions uptake of 30%

GOVERNMENT HIGHLIGHTS

- Employee Taxes Ksh190m (2023: Ksh179m)
- Company Taxes Ksh6.9m (2023: Ksh14.8m)
- VAT and Sales Tax Ksh35.2m (2023: Ksh33m)
- Customs and Excise Duty Ksh629m (2023: 682m)
- Tax collected on behalf of government Ksh106.3m (2023: Ksh65.5m)

COMMUNITY HIGHLIGHTS

Provided support to:

- The Kenya Society for the Blind
- Kenya Society for the Deaf
- The Rotary Club

ENVIRONMENTAL HIGHLIGHTS

- Solar energy project now 80% complete
- 30% reduction in energy costs and lower carbon footprint
- Automation across manufacturing plants for energy-saving
- Strategic water conservation strategies implemented
- Reduction in transportation emissions
- Nakuru Feeds won the KAM Energy Management Awards

SUPPLIER HIGHLIGHTS

- Overall winner for fortification compliance in both wheat and maize milling sectors
- Continuous focus on product quality enhancement
- Long-term supplier agreements with regional partners implemented
- Grain aggregation plan implemented
- Diversified sourcing strategies in place

STAKEHOLDER ENGAGEMENT HIGHLIGHTS

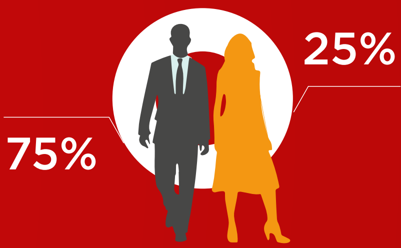
- Reporting through open and transparent communication with stakeholders
- Compliance with existing regulations and constructive engagement with regulatory authorities
- Regional seminars and training for knowledge exchange
- Quality assurance visits to provide training on grain handling techniques
- Investor relations through financial reporting, investor meetings and presentations
- Strong relationships with key stakeholders, including industry organisations

CUSTOMER OUTREACH HIGHLIGHTS

- Farmers' capacity building through regional seminars and training sessions
- Forums at ASK Shows and Trade Fairs by sales and technical teams
- Partnerships and Promotions with retail stores and supermarkets
- Social Media - Facebook, X (formerly Twitter), and Instagram to connect with customers

Ksh 659.3m

Total wealth created in 2024



Ksh 106.3m

Tax Collected

Overall winner for fortification compliance in both wheat and maize milling sectors.

Solar energy project now 80% complete

OUR VALUE CREATION BUSINESS MODEL

Unga is on a mission to deliver exceptional value to its stakeholders through a commitment to excellent customer experience, product excellence, market expansion, operational efficiency, and impactful sustainability initiatives.

Our capitals

Inputs

Financial capital

A strong capital base, diversified sources of capital and funding

- Shareholders' equity Ksh5.1 billion (FY2023: Ksh 5.7 billion)
- Borrowings Ksh2bn (2023: Ksh1bn)
- Retained earnings Ksh2.9bn (2023: Ksh3.4bn)
- Other reserves 2024: Ksh3.8M (2023: Ksh11.4M)

Manufactured capital

Our business and channel structure, fixed assets, and IT systems, and the infrastructure we use

- 6 state-of-the-art manufacturing plants
- Bespoke IT infrastructure
- Renovated key production lines
- Enhanced maize milling plants

Human capital

Our culture and our solution-oriented people, experienced leadership, and teams

- Motivated and engaged workforce of 987 employees
- Reorganized management structure
- Experienced, committed, and ethical board and leadership
- Safe working policies, practices, behaviors and environment

Social and Relationship capital

Our stakeholder relationships and reputation, including the communities in which we operate

- Active participation in public policy forums
- Ongoing engagements with customers, suppliers, employees, government, regulators and communities
- Stakeholder engagement structures aimed at building constructive, beneficial partnerships
- A supplier code of conduct

Intellectual capital

Our digital innovation, automation and risk management infrastructure

- Technical expertise, skills and technology
- Promotion of innovation
- Enhanced 'Follow the Grain' strategy
- Sales Force Automation System

Natural capital

- Strategic waste management in place
- Renewable energy and energy efficiency strategies in place
- Sustainable sourcing
- Strategic initiatives to reduce carbon footprint

Strategic approach to trade-off decisions

The Board carefully considered strategic trade-offs, recognising that some decisions may have a short-term financial impact but lead to long-term benefits for other capital inputs.

The Board is completely committed to reducing the Group's environmental footprint and addressing climate change through sustainable and strategic investments in renewable energy and sustainable sourcing.

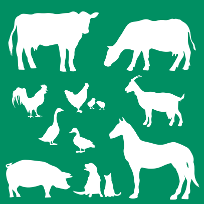
Our purpose:
We provide food and farm-care solutions for better living, sustainably.

Fugo®

Afya Bora®

Viminera®

WHAT WE PRODUCE
Animal Nutrition



Champion®

Almatix®

Nemazole®

K9 Dog Food®

Rather than seeking short-term benefits, the Board takes a long-term approach, establishing a complete framework based on a thorough grasp of the Group's opportunities and risks. This approach allows for ongoing evolution, guaranteeing that the Group is prepared to make a long-term and significant contribution to sustainable production in the future.

Shared value for our stakeholders

Outcomes

Financial capital
- 89% growth in EBITDA
- Post-tax loss decreased from Shs 959 million to Shs 670 million
- 1 % drop in revenues
- Gross profit Ksh1.6bn (2023: Ksh1.1bn)
- Gross profit margin 7% (2023: 5%)
- Operating Loss Ksh275.6m (2023: Ksh440.5m)
- Loss After Tax Ksh670m (2023: Ksh959m)

Manufactured capital
- Solar energy project 80% commissioned
- Production throughput improved from 1.46 MT/hr to 2|MT/hr
- Operational Equipment Effectiveness growth from 69% to 92%
- Several revamped key production lines
- Market leading products – Jogoo®, Hostess®, Fugo®

Human capital
- Staff rewards and benefits: Ksh921.7m
- Employee retention rate: 81.77%
- 24% growth in internal leadership
- Promoting diversity, inclusion, and equity in the workplace

Social and Relationship capital
- Corporate Social Investment
- Maintained constructive stakeholder engagement
- Strengthened investor confidence
- Prioritised local procurement
- Exchanges with Government including taxes collected on its behalf: Ksh968m

Intellectual capital
- Delivered differentiated products to customers
- Invested in robust cybersecurity defense mechanism
- Successfully implemented a unified digital platform
- Additions to goodwill, intangible and other assets

Natural capital
- Solar energy project 80% complete
- 30% reduction in energy costs and lower carbon footprint
- Nakuru Feeds won the KAM Energy Management Awards
- Strategic water conservation strategies implemented

03 OPERATIONAL OVERVIEW

As we move forward, Unga Group is entering a new era characterised by focus, resilience, and a relentless commitment to quality. We are confident that the strategic decisions we have made will position us for sustainable growth.

REFLECTIONS FROM THE CHAIRMAN

Introduction and Context

As we reflect on the past financial year, I must begin by acknowledging the complexity of the operating environment in which Unga Group has been navigating. We have faced a myriad of challenges that required us to reassess our strategic direction and adapt to shifting dynamics. This required several tough but necessary decisions, and I am confident that these have set the stage for a more resilient and focused Unga Group.

At the core of our response has been a resolute focus on operational efficiency, cost efficiency, and customer centricity. We have undertaken a comprehensive review of our business model, resulting in a leaner organisation better equipped to navigate the complexities of the market. We have taken a decision to concentrate on our core competencies and divest from non-core businesses, which has enabled us to optimise resource allocation and enhance our competitive position.

Navigating a Volatile Landscape

The financial year 2023/2024 presented an exceptionally challenging operating environment characterised by unprecedented economic volatility, geopolitical tensions, and adverse climatic conditions. The combined impact of these factors exerted significant pressure on our business, necessitating a strategic reassessment and decisive action.

In view of the current operating environment, our response has been a ***resolute focus on operational efficiency, cost efficiency,*** *and* ***customer centricity.*** *We have undertaken a comprehensive review of* ***our business model,*** *resulting in* ***a leaner organisation better equipped*** *to* ***navigate the complexities of the market.***

Isabella Ochola-Wilson (Mrs)
Chairman

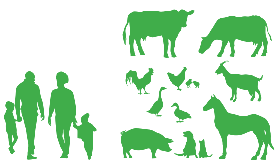
REFLECTIONS FROM THE CHAIRMAN

The political situation has remained uncertain, and when combined with global and local economic constraints, our activities have faced significant challenges. High borrowing rates, which climbed as high as 21%, and a fluctuating exchange rate have substantially raised our operational costs.

The impact of global disruptions has stressed supply systems, making it difficult to forecast when raw materials will arrive and at what price. Locally, the erratic weather patterns of 2023 had an impact on the quality of raw materials, particularly maize, requiring us to reject substandard supplies in order to preserve the safety and quality of our products. This has resulted in paying a premium for the high-quality maize we require, adding to our cost base. The high cost of living has also weighed heavily on consumers, affecting their purchasing power and, consequently, our sales. Additionally, relentless competition in the market has eaten into our margins, making it essential to continuously optimise our operations.

In light of these challenges, the Board has had to make difficult decisions, not just in terms of organisational structural changes but also our strategic focus. We have revisited our strategic plan, which initially aimed at fortifying our market presence, exploring new business areas, and fostering a high-performance culture. Given the current realities, we have chosen to scale back on our ambitions to explore new businesses and instead concentrate on strengthening our core operations.

Returning to Our Core



The decision to exit some non-core businesses was driven by the need to remain aligned with our strengths. The Board recognised that venturing too far from our core competencies in such a challenging environment was not sustainable. While it is always difficult to let go of new opportunities, we believe that this decision allows us to focus on what we do best—delivering high-quality products in our core sectors of human and animal nutrition.

Our renewed focus on our core business has already begun to yield positive results. This renewed focus has also rejuvenated our employees, creating a stronger culture within the organisation and fostering a sense of optimism about the future.

Strengthening the Leadership and Streamlining Operations

A major highlight this year was the restructure of our leadership in December 2023. This decisive action enabled us to optimise our processes and develop a leaner, more agile leadership team capable of making quick and informed judgments. This restructuring was about more than just cost savings; it was about empowering our employees and improving performance at all levels of the business.

The new management structure has already had beneficial results, including improved internal processes, a sharper focus on customer satisfaction, and increased involvement with key stakeholders. As a result, the Group is more responsive and better positioned to meet market demands and address future challenges.

The new management team brings a wealth of experience, particularly in operations, and we are confident that this will drive the business forward. James Nyutu, who was previously our Group Finance Director, has stepped in as the interim Group Managing Director. His deep institutional knowledge and industry experience have proven invaluable as we refocus on our core strengths.

Building a Customer-Centric Culture

As we rethink our strategy, becoming more customer-centric is a primary objective. We acknowledge that in the past, we may have lost sight of our customers in the midst of intense competition. However, we are now recommitting ourselves to getting closer to consumers. By putting the consumer first, we have deepened our connections, improved product offerings, and increased overall satisfaction among our customers.

Sustainability: A Key Pillar of Our Strategy

Sustainability remains a central pillar of Unga Group's strategy. We are proud of the progress we have made in reducing our environmental impact, particularly through our solar power initiative. We have recorded significant energy cost savings, which not only benefits the bottom line but also aligns with our broader commitment to sustainable business practices.

We also remain firmly focused on building stronger relationships with our stakeholders, including employees, customers, suppliers, and the communities in which we operate.

Looking Ahead

While we have made significant progress, we recognise that challenges persist. The ongoing volatility in the global economy, coupled with intense competition, necessitates continued vigilance and adaptability. Nevertheless, I am confident in the resilience of our business and the capabilities of our team.

As we move forward, Unga Group is entering a new era—one characterised by focus, resilience, and a relentless commitment to quality. We are confident that the strategic decisions we have made will position us for sustainable growth, even in a challenging operating environment. Our leaner structure, strengthened leadership, and focus on core operations have already begun to deliver positive results, and we are optimistic about the future.

Appreciation

I want to extend my deepest appreciation to the Board for their commitment, to our employees for their dedication and hard work, to our customers for their continued trust, and to our shareholders for their unwavering support. Together, we will continue to build a stronger, more resilient Unga Group, and I look forward to the opportunities that lie ahead.

Isabella Ochola-Wilson (Mrs)
Chairman

GROUP MANAGING DIRECTOR'S REVIEW

A Year of Transformation and Renewal

I am pleased to present Unga Group's Integrated Report for the financial year 2023/2024.

The year under review was undoubtedly marked by challenges and transformation, presenting both hurdles and opportunities. It was also a year of recovery and recalibration, and I am pleased to report that we are emerging stronger, more focused, and better positioned for sustainable growth moving forward.

Reflecting on the internal operating context, it was marked by a complex environment characterised by economic volatility, supply chain disruptions, and intense competition. Domestically, the El Niño rains affected the quality of locally grown maize, further compounding the challenges we are facing.

Similarly, the external environment remained volatile, with political uncertainties lingering since the 2022 elections, and high interest rates, as well as fluctuating exchange rates impacting our cost structure. Additionally, the war in Ukraine continued to disrupt global supply chains, making raw material procurement unpredictable.

Through strategic decision-making, operational excellence, and a relentless focus on our customers, we are navigating these challenges successfully. Despite these headwinds, we remain resolute in our commitment to delivering quality and value for our customers. We are fortifying

The year under review was undoubtedly marked by challenges and transformation, presenting both hurdles and opportunities. ***It was also a year of recovery and recalibration, and I am pleased to report that we are emerging stronger, more focused, and better positioned*** *for sustainable* ***growth moving forward.***

James Nyutu
Ag. Group Managing Director

GROUP MANAGING DIRECTOR'S REVIEW (Cont'd)

our operations, maintaining our rigorous quality standards while ensuring that our core products remain accessible to our consumers, even in difficult economic conditions. Our outlook remains positive as we anticipate broader macroeconomic stability in the near future.

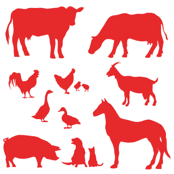
Financial Highlights: A Year of Recovery and Strength

Despite the challenges posed by the macroeconomic environment, Unga Group achieved significant milestones in volume growth and profitability in the financial year 2023/2024. We recorded a notable increase in margins, driven by the strength of our core product offerings and operational efficiencies. As a result, a 4% volume growth was recorded, alongside a 2% improvement in profit margins. Our ongoing cost optimization efforts contributed to a 37 % improvement in operating loss.

While elevated interest rates impacted our financing costs, our cash flow management and prudent financial strategies allowed us to maintain a healthy balance sheet, with a Shs 2.1 billion net debt position and 89% growth in EBITDA. These financial achievements underscore our resilience and position Unga Group for continued success as we move into the next fiscal year.

Process Improvements and Cost Optimization

The organisational restructuring has been coupled with a deep dive into our processes. We continue with our journey of continuous improvement, mapping every stage of our value stream to identify non-critical activities that can be eliminated. In our animal nutrition business, this has improved efficiency, allowing us to better serve our customers and boost staff morale.



We have also integrated our human and animal nutrition businesses under a more focused leadership enabling better team collaboration and more efficient decision-making.

In addition, we have adopted improved procurement practices that have enhanced our financial performance. However, we continue to face challenges related to high financing costs.

Customer-Centric Growth: Focus on Core Products and Market Presence

In our human nutrition division, we have refocused on our key brands which has allowed us to rebuild relationships with our key customers. By relaunching key brands and refining our product portfolio, we have renewed our commitment to delivering the top-quality products that resonate with our consumers.

At the same time, our animal nutrition division remains strong, driven by the growing demand for quality feeds in Kenya. Our focus on high quality feed products has boosted farmers' productivity, significantly supporting the growth of the agricultural sector.

Maintaining Superior Quality Standards: A Differentiating Factor

Quality and food safety is a non-negotiable part of our legacy and has always been at the heart of Unga Group's operations. We uphold the highest standards for raw materials and final products than many other players. This commitment to food safety and quality is integral to our mission, and we are investing in greater consumer education to raise awareness about the importance of quality and the health risks associated with substandard human and animal nutrition alternatives.

By helping consumers make informed choices, especially in light of rising concerns such as aflatoxin contamination, we aim to build stronger, trust-based relationships with our customers.

GROUP MANAGING DIRECTOR'S REVIEW (Cont'd)

Sustainability: Driving Long-Term Value Creation

Sustainability remains a key pillar of our strategy. During the year, we made significant progress in our solar power initiative, now 80% complete across our facilities. This project has delivered energy cost savings exceeding our initial expectations, reducing our energy costs by over 30%. We are also in the process of developing a comprehensive Sustainability Framework that will guide our actions over the next five years, aligning our operations with global best practices in environmental stewardship.

Looking Ahead: Building a Customer-Centric, High-Performance Culture

As we move forward, we are determined to continue embedding a culture of customer centricity across the organisation. Our goal is to exceed customer expectations in every interaction, from the quality and safety of our products to the ease with which customers engage with us. This will be achieved through further process improvements, a renewed focus on consumer education, and continued investment in our people and systems.

We understand that delivering a top-quality product is only part of the equation—communicating the value of that quality to our customers is equally important. To that end, we are developing a long-term, focused sales and marketing strategy that will emphasize the quality of our products and the trustworthiness of the Unga brand.

We are fundamentally reshaping our mindset and culture as we aim to be a more agile, responsive, and innovative food and feeds company, one that listens to its customers, consumers and consistently delivers value.

Appreciation

In closing, I would like to express my deepest gratitude to my colleagues, the Board, shareholders, customers, and partners for their steadfast support throughout the year. As we continue on this journey of renewal and growth, I am confident that Unga Group is well-positioned to continue creating value for all our stakeholders.

In 2024/2025, our focus will remain on achieving sustainable growth, deepening our customer relationships, and upholding the highest safety and quality standards across all our operations.

Thank you and let's continue this journey together.

James Nyutu
Ag. Group Managing Director

THE STRATEGY DRIVING OUR BUSINESS

OUR STRATEGY: A Customer-Centric, Value-Driven Approach

Unga's strategy is designed to ensure long-term growth, competitiveness, and sustainability in an increasingly dynamic operating environment. The Group's strategic realignment in the year under review reflects a commitment to leveraging its core strengths while investing in innovation, operational efficiency, and customer-centricity. This balance between immediate operational needs and its long-term vision positions the Group as a market leader across East Africa in human and animal nutrition.

The Group's revised strategy reflects its commitment to focusing on its core strengths, enhancing operational efficiency, and creating value for all stakeholders. It has been designed to balance short-term operational needs with the long-term vision of being a market leader in both human and animal nutrition in East Africa.

In light of the future outlook, the Group's strategy will focus on five key pillars, aligning with its broader vision to become more resilient, innovative, and sustainable.

1. Refocusing on Core Business: Strengthening Our Market Leadership

The choice to refocus on our core business of human and animal nutrition confirms our strategic objective to concentrate on areas where we have significant expertise and a competitive advantage. This year's focus has been combined with investments in technology and renewable energy projects to ensure the Group's continued agility and cost-effectiveness. Solar energy solutions, for example, reduce costs while also contributing to our sustainability goals.

The Group's historical strength has been the manufacture of staple foods and high-quality animal feeds. By focusing on these areas, we can leverage our established brand, extensive market knowledge, and operational skills to preserve our leadership position in these key sectors.

We continue to streamline resource allocation through competitive sourcing and operational efficiency, driving improvements in Return on Equity (ROE) and Return on Assets (ROA). Our goal is to achieve our ROE and ROA KPIs by focusing on market share growth, debt reduction, and cost efficiency.

This emphasis enables us to better allocate resources, invest in product quality, and drive growth in critical areas. The restructuring of our portfolio, which includes the exit from non-core commodities, underlines our approach of focusing on areas where we have a competitive edge.

THE STRATEGY DRIVING OUR BUSINESS (Cont'd)

2. Enhancing Customer-Centricity: Building Stronger Connections

Customer-centricity has remained at the center of our approach to business. A crucial component is to strengthen our relationship with customers by being more customer-focused. We believe that understanding our clients' needs and aligning our solutions with them is critical to long-term success. Our strategy combines direct consumer connection, increased product quality, and an emphasis on affordability—especially considering the economic constraints our customers confront.

By emphasising consumer insights and aligning our offerings with our consumers' shifting preferences, we improve product excellence and affordability, which is especially important given the present economic context.

We also use technology to better communicate with our customers, optimise production, and improve financial management. Technological breakthroughs, such as digital transformation in customer relationship management, enable us to strengthen consumer relationships, promote brand loyalty, and increase market share in key categories.

This customer-centric strategy is projected to increase brand loyalty and repeat business, allowing us to expand our market share while maintaining high product standards. By strengthening our relationships with our consumers, we hope to ensure that Unga stays a reliable partner in their daily lives.

3. Operational Excellence: Streamlining Processes for Agility

Unga's operating strategy for 2024 was concentrated on boosting efficiency and agility. The recent restructuring has resulted in a leaner, more responsive business that can react rapidly to changing market conditions. Our management structure has been simplified to remove extraneous levels, allowing us to focus on execution and results.

To support this, we are investing in process improvement, which includes everything from procurement to distribution. In addition to increasing productivity, these initiatives are part of bigger cost management strategies, such as the continuing deployment of a KES 300 million solar energy system, which is intended to reduce energy costs by 30%.

4. Innovation and Sustainability: Preparing for the Future

Innovation remains central to our strategic vision as we strive to address evolving customer needs and predict future trends. As we strengthen our core businesses, we continue to look for possibilities for innovation in product creation, digital transformation, and operational sustainability. Furthermore, sustainability is strongly integrated into our strategy, driving our current operations and future plans. As we advance, we will prioritise sustainability activities such as renewable energy projects and recyclable packaging, which reduce our environmental footprint and contribute to long-term sustainability.

Our commitment to reducing carbon emissions includes considerable capital investment in energy-saving technologies that enhance operational sustainability. This emphasis on environmental stewardship is deeply ingrained in our decision-making process, with each investment assessed based on its return on investment (ROI) and compatibility with both business and environmental goals.

THE STRATEGY DRIVING OUR BUSINESS (Cont'd)

5. Long-Term Value Creation: Repositioning for Growth

Our strategic framework aims to provide long-term value for shareholders, customers, workers, and the communities we serve. The Group is reinventing itself for long-term growth and resilience by focusing on its core capabilities, improving customer-centricity, driving operational efficiency, and incorporating sustainability into its business model.

Through ongoing engagement with stakeholders—via quarterly financial assessments, town hall meetings, and an open-door policy—we ensure that our plans fulfill their expectations and contribute to the development of trust and loyalty. In addition, the establishment of whistle-blowing system demonstrates our commitment to governance and integrity.

Our Strategic Path Looking Ahead...

Key Elements of Our Revised Strategy	Expected Outcomes
• **Customer Focus:** We are committed to understanding and meeting the evolving needs of our customers. By prioritising customer satisfaction, we aim to build long-lasting relationships and drive loyalty. • **Product Excellence:** We are dedicated to maintaining the highest quality standards for our products, ensuring they meet the expectations of our discerning customers. • **Operational Efficiency:** We are continuously striving to improve our operational efficiency through process optimisation, technology adoption, and cost management. • **Sustainability:** We are committed to sustainable practices that benefit our business, our communities, and the environment. • **Innovation:** We are investing in research and development to introduce innovative products and services that meet the changing needs of the consumer.	• **Enhanced Customer Satisfaction:** Increased customer loyalty and advocacy. • **Improved Financial Performance:** Stronger revenue growth, profitability, and market share. • **Operational Excellence:** Increased efficiency, productivity, and cost-effectiveness. • **Sustainable Growth:** A more sustainable and resilient business model. • **Enhanced Reputation:** A stronger brand reputation and increased stakeholder trust.

We have undertaken a comprehensive review of our business model, resulting in a leaner organisation better equipped to navigate the complexities of the market. ***We undertook a decision to concentrate on our core competencies and divest from non-core businesses, which has enabled us to optimise resource allocation and enhance our competitive position.***

Isabella Ochola-Wilson (Mrs)
Chairman

RISK MANAGEMENT STRATEGIES

Our Risk Management Framework

Unga remains steadfast in navigating a dynamic and challenging environment, ensuring that our risk management practices are robust, proactive, and aligned with our strategic objectives. The Group has a robust Enterprise Risk Management (ERM) framework in place to identify, assess, and mitigate potential risks to the business.

In the year under review, the Group enhanced the framework to integrate emerging risks, market dynamics, and stakeholder feedback, underscoring our commitment to creating value for our shareholders and safeguarding our business against potential disruptions.

1. Risk Assessment and Oversight

The Board Audit and Risk Committee (BARC) continues to play an integral role in overseeing and shaping Unga's risk management strategies. This year, the Committee's quarterly reviews of risk management reports significantly influenced the identification and mitigation of corporate and emerging risks. In addition, the Risk Management Committee (RMC) adopted an evolved approach, now receiving high-risk audit reports, ensuring timely resolution of key issues.

New methodologies have been incorporated to strengthen our risk assessment capabilities, including a review of the Enterprise Risk Management (ERM) assessment criteria matrix. Through structured brainstorming sessions, industry report analysis, and targeted research, emerging risks are identified, assessed, and integrated into our overall risk management process. The risk register is reviewed and updated quarterly, with insights shared with the RMC and BARC.

To address the growing concern of climate-related risks, the Group has embedded climate risk considerations into its sustainability strategy, assessing and acting on factors that could affect its business amid climate change pressures.

2. Role of Line Managers

Incorporating risk management into daily operations has been a key focus with line managers playing a crucial role in identifying and managing risks within their areas of responsibility. Line managers include risk management assessment scores in their performance goals, ensuring they are accountable for identifying and mitigating risks every week. To enhance their capabilities, line managers undergo quarterly site visits and risk management training, creating a stronger risk-aware culture throughout the organisation.

3. Enterprise Risk Management (ERM)

The ERM assessments conducted over the past year highlighted several critical risks, including forex loss, cash flow constraints, high raw material costs, and competition. These risks were addressed by identifying root causes and implementing targeted strategies such as forex hedging, alternative sourcing, and optimising raw material procurement. The improvements in these areas, such as the reduction of forex losses, shows the effectiveness of our ERM framework.

Enterprise Risk Management Framework

	Quarterly Risk Assessments	The Risk Management Committee conducts regular assessments to identify and evaluate emerging risks.
	Line Manager Involvement	Line managers play a crucial role in identifying and managing risks within their areas of responsibility.
	Risk Triggers and KPIs	Weekly reviews of risk triggers and Key Performance Indicators (KPIs) are conducted to monitor risk levels and take proactive measures.
	Materiality Evaluation	Areas under materiality evaluation are incorporated into performance targets and KPIs to ensure effective risk management.

RISK MANAGEMENT STRATEGIES (Cont'd)

Strategic Response to Material Risks

Unga's material risks for the financial year under review reflect the rapidly changing economic landscape, regulatory environment, and operational challenges.

1. Forex Fluctuation

In response to volatile foreign exchange rates, the Group employed a range of measures, including forex hedging, converting foreign-denominated liabilities to Kenyan Shilling, and sourcing raw materials locally. These efforts have successfully mitigated forex losses, helping to stabilise margins and profitability despite external market pressures.

2. Competition

The competitive landscape continues to evolve, with small millers and new entrants using low-pricing strategies to challenge Unga's market position. Our response has been a focus on price competitiveness and portfolio diversification to meet changing consumer preferences. The introduction of new product lines and new distribution strategies have opened up new growth avenues while maintaining our market leadership.

3. Product Recalls and Safety Issues

To maintain the high standards of product safety and quality, the Group has invested in the Product Quality Leadership projects and supplier development programs. We are pleased to report that there were no product recalls or safety incidents in the financial year under review, reinforcing our commitment to delivering safe and high-quality products to our consumers.

4. Changes in Government Regulation

The enactment of the Standards Levy, Housing Levy, NSSF Act, and various County Regulations in 2024 has posed regulatory challenges for the Group. Our strategy to mitigate these risks includes rigorous compliance monitoring and adjusting our budgeting processes to account for the financial impact of these new regulations, ensuring that we remain compliant while safeguarding our business sustainability.

5. Supply Chain Disruptions and Fluctuating Commodity Prices

Supply chain resilience is critical to Unga's operations. Over the past year, we faced challenges due to the depreciation of the Kenyan Shilling and occasional shortages of raw materials. In response, we implemented strategies such as alternative sourcing, material aggregation, and other strategic supplier development initiatives. These measures have allowed us to mitigate some of the volatility and continue delivering our products efficiently.

Risk Management Commitment

At Unga, we are committed to embedding risk management into the core of our operations. This year, we incorporated risk management assessment scores into performance targets across the company, aligning individual goals with our risk management framework. The outcomes of this integration are already visible, with a marked improvement in risk awareness and proactive risk mitigation efforts.

Significant examples of risk management leading to positive outcomes include the successful alternative sourcing of raw materials and the implementation of cost-effective repairs for older machines. These initiatives have not only minimised operational risks but have also optimised costs and ensured the continuity of key business processes.

The Group is closely monitoring the impact of inflation, interest rate fluctuations, and exchange rate volatility on our operations. ***Our mitigation strategies include cost optimisation initiatives and negotiating favorable credit terms with suppliers. We also remain vigilant regarding the potential impact of an economic slowdown or recession****, which could lead to reduced product margins.*

RISK MANAGEMENT STRATEGIES (Cont'd)

Risk Ranking and Mitigation Strategies

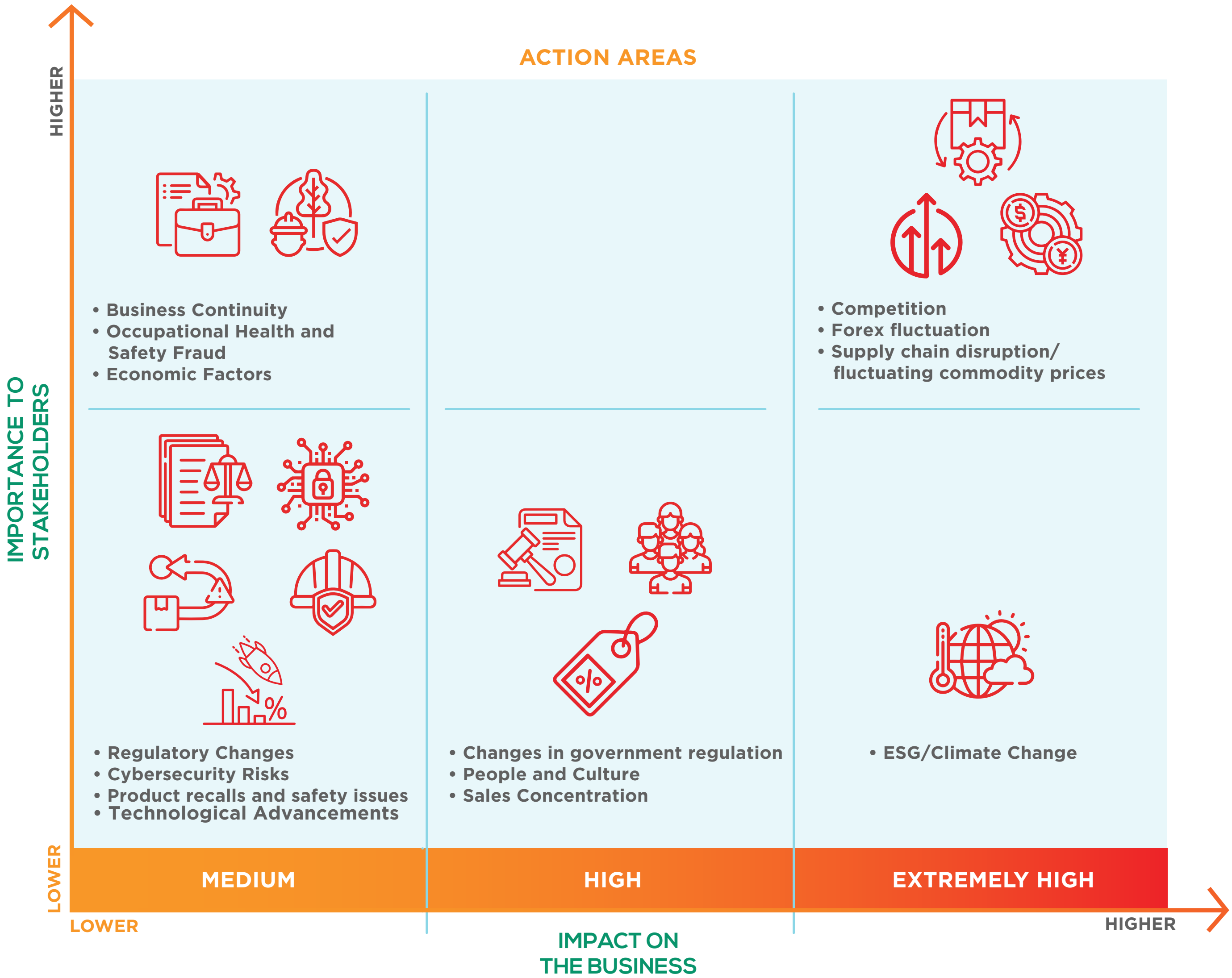
Impact	Likelihood	Impact	Mitigation
Foreign Exchange Fluctuation	High	High	Hedging, local sourcing of raw materials, contracts requiring payment in local currency
Supply Chain Disruption	High	High	Alternative sourcing, supplier development, raw material aggregation
Fluctuating Commodity Prices	High	High	Strategic raw material sourcing, financial hedging
Competition	High	Medium	Price competitiveness, product quality leadership, market diversification
Climate Change	Medium	High	Sustainability assessments, climate risk integration into strategy
Economic Factors (Inflation, Interest Rates)	Medium	High	Cost optimization initiatives, negotiation for favorable credit terms, foreign currency liability conversions
Technological Advancements	Medium	Medium	Investment in technology, phased adoption of tech solutions
Regulatory Changes	Medium	Medium	Proactive compliance with new laws (NSSF Act, Standards levy), regulatory scanning
Cybersecurity Risks	Medium	Medium	Cybersecurity staff training, penetration testing, AI-driven solutions, robust IT infrastructure
Product Safety Issues	Low	High	Quality leadership project, supplier audits, stringent safety protocols
Product Recalls	Low	Medium	No incidents in 2024, continuous monitoring of product safety
Legal & Compliance Issues	Low	Medium	Quarterly risk audits, follow-up actions on audit recommendations, staff legal training

RISK MANAGEMENT STRATEGIES (Cont'd)

Unga's Materiality Matrix

A materiality matrix visually represents the Group's most critical business risks and material matters based on their likelihood and impact. The matrix is derived from the comprehensive assessment of external and internal risks, including feedback from stakeholders, industry reports, and Unga Group's Enterprise Risk Management (ERM) framework.

Below is the 2023/2024 financial year Materiality Matrix, highlighting key areas of concern:



Conclusion

The Group's materiality matrix provides a comprehensive view of the business's most significant risks and opportunities. By proactively managing high-likelihood and high-impact risks, the Group has positioned itself to remain resilient amid market fluctuations, regulatory changes, and environmental challenges. Going forward, Unga's commitment to sustainability, operational efficiency, and stakeholder engagement will ensure that it is well-prepared to navigate future uncertainties.

STAKEHOLDER ENGAGEMENT STRATEGIES

Stakeholder Type	Stakeholder	Purpose	Outcome
Suppliers	**Large and medium-scale farmers**	Unga works with large-scale farmers to ensure a steady and stable supply of critical raw materials, mainly maize and wheat. This engagement seeks to establish long-term collaborations that promote supply chain stability, cost management, and sustainability. By collaborating closely with these farmers, the Group hopes to streamline the sourcing process, improve operational efficiency, and promote sustainable farming methods. This allows Unga to maintain product quality and consistent supply at reasonable pricing. Unga also works with medium-to large-scale producers ensuring a consistent supply of the components required for feed production. This engagement aims to address these suppliers' demands and concerns, such as cost, delivery schedules, and product quality. Unga aims to continuously improve supply chain efficiency, improve product quality, and promote the expansion of its animal feed business through collaborative efforts.	Engaging large-scale farmers has enabled the Group to successfully secure favorable contracts and a continuous supply of raw materials, which has contributed to cost reduction and supply chain stability. The collaboration has also evolved to promote sustainability, with farmers increasingly adopting smart farming practices that improve productivity and reduce environmental impact. This engagement ensures that Unga maintains a competitive advantage in sourcing high-quality raw materials, which supports its operational and cost leadership strategies. The engagement with medium to large-scale farmers has led to the expansion of Unga's supplier base, thanks to the improved service delivery and tailored solutions. The Group has addressed key pain points, such as pricing and sustainability through initiatives that enhance visibility and advocacy for these suppliers. As a result, the relationships have strengthened, leading to improved supply chain reliability, higher customer loyalty, and overall growth in Unga's animal feed segment. These efforts have contributed to the expansion of Unga's market presence and operational sustainability.
Customers	**Distributors**	Unga engages with its distributors to strengthen brand loyalty, drive focus on its products, and ensure an efficient distribution network. This helps in gathering insights from distributors about market trends, customer preferences, and gaps in service delivery. Through these interactions, Unga aims to enhance the availability of its products, optimise distribution efficiency, and provide tailored incentives to improve the overall customer experience. This helps in aligning Unga's offerings with market needs and expanding its reach.	The engagement with distributors has resulted in the identification of key insights and gaps that were effectively addressed through enhanced distribution strategies and availability initiatives. The introduction of strategic incentives has bolstered distributor loyalty and helped boost product placement. As a result, Unga has successfully deepened its relationships with distributors, improved product visibility in the market, and strengthened its brand presence. These efforts have directly contributed to increased sales and improved market penetration.

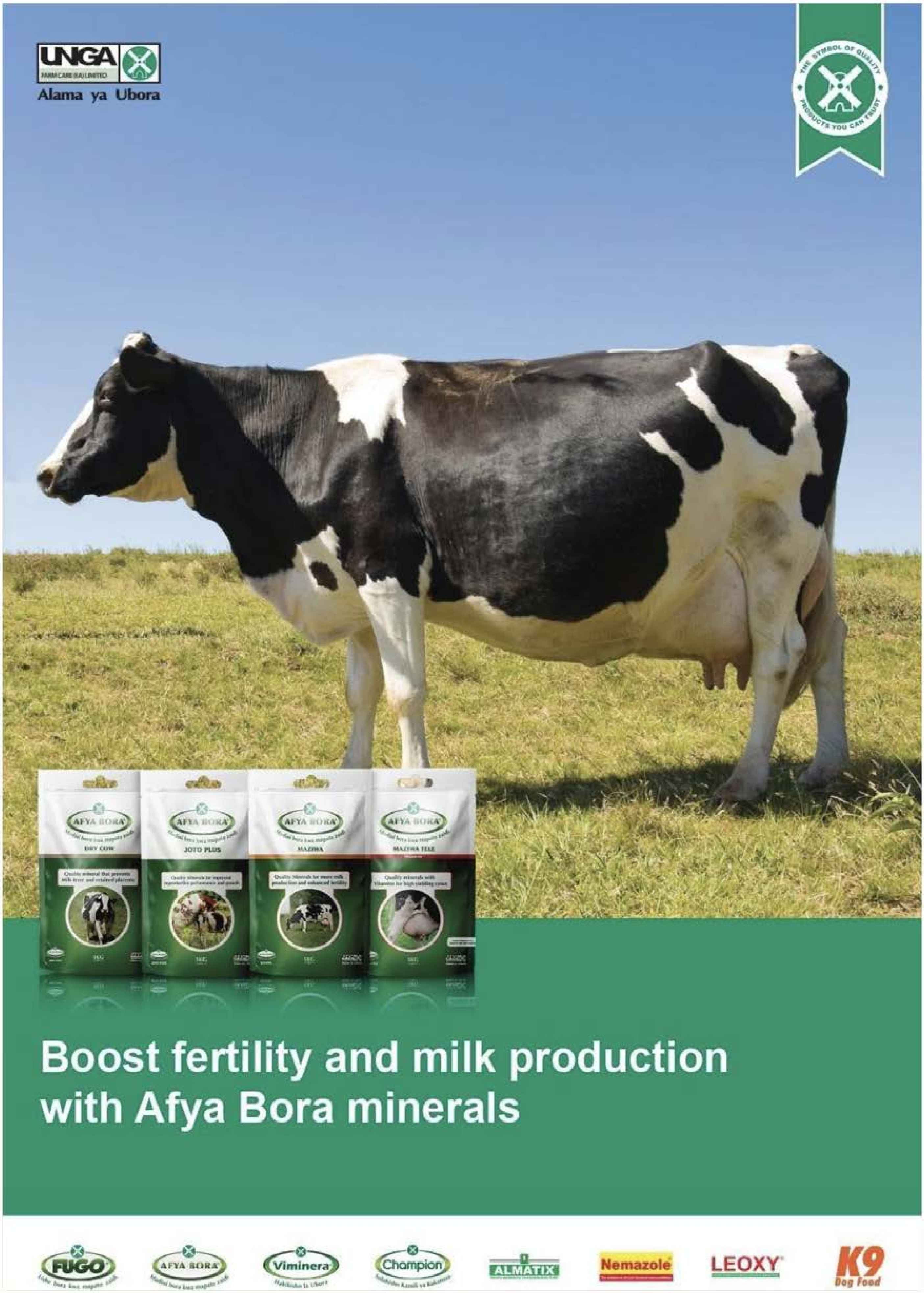
STAKEHOLDER ENGAGEMENT STRATEGIES (Cont'd)

Stakeholder Type	Stakeholder	Purpose	Outcome
Government Representatives	**County Governments**	Unga partners with County governments to educate farmers on sustainable and smart farming practices. The primary purpose of such engagements is to promote agricultural development by providing farmers with the knowledge and tools necessary to adopt modern farming techniques. Additionally, the Group works with government entities to support agricultural initiatives, such as encouraging soya bean planting and other large-scale farming efforts. By collaborating with County governments, Unga aims to create a favorable environment for farming, increase farm yields, and secure raw material supply.	The engagement with government representatives and County governments has led to successful initiatives such as the partnership with Kisumu County Government and the National Irrigation Authority. These collaborations have enhanced Unga's outreach and resulted in the promotion of large-scale farming activities like cage fish and soya bean farming. Furthermore, by leveraging financial facilities, Unga has facilitated access to credit for farmers, allowing them to scale their operations. These partnerships have not only improved farmer livelihoods but also ensured a consistent supply of raw materials for Unga's production, contributing to both community development and business continuity.
Regulators	**Regulatory Agencies & affiliates**	Unga engages with regulators, regulatory agencies, and affiliates to build strong partnerships and influence policies that foster market growth. The primary purpose is to ensure compliance with regulatory requirements, maintain operational cohesion, and align Unga's activities with national standards. Unga actively collaborates with key regulatory bodies such as the Kenya Bureau of Standards (KEBS), the Directorate of Occupational Safety and Health Services (DOSH), and the National Environment Management Authority (NEMA) to ensure that its products meet safety, quality, and environmental standards. This engagement also seeks to streamline communication, address regulatory bottlenecks, and expedite the acquisition of necessary certifications, like SMarks.	Through active participation in regulatory committees and continuous dialogue with agencies, the Group has strengthened its relationships with key regulatory authorities. For instance, Unga serves as members of technical committees for food and feed standards, which has improved communication with KEBS. The engagement has resulted in faster processing of SMarks through the use of Unga's accredited laboratory results. Additionally, these relationships have facilitated regular updates on current regulatory issues, helping Unga stay compliant and mitigate operational risks.

STAKEHOLDER ENGAGEMENT STRATEGIES (Cont'd)

Stakeholder Type	Stakeholder	Purpose	Outcome
Media	**Media Houses**	Unga engages with media and media agencies to enhance its communication, brand messaging, and strategic direction. The main purpose of this engagement is to ensure effective dissemination of information regarding Unga's products, initiatives, and overall brand image. Media engagement plays a critical role in reputation management and helps to strengthen Unga's presence in the public domain. Additionally, through partnerships with media houses, Unga aims to position itself as a thought leader in nutrition and share insights on industry trends.	The Group's collaboration with media houses has led to improved communication of its brand and strategic initiatives. Media engagement has successfully positioned Unga as an authority on nutrition, allowing it to share market insights and establish leadership in the industry. Through well-coordinated media relations, Unga has managed to address issues effectively, protecting its reputation and maintaining a positive public image. The media partnerships have also facilitated the sharing of industry knowledge, creating more visibility for Unga's products and its strategic initiatives in nutrition and agribusiness.

Enhancing the capacity of local farmers remains a critical aspect of our stakeholder engagement priorities.



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Champion
ALMATIX
Nemazole
LEOXY
K9
Dog Food

04 OUR PERFORMANCE

Despite the challenges posed by the macroeconomic environment, Unga Group achieved significant milestones in volume growth and profitability in the financial year 2023/2024.

We recorded a notable increase in margins, driven by the strength of our core product offerings and operational efficiencies.

OUR FINANCIAL CAPITAL

Overview of Financial Performance

In the financial year under review, the Group demonstrated resilience in the face of a challenging business environment, with significant improvements over the previous year. The supply of raw materials improved significantly, although prices remained high for the majority of the year. The Kenyan Shilling stabilised in the second half of the year, reducing the impact of past foreign currency (forex) losses on the organisation. The key drivers of improved performance were greater cost optimisation strategies, improved strategic raw material sourcing, and increased operational efficiency.

Operational Efficiency and Cost Optimization

The Group executed numerous initiatives to optimise production and distribution processes, which helped to increase operational efficiency. Process optimisation and a focus on eliminating waste helped to lower production costs while preserving product quality. These initiatives, together with competitive sourcing techniques and a customer-centric strategy, increased efficiency while mitigating the impact of high raw material costs.

Furthermore, the company reinforced its financial position by implementing prompt settlements of foreign-denominated liabilities and pursuing forex hedging measures to reduce exposure to currency depreciation risks.

Capital Allocation and Investment

The Group's capital allocation for the year was strategically directed toward sustaining operations, promoting business recovery, and managing debt commitments. Significant investments were made in the growth of major brands, most notably the redesign of the Amana® product line, which included the introduction of pasta, widening our market offering. Strengthening strategic partnerships, particularly with grain aggregators and collateral managers, improved supply chain resilience and operational agility.

Long-term sustainability was also a focus of investments. The Group prioritised capital expenditure (CapEx) based on quick payback and operational efficiency goals. We continued with the deployment of solar energy systems across our sites. This measure not only helped to save energy expenses, but it also demonstrated our dedication to environmental sustainability. Despite project delays, the achieved energy cost savings have been significant, demonstrating the strategic relevance of this undertaking.

Strategic Direction and Financial Goals

Unga's strategic plan remains focused on regaining market share, procuring competitively, cost management, and improving operations. These pillars are intended to underpin the company's financial recovery and prosperity in the coming years. Excellence in execution, particularly in resource allocation and brand equity improvement, is crucial to achieving our goals.

Value Addition and Distribution

The Group's value creation approach is focused on ensuring that raw materials and goods achieve world-class standards by maintaining a strict focus on quality throughout the entire production process. This added value benefits not just our consumers, but also a diverse group of stakeholders, including suppliers, employees, the government, and financiers. In 2024, the wealth generated by our operations was predominantly dispersed to these stakeholders, ensuring long-term business practices and contributing to economic development.

OUR FINANCIAL CAPITAL (cont'd)

Value Added Statement

"*Value added*" is the value which the Group has added to purchased materials and goods by process of manufacture and conversion, and the sale of its products and services. This statement shows how the value so added has been distributed.

	2024 Shs'000	%	2023 Shs'000	%
Revenue	23,703,863		24,051,024	
Net cost of raw materials, goods and services	(23,057,765)		(23,654,710)	
Wealth created by trading operations	**646,098**		**396,314**	
Revenue from discontinued operations	-		-	
Expenses from discontinued operations	-		-	
Profit before income tax	-		-	
Profit on disposal of business operations	-		-	
Total wealth created	**646,098**		**396,314**	
Impairments	-		-	
Interest Income on deposits	13,281		31,377	
Reclassfied to discontinuing operations	-		-	
Finance income	**13,281**		**31,377**	
Dividend income				
Total wealth created	**659,379**		**427,691**	
Distributed as follows				
Employees				
Benefits and remuneration	921,699	139.8%	843,181	197.1%
Governments				
Taxation	(135,375)	-20.5%	(240,477)	-56.2%
Providers of capital	**559,412**	**84.8%**	**784,368**	**183.4%**
Finance charges	559,412	130.8%	784,368	183.4%
Distributions to shareholders	-	0.0%	-	0.0%
Retained/used for growth	(686,357)	-160.5%	(959,381)	-224.3%
Depreciation and amortisation		0.0%		0.0%
Loss/ Profit for the year attributable to shareholders of the Company	**(686,357)**	**-160.5%**	**(959,381)**	**-224.3%**

OUR FINANCIAL CAPITAL (cont'd)

Contribution to Public Finances

Unga upholds its commitment to governance, integrity, and community support through a responsible approach to taxation. The Group continues to contribute to nation-building by paying its fair share of taxes and fulfilling other financial obligations. In the financial year under review, Unga contributed significantly to public finances, with payments including customs duties, value-added taxes, and employee taxes. This reflects the company's dedication to supporting the communities in which it operates.

Exchanges with government
including amounts collected on it's behalf

	2024 Shs'000	2023 Shs'000
Employee taxes	190,334	178,880
Company taxes	6,894	14,801
Value added tax and sales tax	35,291	33,071
Customs and excise duty	629,021	681,731
Tax collected on behalf of government	106,337	65,579
Other	-	-
	967,878	**974,063**

Financial Risk Management

From a financial perspective, during the financial year, the Group faced significant risks, such as the depreciation of the Kenyan Shilling and high interest rates. These risks were addressed through proactive hedging and exposure reduction measures. The Group also implemented cost management initiatives to counter the effects of inflation and maintained strategic sourcing methods to handle raw material scarcity.

Conclusion

Despite the external challenges in 2024, Unga's strategic approach to capital allocation, operational efficiency, and risk management has positioned the company for long-term recovery and growth. With a strong focus on long-term value development and cautious approach to resource management, the company is well-positioned to meet its financial goals in the coming year.


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OUR HUMAN CAPITAL

Unga acknowledges that the key to sustainable business success lies in its people. Over the last year, our primary focus has been on establishing a streamlined, united, and highly effective team by implementing strategic organisational adjustments, improving recruitment and retention tactics, strengthening training initiatives, and prioritising employee welfare. Our goal is to cultivate a work atmosphere that enables every team member to flourish, thereby making valuable contributions to the organisation's objectives while also experiencing personal and professional growth.

Organisational Development and Workforce Planning

Key Achievements	Challenges & Opportunities	Future Focus
Streamlined Structure: The consolidation of leadership roles and the dissolution of certain functions have led to a more agile and responsive organisation. **Talent Development:** The company has invested in talent management initiatives to identify and develop high-potential employees. **Diverse Workforce:** Unga is committed to fostering a diverse and inclusive workplace, with efforts to increase gender representation and create opportunities for individuals with disabilities.	**Talent Retention:** Retaining top talent in a competitive market remains a challenge. **Skill Gaps:** Identifying and addressing skill gaps to ensure the workforce is equipped for future challenges. **Workforce Planning:** Strengthening workforce planning processes to anticipate future needs and proactively recruit and develop talent.	**Employee Experience:** Continue to enhance the employee experience through initiatives that promote well-being, engagement, and career development. **Digital Transformation:** Leverage technology to streamline HR processes and provide employees with access to self-service tools. **Sustainability Integration:** Further integrate human capital practices with the company's sustainability and ESG goals.

OUR HUMAN CAPITAL (Cont'd)

Organisational Structure and Workforce Development

Streamlined Leadership and Workforce Resilience

In the past financial year, the Group underwent significant organisational restructuring in response to changing business needs, consolidating leadership positions to improve efficiency. One major change was combining the Group Technical Director and Group Production Director roles into a single Group Operations Director position. This, along with the reorganisation of the Strategy and Innovation office, has resulted in a more streamlined and agile structure. These changes have eliminated operational bottlenecks, allowing for quicker decision-making and promoting better collaboration across departments.

The restructuring has also strengthened the development of a versatile workforce. By reducing operational redundancies and simplifying processes, Unga has empowered employees to work more cohesively and efficiently, ensuring business continuity even in challenging circumstances.

A Diverse and Evolving Workforce

The composition of the Group's workforce is continually evolving, mirroring shifts between generations and a growing emphasis on diversity. The employees' average age is 39, with 56% being millennials and 9% Generation Z, indicating a younger and more vibrant workforce. Unga is dedicated to advancing diversity and inclusivity, as evidenced by our sustained endeavors to attain gender equality.

Presently, women account for 25% of the workforce, with targeted programs such as collaborations with the International Finance Corporation and Federation of Kenya Employers through the Kenya2Equal initiative, focused on enhancing female participation in traditionally male-dominated positions.

Recruitment and Retention: Building a Strong Talent Pipeline

Strategic Talent Acquisition

Unga has put in place a comprehensive Talent Management System to both attract and retain top talent by linking recruitment with succession planning. Our collaboration with external partners, and specialised recruitment firms ensures that we have access to a diverse talent pool. Moreover, we use psychometric assessments and thorough background checks to guarantee that potential hires align with our organisational values.

Enhancing Retention Through Internal Growth Opportunities

In the face of financial limitations in the year, Unga has upheld a firm commitment to retaining employees by providing chances for internal career progression and introducing specific retention incentives for essential positions. Demonstrating a 42% internal mobility rate and an 82% retention rate, the company is dedicated to establishing avenues for internal advancement. The goal by 2027 is to raise the internal mobility rate to 70%, showcasing our unwavering support for nurturing careers within the company.

OUR HUMAN CAPITAL (Cont'd)

Training and Development: Cultivating Future Leaders

Comprehensive Learning and Development Framework

Unga places a strong emphasis on continuous learning and professional growth by following the 70:20:10 learning model, which dedicates 70% to on-the-job experiences, 20% to social learning through coaching and mentoring, and 10% to formal education. The organisation achieved an 89% adoption rate of its eLearning platform in the last financial year, indicating widespread engagement throughout the company. Middle-level managers took part in Supervisory Skills Training, while senior managers and directors participated in Corporate Governance programs, aligning their development with the company's strategic objectives.

The leadership development initiatives at Unga, such as Coaching and Mentorship Programs, HR for Non-HR Managers, and the upcoming Women in Leadership Program, aim to cultivate the next cohort of Unga leaders. Furthermore, the implementation of the Toastmasters program will further enhance our leaders' communication and engagement skills.

Performance Management and Employee Engagement

Honshin Kanri (HK): Performance with Focus

Our HK performance management system, which is based on Japanese management principles, ensures that employee performance aligns with organisational goals. By conducting monthly HK sessions and year-end evaluations, we maintain an ongoing conversation about performance, which encourages accountability and engagement. In the future, Unga has committed additional resources to improve recognition programs, recognising that acknowledging employee efforts is crucial for boosting motivation and performance.

Promoting Engagement Through Culture and Values

Employee engagement is a fundamental aspect of Unga's long-term strategy. Through clearly outlined Personal Development Plans and the launch of initiatives like the "Najibadilisha Program," Unga fosters a culture of continuous improvement and collaboration. Engagement programs, including Values Sessions, team-building events, and Family Fun Days, aim to improve workplace satisfaction and cultivate a sense of community.

Employee Well-being and Social Responsibility

Advancing Diversity and Inclusion

Through our Human Capital strategy, we are actively advancing diversity, equity, and inclusion initiatives to support our ESG goals. This includes our partnership with Sight Savers to foster an inclusive workplace for individuals with disabilities. Additionally, we have designated 5% of our roles to further this agenda. Our "Women at Work" programs are designed to develop strategies that help retain more women in the workforce by addressing the dynamics of balancing career and family commitments.

Prioritising Employee Health and Well-being

Emphasising the well-being of our employees, Unga has implemented various wellness programs, such as an Employee Assistance Program (EAP) providing emotional and psychological support, which has been well received with a 48% participation rate. In addition to this, we organise weekly aerobics sessions and regular health check-ups to demonstrate our dedication to promoting physical health. We also assist our employees in managing their financial well-being by partnering with financial advisors to provide guidance on financial planning.

Flexibility for Work-life Balance

To support work-life balance, Unga has introduced flexible working policies, including options for paid leave, a Flexi-Time policy, and Study and Parental Leave to accommodate both professional and personal needs. Although our Agile Working policy is currently being reviewed, we are committed to improving our flexible work practices to better meet the needs of our employees in the future.

OUR HUMAN CAPITAL (Cont'd)

Commitment to Fairness and Inclusion

Unga is an equal-opportunity employer committed to providing fair and equitable opportunities for all individuals, regardless of gender, societal status, or ability. Our practices are closely aligned with the International Labour Organisation (ILO) conventions as well as relevant local and international legislation and regulations.

Corporate Culture and Ethical Practices

A Culture of Integrity and Responsibility

Unga's corporate culture is founded on the fundamental principles of Fun, Integrity, Responsibility, Speed, and Consumer Focus. These principles guide all aspects of our business, from customer service to decision-making processes. We are dedicated to creating an inclusive and positive work environment where employees are empowered to innovate and take responsibility for their work.

Ethical Behavior Promotion

Unga upholds a strong ethical framework through its extensive Code of Ethics and continuous training on anti-corruption and anti-bribery laws. By implementing robust feedback mechanisms such as engagement surveys and open-door policies, we ensure that employees can express their concerns, promoting transparency and integrity throughout the organisation.

Conclusion: Empowering Our Workforce for Future Growth

In our vision for the future, Unga Group is dedicated to empowering its employees by focusing on strategic talent development, fostering strong employee engagement, and cultivating a culture that is in line with our long-term objectives. Through investing in our staff and adjusting our organisational framework, we are constructing a strong and adaptable workforce that can steer Unga towards success in the future.

Employee engagement is a fundamental aspect of Unga's long-term strategy.


UNGA
FARM CARE (EA) LIMITED
Alama ya Ubora
THE SYMBOL OF QUALITY
PRODUCTS YOU CAN TRUST
More milk and better profits for your dairy cow begin with Fugo feeds
FUGO
AFYA BORA
Viminera
Champion
ALMATIX
Nemazole
LEOXY
K9
Dog Food

OUR INTELLECTUAL CAPITAL

At Unga, Intellectual Capital remains critical to our strategic goals and long-term value creation. We continue to enhance our operational efficiency and market competitiveness by focusing on digital transformation, technological innovation, data analytics, and knowledge-sharing initiatives. This section provides insights into the key areas where our intellectual capital is leveraged for sustainable growth.

DIGITAL STRATEGY AND TRANSFORMATION

Key Achievements	Future Focus
• **Unified Digital Platform:** The successful implementation of a unified digital platform has provided a comprehensive view of customer interactions across various channels. • **Data-Driven Insights:** Embedding analytics capabilities has enabled us to extract valuable insights for informed decision-making. • **Fugo Smart and Bidhaa Mlangoni:** These innovative solutions are empowering farmers and distributors, respectively, with promising results. • **IoT and AI Integration:** The company is actively exploring the integration of IoT and AI technologies to further enhance operational efficiency and productivity.	• **Data Quality and Integration:** Ensuring data consistency and accuracy across different systems remains a focus area. • **Digital Talent Development:** Building a skilled workforce with the necessary digital competencies is essential. • **Emerging Technologies:** Keeping pace with the rapid evolution of digital technologies requires continuous learning and adaptation.

INTELLECTUAL PROPERTY (IP)

Key Achievements	Future Focus
• **IP Protection:** Investing in research and development and acquiring patents, trademarks, and copyrights to safeguard our intellectual property. • **Open Innovation:** Collaborating with external partners to share knowledge and explore new opportunities. • **IP Monetization:** Evaluating opportunities to license or commercialise our intellectual property.	• **IP Enforcement:** Strengthening measures to prevent and address intellectual property infringement. • **IP Valuation:** Developing robust methodologies to accurately value intellectual property assets.

OUR INTELLECTUAL CAPITAL (Cont'd)

Digital Strategy and Transformation

The Group's "Follow the Grain" strategy has evolved through a focused approach on addressing critical pain points, including raw material procurement, demand forecasting, yard logistics, and process reengineering. By identifying several core areas for improvement, the Group has streamlined operations, particularly in sales, distribution, and customer engagement. Key performance indicators (KPIs) such as sales volume, outlet penetration, and order fulfillment metrics (On-Time In Full) ensure the effectiveness of this strategy across all business phases, from farming to distribution.

Our integration of digital technologies, notably the use of a Sales Force Automation (SFA) system, has enhanced real-time visibility and decision-making capabilities. These technologies have resulted in increased productivity, efficient resource utilisation, and data-driven decision-making.

Additionally, the launch of a unified digital customer engagement platform integrating various digital channels has improved customer interactions by offering a seamless omnichannel experience. The platform's predictive and prescriptive analytics capabilities further enhance customer insights and operational responsiveness.

Initiatives like Fugo Smart and Bidhaa Mlangoni are reshaping our relationships with farmers and distributors. These platforms are designed to improve farmer productivity by providing simulated return-on-investment data.

Technology Adoption and Innovation

The Group has embraced the Internet of Things (IoT) and robotics to optimise production and logistics. Expansion plans include enhancing IoT systems to manage our weighbridge systems and utilising AI to automate stock management processes. For instance, laser rangefinder sensors in our silos provide accurate grain-level data, improving stock management and reducing operational costs.

Robotic Process Automation (RPA) has already proven beneficial, reducing labor costs and improving customer confidence by automating sales orders. With plans to extend RPA into other processes, we aim to further streamline operations and improve cost efficiency. These innovations represent our continued commitment to enhancing operational efficiency through cutting-edge technology.

Research & Development (R&D) and Innovation

Innovation is at the heart of Unga's growth strategy, underpinned by significant investments in digital platforms like Fugo Smart and RPA-driven systems.

We also leverage external collaborations to enhance our innovation capabilities. For instance, we continue to implement critical partnerships in the area of data science, which has significantly contributed to the development of predictive models for demand forecasting. The Group prioritises innovations based on potential impact, feasibility, and alignment with the company's strategic objectives.

Data and Analytics

Data is a key asset in driving operational excellence and business growth. The Group's commitment to data governance ensures data quality and security, with access restricted to role-based permissions and stringent validation processes. SAP ERP serves as the Group's primary data source, ensuring a single source of truth across systems.

Through advanced analytics, the Group continues to gain actionable insights into sales, debt risk portfolios, and market outreach. This has led to significant business improvements in collection rates and optimised sales strategies. To promote data literacy across the organisation, we continue to train employees on data-driven decision-making and compliance with data protection laws.

OUR INTELLECTUAL CAPITAL (Cont'd)

Our cybersecurity training platform helps build a security-conscious culture within the organisation.

Cybersecurity

The evolving cybersecurity threat landscape has prompted Unga to invest in robust defense mechanisms, including AI-driven intrusion detection systems and employee awareness programs. Cybersecurity is incorporated by design into all new processes, ensuring compliance with global data privacy regulations, such as GDPR and Kenya's Data Protection Act.

Our cybersecurity training platform helps build a security-conscious culture within the organization. Employees undergo mandatory training and are tested regularly through simulated cyber threats. This proactive approach ensures that the Group remains resilient against the rising tide of cyberattacks.

AI is becoming an integral part of the Group's strategy for enhancing operational efficiency and customer engagement.

Artificial Intelligence (AI) and Future Applications

AI is becoming an integral part of the Group's strategy for enhancing operational efficiency and customer engagement. In the near future, AI-driven customer relationship management (CRM) and sales force automation (SFA) systems will predict buying patterns, optimise sales, and inform production and sourcing strategies.

Intellectual Property (IP)

As Unga continues to innovate, protecting Intellectual Property (IP) is essential. Our digital platforms, which facilitate distribution and sales, represent a key IP asset. These platforms are not only designed to enhance the footprint of Unga products but also offer opportunities for licensing and commercialisation, potentially generating additional revenue streams. The platforms can be expanded to support non-competitive products like cooking oil and soap, with financial models in place to assess the viability and returns of such initiatives.

The Group's commitment to innovation, bolstered by strong IP management, positions the company for continued growth in an increasingly competitive market.

OUR MANUFACTURED CAPITAL

Capital Projects and Capacity Utilisation

Unga continued to prioritise efficient capacity utilisation and strategic investment in line with operational needs and sustainability goals. The Group remains committed to enhancing production efficiency and maintaining high standards in both the human food and animal nutrition segments.

1. Capital Expenditure (CAPEX) Projects: There were no new own projects initiated during the financial year. However, the Group continued to implement key projects from the previous year, namely the **Nairobi Feeds Gantry Project** and the **Photovoltaic Solar Panel Installation.** These initiatives are aligned with the Group's focus on sustainability and operational efficiency. Given the prevailing challenging operating context, the Group has limited its capital expenditure for the 2024/25 financial year as well.

2. Automation Work: The Group remains vigilant in exploring future opportunities for automation where it can improve operational effectiveness and cost efficiency.

3. Strategic Capacity Utilisation Initiatives: In line with its strategy to enhance capacity utilisation, the Group undertook significant reorganisation of its milling operations. Key initiatives included the movement of milling assets to more efficient locations, closer to raw material sources which has resulted in quality improvements, lower cost of operations and reduced logistical costs.

4. Outsourced Production Model: The Group's outsourced production model is primarily focused on the co-packing of certain products products until the volumes are substantial to warrant investment.

5. Capacity Utilisation and Future Capacity Expansion Plans: Capacity utilisation continued to improve for both Animal and Human nutrition businesses.

OUR MANUFACTURED CAPITAL (Cont'd)

To address growing demand for our quality products, new projects will be considered in the new year to enhance customer satisfaction.

6. Production Capacity Improvements: Unga also implemented several initiatives aimed at improving throughput in both human and animal nutrition production. Key highlights include:

Famila Line Restoration: A project to restore and enhance the throughput of the Famila production line was completed. As a result, throughput increased and improved the line's efficiency and reduced operational bottlenecks.

Occupational Health and Safety

At Unga, occupational health and safety is not merely a regulatory requirement; it is a core value that drives our commitment to creating a safe and healthy workplace for all employees. Our focus on safety is unwavering, and we strive to foster a culture where every individual feels empowered to prioritise safety in their daily operations.

The Group is committed to not only maintaining compliance with regulatory frameworks but also enhancing our overall safety performance. By prioritising safety, we are protecting both our employees and also ensuring the long-term sustainability and success of our operations.

Our vision remains clear: to create a workplace where safety is ingrained in our culture, resulting in a safer and healthier environment for everyone.

OUR MANUFACTURED CAPITAL (Cont'd)

Key Occupational Health and Safety Highlights:

	Safety Record	We are proud to report that there were no fatalities during the 2023/24 financial year. However, we acknowledge that workplace safety remains a critical area for improvement, as there were recorded cases of minor injuries.
	Investigation and Mitigation	Each incident is thoroughly investigated to identify root causes, and corrective measures promptly implemented. Learnings from these investigations are shared across all sites to ensure that we collectively learn from these experiences and prevent similar incidents in the future.
	Enhancing Safety Culture	This year, we embarked on a comprehensive safety culture journey aimed at engaging the hearts and minds of our employees. Recognising that the majority of workplace accidents are preventable and often linked to employee behavior, our objective is to foster a personal connection to safety. By making safe behavior meaningful to each individual, we aim to eliminate accidents and injuries.
	Tracking Safety Costs	In an effort to highlight the importance of safety to our business, we have begun tracking the costs associated with incidents and accidents. This initiative will provide valuable insights into the impact of workplace injuries and reinforce the need for continual improvement in safety practices.
	Leadership Commitment	To further integrate safety into our organisational culture, all leadership meetings now include a dedicated element for safety reporting. This ensures that safety remains a top priority at all levels of the organisation and fosters accountability among leaders.

OUR MANUFACTURED CAPITAL (Cont'd)

Quality Assurance and Consumer Protection

At Unga, our commitment to quality assurance and consumer protection is paramount to our operational success and our consumers' well-being. We continuously strive to enhance our product offerings and ensure that they meet the highest safety and quality standards.

Key Initiatives for Quality Assurance:

- **Revamping Production Lines:** We have successfully renovated some of our production lines, which has not only improved production efficiency and power consumption but also significantly enhanced the quality of our Famila® product ranges. This investment reflects our dedication to innovation and our desire to provide our customers with superior products.

- **Quality Enhancements in Maize Milling:** A major initiative involved upgrading some of our plants, which has led to an improved sifted maize meal, resulting in brighter product.

The Group conducts regular trainings and capacity building sessions with farmers.

OUR MANUFACTURED CAPITAL (Cont'd)

- **Product Quality Leadership:** We have implemented a Product Quality Leadership initiative aimed at improving the quality of our products, with a particular focus on aligning with consumer preferences. This strategic approach has yielded improved products with positive feedback received from our consumers.

Animal Nutrition Quality Assurance:

- **Formulation Adaptations:** Our market leadership in animal nutrition is driven by our ongoing commitment to adapt formulations that provide the best conversion rates for production. Unga continuously evaluates the quality and availability of raw materials to optimise our animal feeds and health products.
- **Investment in Quality Control Technology:** We have invested in, and automated some of the other production processes to ensure the production of high-quality animal feed while safeguarding against contaminants and diseases through improved biosecurity measures.
- **Aqua Feed Development:** In our aqua feed segment, formulation improvements are managed in collaboration with our partners, Nutreco and Trouw Nutrition. Their expertise ensures that our aqua feed products are continuously refined for optimal dietary performance and conversion rates.

Commitment to Human Nutrition:

We remain steadfast in our commitment to delivering wholesome products, including flour, porridge, and pulses. Our dedication to maintaining high-quality standards is unwavering as we prioritise consumer health and satisfaction.

Through these concerted efforts, the Group reinforces its position as a trusted leader in quality assurance and consumer protection. We are committed to ensuring that every product we offer not only meets but exceeds the expectations of our customers, fostering trust and loyalty within our consumer base.

OUR MANUFACTURED CAPITAL (Cont'd)

COMMERCIAL UPDATE

Strengthening Our Position as a Fully-Fledged Food Company

In the year under review, the Group continued its journey toward becoming a comprehensive food manufacturing and trading company, reinforcing our market presence through strategic product innovation, enhanced customer engagement, and the adoption of digital technologies. As outlined in our strategic plan, we have focused on aligning our product portfolio with evolving consumer needs, leveraging technology for operational efficiency, and strengthening relationships across the value chain.

Product Expansion and Brand Development

Unga's commercial strategy has focused on expanding its product offerings and strengthening its brand presence. Key achievements include:

- **Product Launches:** The successful launch of new products such as Pendo® wheat flour and longrain rice has expanded the company's market reach and captured new customer segments.
- **Brand Refresh:** The relaunch of the Amana® brand with a refreshed visual identity has enhanced its appeal to consumers.
- **Animal Feed Innovations:** We continued to introduce innovative animal feed products, including Opti-Layer® for poultry and Afya Bora® Ndama for calves.

Route-to-Consumer Strategies

Unga recognises the importance of reaching consumers through innovative channels. Key initiatives include:

- **Stakeholder Partnerships:** Collaborating with key stakeholders in the route-to-consumer chain to promote brand awareness and drive sales.
- **E-commerce Expansion:** Leveraging e-commerce platforms to reach consumers directly and enhance convenience.
- **Data-Driven Approach:** Utilising data analytics to understand customer preferences and optimise marketing efforts.

Technology and Innovation

Technology continues to play a crucial role in Unga's commercial strategy. Key advancements include:

- **Digital Platforms:** The development and implementation of digital platforms such as U-Client and Fugo Smart have empowered customers and provided valuable data insights.
- **Sales Force Automation:** The adoption of Sales Force Automation has transformed the sales team, enhancing efficiency and customer service.
- **Data Analytics:** Utilising business analytics tools to gain insights into customer behavior and market trends.

Customer Engagement

Unga prioritises customer feedback and engagement to drive innovation and improve product offerings. Key initiatives include:

- **Customer-Centric Approach:** Listening to customer needs and preferences to develop products that meet their expectations.
- **Stakeholder Engagement:** Engaging with stakeholders across the value chain to gather feedback and build partnerships.

OUR MANUFACTURED CAPITAL (Cont'd)

Route-to-Consumer: Expanding Access through New Channels

In 2024, Unga implemented a series of innovative strategies to expand access to new and existing customers, reinforcing our position in both urban and rural markets.

- **Strengthening Partnerships with Key Stakeholders:** We continued to engage key players within the route-to-consumer (RTC) chain, empowering them as brand ambassadors. This partnership has resulted in an increase in our product distribution through traditional retail outlets.
- **E-commerce Growth:** Leveraging the rising penetration of internet and mobile devices, we significantly grew our e-commerce platform. U-Client and Fugo Smart, our mobile and web applications, have reached significant user adoption for both B2B and B2C customers, making it easier for farmers, retailers, and direct consumers to place orders and engage with our products.
- **Expanding Last-Mile Distribution:** We introduced a new last-mile distribution strategy, targeting underserved rural areas. This has been supported by partnerships with local logistics providers and direct-to-home delivery services, increasing our footprint in remote markets.

Data-Driven Insights and Technological Advancements

Unga's ongoing investment in data and technology has been a key enabler of commercial success. In 2024, we took further steps to leverage data for strategic decision-making and to enhance our customer experience.

- **Sales Force Automation (SFA) Enhancements:** We optimised our sales team's operations through advanced Sales Force Automation, resulting in an increase in geographical coverage. Our sales representatives are now fully equipped to provide real-time customer feedback, resolve issues on the ground, and optimise trade visits for better efficiency.
- **Advanced Business Analytics with PowerBI:** By continuing to use PowerBI, our commercial team has gained deeper insights into customer behavior, emerging market trends, and operational performance. The ability to visualise business data has improved decision-making, allowing for faster responses to market opportunities.
- **Customer Invoicing Automation:** We enhanced the automation of our customer invoicing processes, reducing the time taken for invoice settlements and improving the overall customer experience.

Customer-Centric Innovation and Engagement

At the heart of our commercial strategy lies a commitment to listening to and acting upon customer feedback. Our direct engagement with consumers has driven several key innovations and improvements.

- **Tailored Product Offerings:** Based on feedback from our customers, we introduced the Pendo® Value Pack, a smaller, affordable product size for low-income households, responding to the growing demand for value-based products.
- **Health and Wellness Focus:** Customers' increasing focus on health and wellness has driven our innovation pipeline. We are in the final stages of developing healthy variants of our core products.
- **Customer Engagement Roadshows:** We continued the tradition of visiting key trade partners and distributors, with over 70 engagement sessions held across Kenya. These interactions have reinforced relationships and provided valuable insights into market needs, directly influencing our product and service offerings.

OUR MANUFACTURED CAPITAL (Cont'd)

SUPPLY CHAIN UPDATE

Our Technical Services and Supply Chain department oversees all operational, logistical, and supply chain functions, including plant operations, safety, security, environment, quality control, and project management. These responsibilities ensure that we remain resilient and agile in responding to market conditions and operational challenges.

Like other operational areas, we recorded the following milestones:

Key Achievements:

	Award Recognition	Unga received several accolades, including being the overall winner for fortification compliance in both the wheat and maize milling sectors, winning in the KAM Energy Management Awards. Additionally, Unga won and secured a runner-up position in the Red Cross First Aid competitions.
	Consumer Satisfaction	The company successfully reduced consumer complaints, driven by improved product quality.
	Product Quality	Unga improved the quality of sifted maize meal, making it the brightest product on the market, raising the standard of consumer satisfaction.

Challenges and Responses

In the year under review, the primary challenge faced was procuring high-quality, cost-effective raw materials such as maize, soybean, and soybean meal. Maize prices remained high. The company responded by devising strategies that stabilised the cost of key inputs while maintaining the quality of raw materials.

OUR MANUFACTURED CAPITAL (Cont'd)

Supplier Relationships and Quality Assurance

Maintaining strong relationships with key suppliers remains essential for Unga's supply chain. Regular interactions and open communications help foster transparency. Despite challenges with maize adulteration practices in the market, Unga has implemented rigorous quality assurance protocols, including grading and sampling at various stages of the supply chain to ensure product quality. A large percentage of the maize that arrived at our factory gates had to be declined for failing to meet quality standards.

The Group manufactures and distributes a variety of market-leading animal nutrition products.

OUR MANUFACTURED CAPITAL (Cont'd)

Sustainability Initiatives in the Supply Chain

In line with the global push for sustainable food production, Unga has adopted sustainable sourcing practices across its supply chain, particularly in our wheat and rice products. This aligns with our broader sustainability goals and demonstrates our commitment to responsible business practices.

Although specific sustainability initiatives in the supply chain are still in development, Unga is actively reviewing its transportation fleet to replace aging vehicles and improve fuel efficiency. This step aligns with Unga's broader environmental goals by reducing the carbon footprint associated with transportation and logistics.

Stakeholder Engagement and Community Impact

Unga maintains strong relationships with key stakeholders through active participation in industry organisations such as the Kenya Association of Manufacturers (KAM), the East African Grain Council (EACG), and the Cereal Millers Association (CMA). Such engagements allow Unga to influence policy and ensure that the company's procurement decisions align with its social responsibility goals. By sourcing high-quality raw materials at competitive prices, Unga supports local farmers and consistently delivers safe, nutritious food to the market. This commitment is further demonstrated by Unga's recognition as the most compliant miller in food fortification.

As Unga moves forward, a continued focus on strategic partnerships, regional sourcing, and operational efficiency will further enhance the company's ability to meet market demands while contributing to the health and well-being of its consumers.

Future Focus

Our supply chain strategy for the coming year will focus on:

- **Resilience:** Building a more resilient supply chain to withstand future challenges and disruptions.
- **Innovation:** Exploring new technologies and practices to improve efficiency and sustainability.
- **Sustainability:** Integrating sustainability principles throughout the supply chain.
- **Collaboration:** Strengthening partnerships with suppliers and other stakeholders to enhance collaboration and value creation.

Unga has implemented rigorous quality assurance protocols, including grading and sampling at various stages of the supply chain to ensure product quality.

OUR SOCIAL AND RELATIONSHIP CAPITAL

Creating Shared Value through Social and Relationship Capital

Today, stakeholders and communities expect organisations to address economic, environmental, social, and governance issues within the communities they serve. This necessitates a shift from solely providing quality goods and services to actively engaging in community investment. Unga exemplifies a responsible corporate citizen, significantly impacting lives in the regions where it operates.

In the year under review, the Group continued to strategically expand its environmental and social interventions through various community impact initiatives, contributing significantly to global betterment. At Unga, we recognise the importance of building strong relationships with our stakeholders to create long-term value, recognising that their success is intertwined with ours.

Our approach to Social and Relationship Capital focuses on delivering meaningful contributions to society, the environment, and our customers while ensuring our business remains future-ready and financially sustainable.

At Unga, we recognise the importance of building strong relationships with our stakeholders to create long-term value, recognising that their success is intertwined with ours.

OUR SOCIAL AND RELATIONSHIP CAPITAL (Cont'd)

Community Support

As part of our commitment to social responsibility, we undertook various community support initiatives in the year, guided by our citizenship agenda. These include:

- Supporting the Kenya Society for the Blind and the Kenya Society for the Deaf.
- Partnering with the Rotary Club on community-focused projects.

Through these initiatives, we continue to support the well-being of our communities and contribute to positive social impact.

Building the Capacity of Local Farmers

In response to the challenges faced by farmers due to adverse weather patterns and climate change, Unga has been actively enhancing the capabilities of local farmers and suppliers through regional seminars and training sessions. These initiatives aim to assist them in implementing best practices and increasing their yields.

Furthermore, amid Kenya's shift to becoming a net importer of commodities due to various factors, the Group has consistently provided support to local farmers and industries. We extended offtake agreements with local farmers and farmer organisations, thereby promoting the local production of soya beans, pulses, and other grains. This strategic approach contributes to bolstering farming community incomes and minimising the environmental impact associated with the transportation of commodities from overseas.

Stakeholder Engagement and Partnerships

Collaboration with stakeholders is central to our operations. We have maintained close partnerships with government agencies such as the National Environment Management Authority (NEMA), as well as local authorities to execute environmental conservation activities across Kenya. These partnerships support our goal of integrating sustainability across our entire value chain.

Furthermore, we maintain open and transparent communication with our stakeholders through regular reporting, meetings, and feedback loops. This engagement extends to investors, with whom we maintain close relationships to keep them informed about our financial health and strategic direction.

A Future-Fit, Sustainable Business

We are guided by the principle of aligning business success with social and environmental responsibility. By embedding sustainability into our strategy—focused on people, planet, and profit—we are building a future-ready organisation that creates long-term value for our stakeholders. Our efforts contribute not only to Unga's financial performance but also to a more sustainable and equitable future for all.

Unga has been actively enhancing the capabilities of local farmers and suppliers.

OUR NATURAL CAPITAL

The Group remains steadfast in its commitment to responsible stewardship of natural resources, recognising that sustainable practices are essential for both the environment and long-term business success. In the year under review, our focus has been on enhancing waste management, optimising energy use, and promoting sustainable sourcing practices, all aimed at minimising our environmental footprint while preserving natural capital for future generations.

Waste Management: Reducing Environmental Impact

Waste management is a central pillar of Unga's sustainability strategy. We are dedicated to minimising waste across our operations, from manufacturing to packaging.

Key initiatives include:

- **Recyclable Packaging:** The Group has forged strong partnerships with packaging companies to ensure that waste from packaging materials is collected and recycled. This initiative supports the reduction of plastic waste and contributes to a circular economy, reinforcing our commitment to environmental preservation.
- **Waste Reduction in Manufacturing:** Through enhanced control of reworks, spillages, and waste in manufacturing processes, we have significantly reduced waste at our production sites. In addition, we have introduced digital initiatives, reducing paper consumption.
- **Byproduct Utilisation:** To improve resource efficiency, the Group repurposes by-products such as wheat germ, maize germ, wheat bran, and maize bran. These by-products are reused as raw materials in our animal nutrition division, effectively reducing waste while supporting our goal of sustainable production.

Energy Use: Embracing Renewable Energy and Efficiency

The Group's energy management strategy is focused on reducing reliance on non-renewable energy sources and improving energy efficiency throughout our operations. Notable progress has been made through the following initiatives:

- **Solar Power Project:** Our extensive solar energy project is 80% complete, with solar installations across all our facilities. This initiative has already led to over a 30% reduction in energy costs and significantly lowered our carbon footprint. Solar energy now powers a substantial portion of our operations, reducing reliance on grid electricity and fossil fuels.
- **Biomass Boiler Installation:** In line with our commitment to renewable energy, we are considering installing a biomass boiler at our feeds plants. This will replace diesel as an energy source, further reducing our carbon emissions and supporting the transition to cleaner energy alternatives.
- **Automation for Energy Conservation:** Automation across our manufacturing plants has resulted in significant energy savings. The consolidation of product manufacturing has reduced energy waste and minimised interplant transportation, leading to lower fuel consumption and emissions.

OUR NATURAL CAPITAL (Cont'd)

Sustainable Sourcing: Supporting Local Communities and Organic Farming

The Group is dedicated to sustainable sourcing practices that ensure the quality of raw materials while contributing to the prosperity of the communities we engage with. Our efforts include:

- **Farmer Education and Capacity Building:** Unga has ramped up its farmer education initiatives, leveraging both e-platforms and in-person outreach programs. These efforts focus on building farmers' capacity to adopt sustainable farming practices and improve crop yields. Additionally, we facilitate access to credit, allowing farmers to invest in quality inputs and achieve better productivity.
- **Water Conservation:** As a dry-process business, Unga uses minimal water in its operations. To further conserve this vital resource, rainwater harvesting systems have been installed at our plants in Nakuru, ensuring efficient water use. Most of our manufacturing sites are also equipped with press taps to prevent water wastage.

Future Focus

Unga Group will continue to focus on environmental sustainability through:

- Exploring opportunities to further increase the use of renewable energy sources.
- Identifying and implementing strategies to promote a circular economy approach.
- Supporting biodiversity conservation efforts in areas of operation.

With these sustainability measures, the Group continues to create shared value for our stakeholders while protecting and preserving natural capital for future generations.

Unga has ramped up its farmer education initiatives, leveraging both e-platforms and in-person outreach programs.


UNGA
FARM CARE (EA) LIMITED
Alama ya Ubora
Egg-citing
Layers Feeds
FUGO
Chick & Duckling Crumbs
FUGO
Chick & Duckling Mash
FUGO
Grower Mash
FUGO
Layer Compleat Meal
50kg Net
STORE IN A COOL DRY PLACE

05 CREATING VALUE THROUGH INTERNAL AUDIT

Overall, Internal Audit plays a key role in enhancing and protecting organisational value by providing risk-based and objective assurance, advice, and insight.

Introduction

The Group's Internal Audit function has continued to evolve, adapting to rapid technological advancements and the increasing complexity of business processes.

Building on its 2023 successes, the Internal Audit team has embraced technology to enhance the scope and efficiency of its risk management and control assurance efforts. As Unga transitions towards a more digital-first operating model, the Internal Audit services are increasingly leveraging data analytics, continuous auditing, and digital monitoring to address material risks and emerging uncertainties.

Overall, Internal Audit plays a key role in enhancing and protecting organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit function helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Audit Charter

In line with best practice, the department has a written Internal Audit charter approved by the Board Audit and Risk Committee (BARC). The Audit Charter spells out the purpose, authority, and responsibility of the Internal Audit function and gives mandate to the function to carry out audit of the operations of the Group.

The Internal Audit charter stipulates the department's key responsibilities which include:

- Conducting an independent and objective assessment of the Group's governance, risk management, and internal control systems.
- Evaluating risk exposure relating to the achievement of the Group's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the means of safeguarding assets, verifying the existence of such assets and the effectiveness and efficiency with which resources are employed.
- Undertaking special assignments at the request of the Audit Committee or management.
- Carrying out follow-up reviews to ensure that audit recommendations have been implemented.

Audit Plan

A risk-based annual plan is developed ensuring adequate coverage of all auditable areas as per their risk ratings. The audit plan prioritises the high and medium-risk areas of business operations. The plan also ensures that management requests, spot checks, and fraud investigations are conducted when they arise.

The Board Audit & Risk Committee reviews and approves the audit plan and any updates to the plan in response to changes in the Group's operating environment.

In the 2023/24 financial year, the department achieved an 82% implementation rate of the annual audit plan.

Audit Scope

Internal Audit operates as the third line of defense in the Group's risk management framework and its mandate extends to all operations of Unga. Its scope encompasses but is not limited to, objective examination of the evidence for the purpose of providing independent and objective assurance to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Group.
The key audit areas during the financial year included:

- Inbound & Outbound logistics
- Manufacturing processes
- Marketing and new product development
- Order to cash
- Digitisation and automation initiatives
- General IT controls & IT applications.

Reporting and Monitoring

Internal Audit findings are shared with the management after every assignment. Internal Audit tracks the implementation of audit findings to ensure they are closed on a timely basis.
The Head of Internal Audit presents a report every quarter to the Board Audit & Risk Committee.

Departmental Changes

In the financial year under review, the Internal Audit function was merged with the Risk & Compliance department. This has brought synergy and efficiency in addressing controls and risk management.


UNGA
FARM CARE (EA) LIMITED
Alama ya Ubora
How can you resist these cute faces! Tupe FUGO nani!

06 OUR GOVERNANCE

At Unga Group PLC, we firmly believe that leadership entails accountability. As stewards of the resources that provide animal and human nutrition foods to the world, we take our responsibility seriously.

WHO LEADS US

Our Board of Directors

Isabella Ochola-Wilson (75)

Non-Executive Director

Isabella was appointed to the board in 2006 as a non-executive director and assumed the Chair's position in 2012. Bella brought with her several years of management and board experience obtained from previous board positions in both for-profit and non-profit organisations including the former NIC Bank, Basecamp Explorer, AMREF, and the councils of the University of Nairobi and the Technical University of Kenya.

In management positions, she worked for Johnson & Johnson (K) for several years rising to the CEO position before joining Kenya Wildlife Service to set up their commercial wing, and later worked as a consultant for DFID and UNDP.

Andrew Ndegwa (56)

Non-Executive Director

Appointed to the board in September 2001. He holds a Bachelor of Arts (Hons) degree in Philosophy, Politics and Economics from University of Oxford. Andrew started his career in the banking industry, working with Citibank and then the Africa Mercantile Banking Company before moving to First Chartered Securities, an investment holding company.

In addition to being an executive director of First Chartered Securities, he is a non-executive board member of several other companies, including NCBA Group Plc.

Jinaro Kibet (59)

Non Executive Director

Appointed to the board in February 2005. He holds an LLB degree from the University of Nairobi and a diploma from the Kenya School of Law. He is a Senior Counsel, an advocate of the High Court of Kenya, Commissioner of Oaths and Notary Public.

He is one of the founding Partners of the law firm of Tripleoklaw LLP, one of the leading law firms in Kenya and holds other directorships including Prime Bank Limited, AA of Kenya and others.

Our Board of Directors

Shilpa Haria (64)
Independent Non Executive Director

Appointed to the board in September 2016. She is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

She brings extensive expertise in audit and business advisory, with over 14 years of experience at PricewaterhouseCoopers. Shilpa currently serves as a director at HFC Limited and Compulynx Limited and is the consultant CFO for Flame Tree Group. Additionally, she recently joined the boards of Shungwaya Limited, United Asian Network Limited, and Bhakti Marga Kenya Limited

.

Vitalis Ojode (79)
Non Executive Director

Appointed to the board in May 2003. He is a BCom (Hons) graduate of the University of Nairobi and a member of the Institute of Certified Public Accountants (ICPAK). He worked for UDV Kenya Limited for many years and held several group directorships in Kenya and Tanzania.

He was the Group's Finance Director between November 2001 and May 2006. He sits on the Finance Committee of Strathmore University and is currently a consultant in Financial Management

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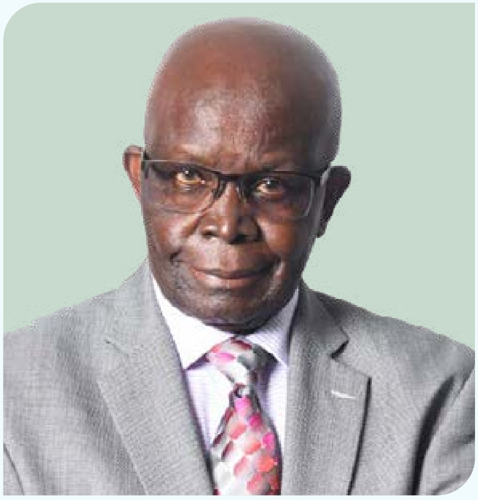


Alan McKittrick (69)
Non Executive Director

Appointed to the board in September 1998. He is an engineer by profession and has been Group Managing Director of NAS Holdings Limited for the past 25 years.

WHO LEADS US

Our Board of Directors

Ciru Miring'u (53)

Independent Non Executive Director

Appointed to the board in February 2020. She holds a Bachelor of Science degree from the University of Nairobi and a Master of Business Administration degree from USIU-Africa. Ciru has extensive experience in the Logistics, Pharmaceutical, Consumer Healthcare and Food & Beverage sectors across sub-Saharan Africa. She has in the past held the positions of Managing Director, Nestle East Africa and General Manager, GSK Consumer Healthcare East Africa & Indian Ocean Islands.

She previously served on the boards of GlaxoSmithKline and Nestle as an executive director and Java House as a non- executive director. Ciru is currently the Managing Director of Imperial Managed Solutions East Africa, a DP World company, where she also serves as an executive board member.

Patrick Obath (69)

Independent Non Executive Director

Appointed to the board in September 2013. He is a BSc (Hons) Mechanical Engineering graduate of the University of Nottingham and is a member of the Institute of Engineers, Kenya, the Energy Institute (UK) and a member of the Institute of Directors (UK).

Mr. Obath has many years of business experience working for the Shell Group of companies in Europe, Asia, and Africa, finally serving as the CEO of Kenya Shell and Shell Tanzania. He has served on and continues to serve on many boards and is Chairman of PZ Cussons (EA) Limited, Java House Africa and Trade Catalyst Africa and a non-executive director in several companies involved in FMCG, Technology and Financial services . He is a Certified Executive Leadership Coach and a consultant in Leadership, Integrity as well as in the Extractive sector.

Patrick K Mugambi (59)

Alternate to Andrew Ndegwa

Patrick is an alternate director to Andrew Ndegwa. He is the Planning & Projects Director at First Chartered Securities Ltd (FCS), a company with interests in financial services, logistics, real estate, manufacturing, and agriculture. He is responsible for the FCS Group's projects and strategic planning.

He holds a BSC in Business Administration from USIU, a Certified Public Accountant, and an Advance Management Program from Strathmore University/IESE. He is an alumna of IESE Business School, a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Overseas Technical Scholarship (AOTS) Japan. He previously worked for PwC, Shell Exploration & Production Kenya BV and Mitchell Cotts Kenya Group. He serves as a Non Executive director in several other companies.

Our Board of Directors

Wangari Murugu (56)
Independent Non Executive Director

Appointed to the board in February 2020. Wangari is an entrepreneur with extensive marketing experience in FMCG and Telecommunication Industries, in East Africa.

She previously worked in senior management positions in the areas of Marketing at Safaricom Plc, The Coca-Cola Company, South and East Africa Division and PZ Cussons East Africa Ltd. She serves as a board member at Shujaaz Inc. Wangari holds a BSc. Degree in Biology and Chemistry from Trent University, Canada and a Global Executive Master's Degree of Business Administration from United States International University, in collaboration with Columbia University.

Winniefred Jumba (52)
Company Secretary

Appointed Company Secretary in 2011. She is a holder of a BCom degree and Masters in Business Administration, both from the University of Nairobi.

She is a Certified Public Secretary and a member of ICPSK, with many years' experience in company secretarial and registration services and an accredited governance auditor.


EXE
Elevate
your mandazi
game.
UNGA
LIMITED
UNGA
EXE
MANDAZI
FORTIFIED
WHEAT FLOUR
2Kg
Net

WHO LEADS US

Our Management Team

James Nyutu
Ag, GMD and Finance Director

Joined Unga Holdings Limited in February 2013. He holds a B.Com degree from the University of Nairobi, an MBA from the Edinburgh Business School (UK) and a postgraduate diploma from the Institute of Management Information Systems (UK).

He is a member of the Institute of Certified Public Accountants. He has wide experience in strategy, finance management and information systems.

Started his career in the financial services industry holding various positions at Corporate Insurance and British American Insurance Company, joining Unga from NAS Airport Services.

Jayne Ng'ethe
Group Human Resource & Legal Director

Joined Unga Holdings Limited in February 2019. She holds a Bachelor of Education (Hons) degree from Kenyatta University and a Masters in Business Administration. She also has a Bachelor of Laws (LLB) degree from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. She is an advocate of the High Court of Kenya.

She has a certificate in Strategic Human Resources Management from Cornell University (USA) and a practitioner diploma in Executive Coaching from Academy of Executive Coaching (UK). She is an accomplished HR professional with vast HR generalist experience in printing and publishing, FMCG and manufacturing industries at senior management level.

Anton Oosthuizen
Group Operations,Technical & Supply Chain Director

Joined Unga Holdings Limited in July 2019. He previously spent 20 years with Nestle in different roles ranging from quality, supply chain, plant management, TPM and continuous improvement in both South Africa and New Zealand.

He has a programme in engineering management qualification from the University of Pretoria, South Africa and holds a certificate in Project Management, Auckland New Zealand. He also acquired the Head Miller Qualification at the Buhler African Milling School.

WHO LEADS US

Our Management Team

Martin Mutuku
Group Commercial Director

Joined Unga Holdings Limited in August 2024. He holds an MBA in General Management.

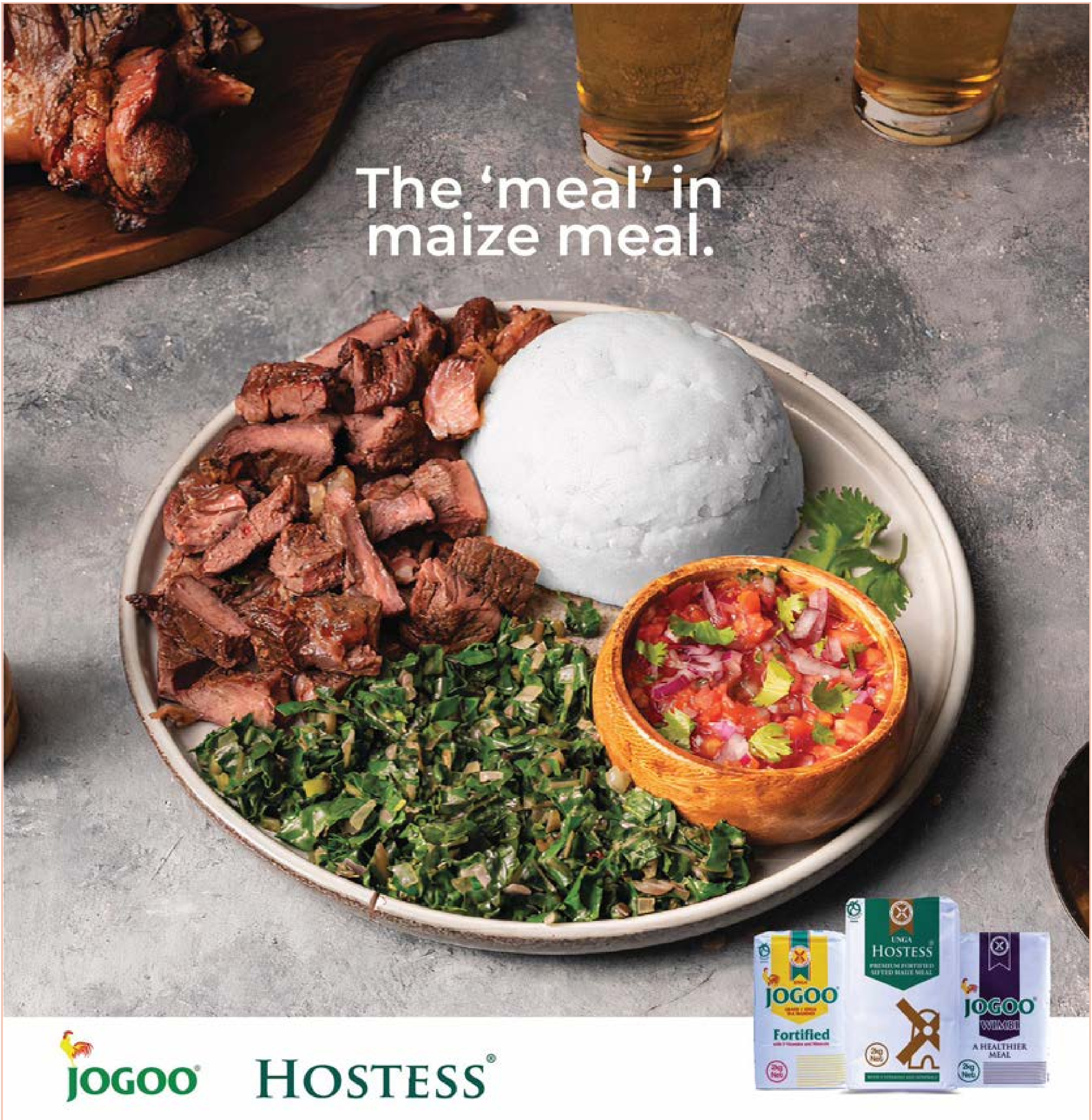
He has over 22 years' experience in the Commercial field having worked in Industries such as Manufacturing and Distribution of Condiments and Juices, Telecoms, CSD Bottling and Distribution, Tobacco, Milling and Retail.

Eric Macharia
Head of Internal Audit, Risk & Compliance

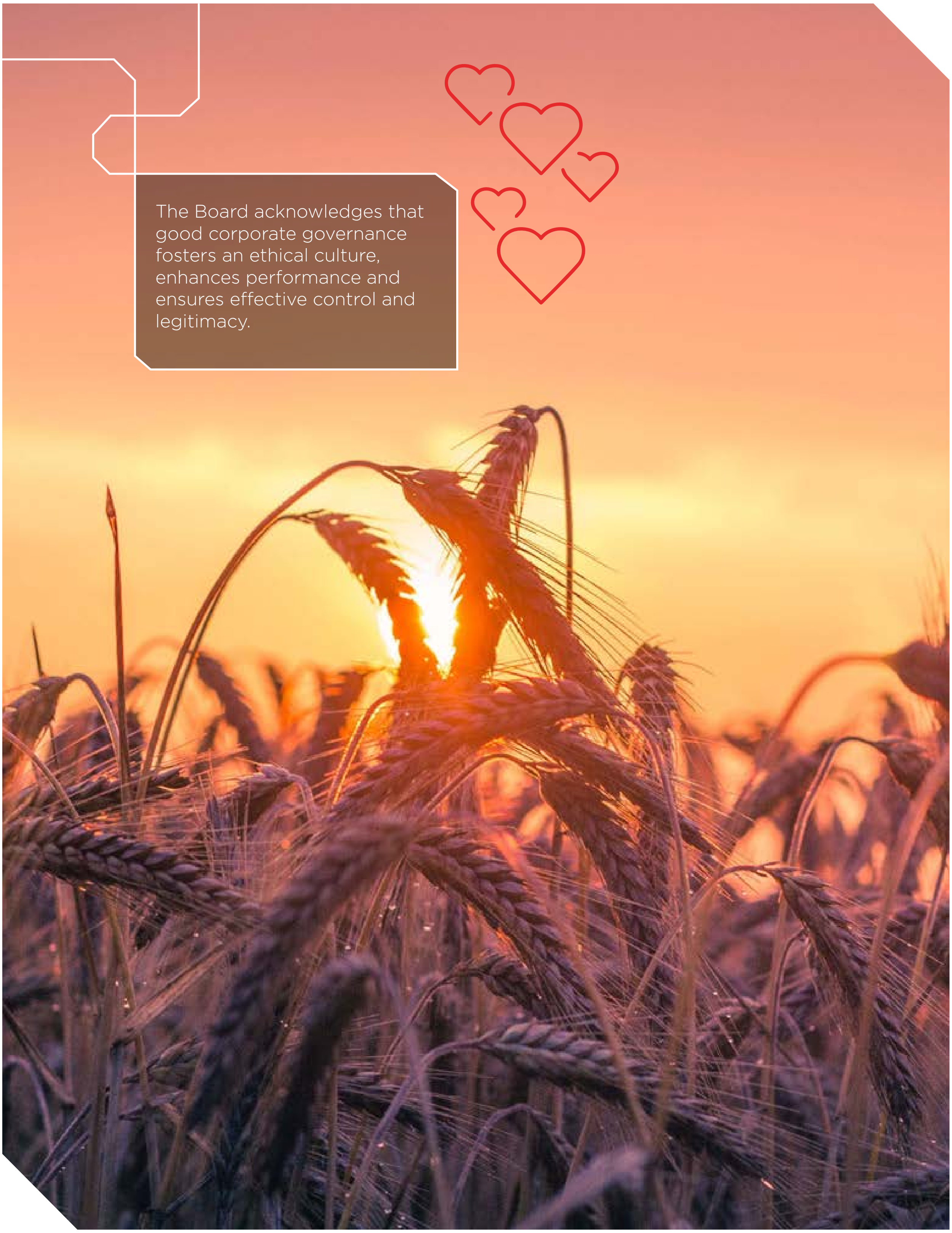
Eric joined Unga Holdings Limited in November 2023. He is an accomplished governance, risk, internal controls and fraud examination professional having worked in various sectors.

He has worked in several organisations which include Simba Corporation limited, United Bank for Africa Kenya Bank Ltd and Letshego Kenya Ltd. He holds a Master's in Business Administration Finance and Bachelor of Commerce Finance degree from the University of Nairobi.

He is also a Certified Public Accountant CPA (K), Certified Fraud Examiner (CFE) and Certified Securities and Investment Analyst (CSIA). He is a member of the Institute of Certified Public Accountants of Kenya ICPAK) and Association of Certified Fraud Examiners (ACFE).



The 'meal' in maize meal.
JOGOO
HOSTESS
JOGOO
Fortified
HOSTESS
PREMIUM FORTIFIED SIFTED MAIZE MEAL
JOGOO
WIMBI
A HEALTHIER MEAL



The Board acknowledges that good corporate governance fosters an ethical culture, enhances performance and ensures effective control and legitimacy.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT 2024

The Board and all levels of management are committed to upholding the highest standards of corporate governance. This commitment supports Unga's purpose " We provide food and farm-care solutions for better living, sustainably. "and vision "To be the leading provider of high-quality, affordable products that nourish people and animals whilst supporting local communities and protecting the environment."

The Board acknowledges that good corporate governance fosters an ethical culture, enhances performance and ensures effective control and legitimacy.

Unga aligns with the objectives and provisions of the Capital Markets Authority (CMA) Code of Corporate Governance practices for Issuers of Securities to the Public 2015 (the CMA Code). Additionally, Unga adheres to the principles of the Constitution of Kenya and complies with all relevant laws, demonstrating its commitment as a responsible corporate citizen.

Unga's corporate governance policies are available in the Investor Relations section of the Company's website. The Board regularly reviews these corporate governance policies and the Company's corporate governance practices against the requirements of both the Companies Act 2015, the CMA Code and best practice.

OVERVIEW OF UNGA'S CORPORATE GOVERNANCE FRAMEWORK

The corporate governance framework acts as an essential supporting structure, a framework of rules and practices by which the Board ensures accountability, fairness and transparency in how the company runs and communicates with its stakeholders. Our corporate governance framework is comprised of the following:-

- The Board of Directors
- The Board Audit and Risk Committee
- The Board Nominations and Remunerations Committee
- The Board Investment and Operations Committee.
- The Board Human Resources Committee.

The Board is guided by a Board Charter set out the basic principles of good Corporate Governance and to assist the Board and its committees in the exercise of their responsibilities. It also contains the vision, purpose and core values of the company. Unga's values guide the behavior, leadership qualities, and decision-making of all employees. They shape how staff members collaborate, respect one another, and engage with the broader community. Our value statements are as follows:

- We are consumer-led – we listen and respond to our customer needs.
- We act with speed – we are agile and disruptive.
- We value integrity – fairness, transparency and accountability from our actions.
- We have fun – work hard, play hard and win together.
- We are responsible – we care for the environment and our communities.

Unga has also put in place a Code of Ethics and Conduct which applies to employees, clients, vendors, partners, outsourced labour, and the community, including all personnel affiliated with third parties.

The Code of Ethics and Conduct contains the following core requirements:

- We work safely and look out for the safety of our colleagues.
- Our workplace is free from harassment, discrimination and bullying.
- We act ethically and lawfully in all business conduct.
- We understand and manage the impact of our operations on the environment and engage with our
- stakeholders with respect.
- We communicate accurately and honestly with investors, government and the community.
- All trading in Unga's securities occurs in compliance with the Nairobi Securities Exchange's rules.
- Everyone affected by the Code is expected to understand and comply with the standards in the Code of Ethics and Conduct.
- All breaches of the Code of Ethics and Conduct must be reported.

These values and requirements underpin Unga's corporate governance framework. A separate Supplier Code of Conduct to promote ethical supplier management practices exists.

Governance policies

There is a robust policy environment, and various governance and operational policies have been put in place. In executing its mandate, the Board is guided by established policies, including but not limited to the following:

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Governance policies

- Board Charter
- Code of Conduct and Ethics
- Delegation of Authority policy
- Insider trading policy
- Whistle blowing policy
- Anti-Money Laundering policy
- Anti-fraud, Bribery and Corruption policy
- Board Remuneration policy
- Conflict of interest policy
- Dividend policy
- Stakeholder Engagement policy
- Diversity policy
- Sustainability & ESG policy

Operational policies

- HR policies
- ICT policies
- Data privacy policies
- Finance and Accounting policies
- Procurement policy
- Enterprise Risk Management policy
- Occupational Health and Safety policy

PART 1: BOARD RESPONSIBILITIES

The Board acknowledges its obligations to the shareholders, customers, employees, business partners, and the communities where its controlled entities operate. The Board's key role is to ensure the company's prosperity by collectively directing the company's affairs, while meeting the appropriate interests of its shareholders and other key stakeholders. The Board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The Board of Directors meets at least once every quarter and operates within a formal schedule based on the agreed board work plan and board calendar. The Chairman is responsible for leading the Board in the objective and effective discharge of its governance role and responsibilities while the Group Managing Director's role is to lead the implementation and execution of approved strategy, policy and operational planning.

The Directors receive relevant and timely updates on key business activities both regularly and upon request. Information on agenda items is shared before meetings and through additional presentations to the Board. Board members can freely access management via the Chairman, Group Managing Director, and Company Secretary. Directors have the option to request briefings from management on specific issues and can also obtain independent professional advice.

Responsibilities

The Board is the custodian of corporate governance in the Company, including approving the strategic direction and financial objectives, overseeing the company's performance and operations, setting goals for management, and monitoring the achievement of these goals.

Each Director is required to ensure that they are able to devote sufficient time to discharge their duties and to prepare for Board and Committee meetings and associated activities.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary provides guidance and advice to the Board on matters of ethics, statutory compliance, compliance with the regulators and good governance;

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Governance policies

- Steering the organisation and setting its strategic direction
- Approving delegations of authority to management;
- Approving the Company's values, ethical standards and codes of conduct
- Approving significant expenditure decisions outside of the Board approved corporate budget.
- Approving significant acquisitions and disposal of assets.
- approving and reviewing financial performance to ensure alignment with strategic plans and corporate budgets.
- Providing effective leadership in partnership with the executive management team.
- Guiding the implementation of appropriate corporate governance structures for the management of the business operations.
- Establishing Board Committees, policies and procedures that shall facilitate the most effective discharge of the Board's roles and responsibilities.
- Review and approve the Company's annual budget proposed by the Executive management team including the Company's financial objectives, plans, and actions, including significant capital allocations and expenditures.
- Facilitate Board accountability through effective Board evaluation, reporting, disclosures and succession planning.
- Evaluating and approving Management's strategy and business plans by thoroughly understanding the Unga Group's operations, scrutinizing the assumptions underlying these plans, and forming an independent assessment of the likelihood that these plans will be successfully implemented.
- Ensure that the key strategic risks of Unga Group are identified, evaluated and mitigation plans set up, and their on-going status and management effectively monitored
- Exercising oversight of risk management by ensuring that appropriate and effective risk management and internal control processes operate in the Company
- Monitor corporate performance against the strategic and business plans, including overseeing the operating results on a regular basis to evaluate whether the Company is being properly managed.
- Determining the Company's purpose and values, providing governance, and adopting strategic plans.
- Selection, evaluation and succession planning for Directors, the Group Managing Director (GMD) and Company Secretary and generally endorsing the same for the GMD's direct reports;
- Setting the remuneration of Directors and the GMD and generally endorsing the same for the GMD's direct reports, and monitoring whether the Company's remuneration policies and practices are aligned to the Company's values, strategic direction and risk appetite: and
- Setting the Company's risk appetite and overseeing the integrity of material business risk management.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Delegation of Authority

The Board entrusts the Company's operations and resources to the Executive Management, led by the Group Managing Director. Management is responsible to the Board for the execution of this delegated authority and must adhere to any limits set on it, including legal and Company policy requirements. The Board has formalised this delegation through an approved Delegation of Authority Matrix.

Responsibilities delegated by the Board to Management:

- **Day-to-day running of the Company's operations.**
- **Executing the strategic plans and objectives set by the Board; and**
- **Operating under approved budgets and written delegations of authority.**

The Group Managing Director and other Senior Executives are employed under formal written agreements that outline their duties, obligations, and responsibilities.

Management's discharge of its responsibilities is monitored through regular Board reporting and performance evaluations against set performance objectives.

Performance evaluations of Senior Executives are usually undertaken by the Group Managing Director. The Nominations and Remunerations Committee oversights the Group Managing Director's annual review. Performance evaluations were undertaken in accordance with this process.

The results of these reviews are used in determining succession plans, performance and development plans and remuneration in consultation with the Human Resources Committee.

PART 2: COMPOSITION OF THE BOARD

Board composition and Director Independence

The Company seeks to have a Board that has individuals with the appropriate mix of knowledge, skills and experience including business and industry experience who collectively possess the comprehensive expertise to address both current and emerging issues, and effectively guide management to ensure the Company's optimal performance.

The Board regularly assesses the skills, knowledge, independence and experience represented on the Board against the skills and experience required to effectively deliver the strategy of the Company.

The Company's Articles of Association provide that the Board must have a minimum of five directors (not including the Alternate directors) and a maximum of ten.

At every annual general meeting of the Company, one third of directors must retire from office (after excluding the Managing Director and any new directors standing for election for the first time).

To ensure regular Board renewal, the Board Nominations and Remunerations Committee reviews the size and composition of the Board on an annual basis as per the provisions of the Company's Articles of Association. The Committee determined that the Board composition was currently sufficiently structured to carry out the mandate of the Board.

The Board assesses the independence of each Director having regard to the definition of independence set out in the CMA Code. Each Director's independence is evaluated by the Board on an individual basis, focusing on an assessment of each Director's capacity to bring independence of judgement to Board decisions. In this context, Directors are required to make prompt disclosure to the Board of any changes in interests in material shareholdings, contracts, associations, employment, family ties and cross-directorships that may be relevant in considering their independence. The assessment criteria for independence of directors also includes tenure.

Directors submit an annual declaration on their independence. Thereafter, Directors must declare any conflict of interest that they may have at the start of all Board meetings in respect of a matter on the agenda. If a Director has a material personal interest in a matter being considered by the Board, they are required to disclose that interest and must refrain from participating in any Board discussion or voting on the matter, unless allowed under the Companies Act 2015.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Name	Independent Non-Executive/ Non-Executive Director	Period in office	Board meeting attendance	Board Subcommittee meeting attendance	Board Strategy attendance
Isabella Ochola-Wilson	Non-Executive Chairman	Full year	7/7	N/A	1/1
Joseph Choge	Group Managing Director	11 months	3/5	N/A	1/1
Andrew Ndegwa	Non-Executive	Full year	6/7	N/A	1/1
Alan Mckittrick	Non-Executive	Full year	5/7	N/A	1/1
Vitalis Ojode	Non-Executive	Full year	7/7	N/A	1/1
Jinaro Kibet	Non-Executive	Full year	4/7	N/A	1/1
Patrick Obath	Non-Executive	Full year	7/7	1/1	1/1
Shilpa Haria	Independent Non-Executive	Full year	7/7	1/1	1/1
Ciru Miring'u	Independent Non-Executive	Full year	6/7	N/A	1/1
Wangari Murugu	Independent Non-Executive	Full year	7/7	N/A	1/1

Mr. Joseph Choge exited the Company on 31st May 2024.
Mr. Patrick Obath ceased to be an independent Director during the year following the lapse of nine year tenure. He is now designated as a Non – Executive Director.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Board capabilities

In determining the composition of the Board, consideration is given to the optimal mix of background, skills, experience and diversity that will best position the Board to guide the Company. As the needs of the Board are dynamic, these skills and experiences may change over time.

Directors are appointed primarily based on their capacity to contribute to the Company's development and success. The Board Charter also recognises that the Board should include at least some members with relevant experience in manufacturing.

Director selection and succession planning

There is a formal and transparent process for appointing Directors to the Board. All candidates for Director positions must disclose any potential conflicts of interest that could undermine their role or independence as a Director.

The Nominations and Remuneration Board Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. Final approval of a candidate as a Director of the Company is determined by the full Board.

The Nominations and Remuneration Committee oversees the Board renewal process, which includes regularly assessing the Board's composition to ensure that Directors possess a suitable blend of background, skills, experience, and diversity essential for effectively managing a manufacturing company.

In making recommendations relating to Board composition, the Committee takes into account both the current and future needs of the Group. The Committee also considers the succession plans of the Directors more broadly.

The Committee is also responsible for defining the desired attributes and skill sets for a new Director. The Committee reviews prospective candidates and arranges for appropriate background checks to be undertaken, then makes recommendations to the Board regarding possible appointments of Directors, including recommendations for appointments to Committees.

Director induction and continuing education

The Board (through the offices of the Group Managing Director and Company Secretary) and management conducts a comprehensive induction and orientation process for new Directors to acquaint them with the Company's vision, strategic direction, core values, organisational charts, code of ethics, financial matters, corporate governance practices and other key policies and practices. This may be achieved through a review of the Company's Memorandum and Articles of Association, Board Charter, Minutes, any relevant background material, meetings with senior management and visits to the Company's key facilities. The expectations of the Board in respect of a proposed appointee to the Board and the workings of the Board and its Committees are also conveyed in interviews with the Chair. Induction procedures include site visits, meetings with relevant executives to understand the company's business details, and comprehensive overviews of the company's strategic goals and operations.

The Board also recognises the importance of continuing education for its Directors and is committed to provide such education in order to improve both Board and Committee performance. The Board acknowledges that such continuing education may be provided in different forms including external or internal education programs, presentations or briefings on particular topics, educational materials, meetings with key management and visits to the Company's key facilities. Such activities allow organisations to continuously invest in and significantly enhance the knowledge and readiness of the board and the overall organisation. It is the policy of the Board that continuing education is undertaken in line with CMA requirement to achieve 12 CPD hours.

The Board encourages Directors to pursue ongoing education by participating in both internal and external training and development opportunities that are pertinent to their roles.

All directors have the right to access Company information, and the Board Charter sets out the circumstances and procedures pursuant to which a Director may seek independent professional advice at the Company's expense.

Separation of the role of Chairman and the Group Managing Director

In the spirit of good corporate governance, the positions of Chairman and Group Managing Director are separate, facilitating balance of power and provide for checks and balances

CORPORATE GOVERNANCE STATEMENT (Cont'd)

such that no one individual has unfettered powers of decision-making. The Board Charter, which is regularly reviewed clearly defines the roles and responsibilities of the Board Chairman, Directors, Group Managing Director, and the Company Secretary. The Chairman is responsible for providing effective leadership and strategic direction while the Group Managing Director manages the day to day operations of the Company and ensures it meets and achieves its strategic, business, operating and financial objectives. The separation of the functions of the Chairman (a Non-Executive Director) and the Group Managing Director) supports and ensures the independence of the board and management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the Non-Executive and executive roles.

The Chairman is also responsible for ensuring that the interests of the Company's shareholders, including minority shareholders are safeguarded. The Group Managing Director and the Executive Management team are accountable to the Board of Directors, who act on behalf of the shareholders and other stakeholders, for the effective achievement of the Company's business plans and objectives. The Chairman and the Group Managing Director meet periodically between Board meetings to set the Board agenda, discuss current and future developments, and address any significant issues affecting the Company.

Review of Board, Board Committees and Director performance

As specified in the Board Charter, an assessment of the effectiveness of the full Board, the operations of Board committees and the contributions of individual Directors is conducted annually. At least once every three years, the annual review of the Board, Committees and individual Directors is carried out by an independent consultant.

The scope of the external review is agreed in advance with the Board.

Internal reviews are coordinated by the Chair in collaboration with the Nomination Committee. This process involves distributing questionnaires and conducting formal interviews with each Director, culminating in a written report prepared by the Chair. The Chair's performance is conducted by the Chair of the Nomination Committee.

PART 3: BOARD COMMITTEES

The Board has established committees to enable it carry out its governance roles and responsibilities effectively and efficiently. The roles and activities of the Committees are highlighted in the section below.

Each Committee operates in line with the Board approved Terms of Reference. Board Committees conduct their own internal review of their performance, structure, objectives and purpose from time to time.

Board Committees have access to internal and external resources, including access to advice from independent external consultants or specialists.

At the subsequent Board meeting, the Chair of each Committee presents a report. Committees also refer any relevant matters to the Board or other Committees as needed. Each Committee is responsible for ensuring that an effective framework is in place for management to report pertinent information to the Committee. Additionally, minutes from each Committee meeting are distributed to all Board members.

The membership requirements of each Committee are outlined in each Committee's Terms of Reference. The Board reviews Committee membership at least annually. Currently, each Committee's membership meets the requirements outlined in their Charters and adheres to the composition guidelines set forth in the CMA Code. Non-Committee members may attend Committee meetings by invitation.

Details of the number of times the Board and each Committee met during the year, including the Committee memberships of each Director and their attendance at Board and Committee meetings have been detailed in this Report.

Members of Management participate in relevant parts of Board and Committee meetings, where they present updates on their respective areas of responsibility. When appropriate, the Company's advisers also attend Board and Committee meetings. Board meetings frequently include sessions where non-executive Directors meet without the Group Managing Director or other members of Management. During the review period, the Board Committees did not engage any advisers.

The Board may occasionally establish ad hoc committees to address specific issues as needed. During the year, an ad hoc Committee was formed to deliberate on senior management succession planning.

ROLE AND ACTIVITIES OF COMMITTEES

Board Audit and Risk Committee

Shilpa Haria: *Chairman - Board Audit and Risk Committee*

Purpose and responsibilities

- Integrity of the Group's financial statements
- Compliance with legal and regulatory requirements
- Effectiveness of internal controls
- Review of Business operations policies
- Corporate governance
- Risk management
- ICT Governance and oversight

Membership in 2023/24

Member	Attendance
Shilpa Haria - *Chairman*	4/4
Andrew Ndegwa	4/4
Vitalis Ojode	4/4
Wangari Murugu	3/4
Ciiru Muring'u	3/4

Key deliberations during the year

- Review of Group financial statements.
- Internal audit report.
- Risk management reporting.
- ICT reporting.
- Incidents reporting.
- Review of compliance with the code of ethics.
- Review of half-year and full year results.
- Litigation reporting.
- Review of asset impairment assessment.
- Review of audit plan.
- External audit reporting.
- Review of policies.

Board Nominations and Remuneration Committee

Patrick Obath: *Chairman - Board Nominations and Remuneration Committee*

Purpose and responsibilities

- Review the size and structure of the Board
- Board evaluation
- Governance Audit
- Review of governance policies
- Board development
- Succession planning of the Board and the Group Managing Director
- Review of Board appointments.

Membership in 2023/24

Member	Attendance
Patrick Obath - *Chairman*	5/5
Isabella Ochola Wilson	5/5
Andrew Ndegwa	5/5
Jinaro Kibet	5/5
Wangari Murugu*	3/3

* by invitation

Key deliberations during the year

- Regulatory Governance updates.
- Board and Senior management succession planning.

ROLE AND ACTIVITIES OF COMMITTEES

Board Investments and Operations Committee

Patrick Obath: *Chairman - Board Investments and Operations Committee*

Purpose and responsibilities

- Review of projects and Investments
- Review of business operational matters
- Review of major capital projects
- Financial Planning
- ICT governance framework
- Occupational health and safety

Membership in 2023/24

Member	Attendance
Patrick Obath - *Chairman*	4/4
Joseph Choge	2/3
Alan McKittrick	4/4
Andrew Ndegwa	4/4
Ciiru Miringu	3/4
Wangari Murugu	4/4

Key deliberations during the year

- Review of projects and investments
- Financial performance updates
- Sustainability agenda
- ICT updates and investment
- Review of budget and strategy assumptions
- Review of operational KPIs against company performance
- Foreign currency and working capital reporting.

Board Nominations and Remuneration Committee

Alan McKittrick: *Chairman - Board Human Resources Committee*

Purpose and responsibilities

- Human Resources Management strategy
- Organisational culture
- Human Resource policies
- Performance management
- Staff remuneration and benefits
- Staff development strategy
- Succession planning.

Membership in 2023/24

Member	Attendance
Alan McKittrick-Chairman	4/4
Joseph Choge	2/3
Isabella Ochola Wilson	4/4
Jinaro Kibet	3/4

Key deliberations during the year

- HR Strategy review
- Review of HR Matrix – Staff productivity and HR cost trends
- Disciplinary matters
- Key Result Areas and Key Performance Indicators (KPIs).
- Learning and Leadership Development
- Review of HR policies
- Talent Management and transition planning
- Organisation structuring and establishment
- Review of job descriptions.
- Compensation and benefits proposal
- Review of HR budget
- Staff rationalisation

ROLE AND ACTIVITIES OF COMMITTEES (Cont'd)

Company Secretary

The Company Secretary is accountable to the Board on all Corporate Governance matters. The company secretary plays an important role in supporting the Board by ensuring adherence to Board policies and procedures as well as maintaining statutory compliance and compliance with the regulators.

The Board appoints the Company Secretary, who is tasked with ensuring the Company adheres to proper governance practices, the Board functions effectively, and the integrity of the Board's governance process is maintained. Beyond fulfilling statutory duties, the Company Secretary offers comprehensive guidance to both the Board as a whole and individual Directors on fulfilling their responsibilities. Additionally, the Company Secretary facilitates effective information flow within the Board and its Committees, as well as between the Directors and Management. The Board evaluates the performance of the Company Secretary as part of the annual Board evaluation process.

The Company secretary, Ms Winnie Jumba is a member in good standing with the Institute of Certified Secretaries (ICS).

Role of the Company Secretary

- Providing a central source of guidance and advice to the Board and the Company, on matters of statutory and regulatory compliance and good governance.
- Providing the Board and the Directors individually with guidance on how their responsibilities should be discharged in the best interests of the Company.
- Facilitating the induction training of new Directors and assisting with the Directors' professional development as required. This includes identifying and facilitating continuous Board education.
- In consultation with the CEO and the Chairman, ensuring effective flow of information within the Board and its committees and between senior management and Non- Executive Directors. This includes timely compilation and distribution of Board papers and minutes, as well as communication of resolutions from Board meetings.
- Guiding the company in taking the initiative to not only disclose corporate governance matters as required by law, but also information of material importance to decision making by shareholders, customers and other stakeholders; and
- Keeping formal records of Board discussions and following-up on the timely execution of agreed actions.
- Assisting the Board with evaluation exercise and coordinating the governance audit process.
- Ensure the timely preparation and circulation of the Board and Committee minutes and other relevant papers.
- Assisting the Chairman in ensuring that regular assessments on the effectiveness of the Board and its committees, as well as the contribution of individual Directors, are carried out.

PART 4: RISK MANAGEMENT

Risk management roles and responsibilities

The Board oversees the group's internal audit and risk management systems of the group and will carry out periodic assessments either directly or through an outsourced arrangement. The Group's risk management and control model is founded on principles that align with the Group's strategy, address regulatory and supervisory requirements, and incorporate best market practices. These principles, along with interrelated tools and processes used in the Group's strategic planning, form the basis of our risk management and control framework.

The Board is responsible, with the assistance of the Committees, for overseeing the implementation of, and ensuring the adequacy and effectiveness of the risk management framework and internal controls. This extends to overseeing that management is operating with due regard to the risk appetite set by the Board and making recommendations for any changes that should be made to the framework or risk appetite set by the Board.

The Audit and Risk Committee assists the Board in performing its role in relation to risk management by reviewing, at least annually, the effectiveness of Unga's enterprise risk management framework and reporting that it continues to be sound, and that management is operating with due regard to the risk appetite set by the Board.

The Committee makes recommendations to the Board following its review. An independent review of the framework is also performed periodically to assure effectiveness and continuous improvement.

The Audit and Risk Committee also annually assess that Management is operating with due regard to the Risk Appetite.

ROLE AND ACTIVITIES OF COMMITTEES (Cont'd)

The Board will consider recommendations made to mature the risk management framework and continue to oversee the effective implementation of the framework and management's efforts to effectively implement the elements.

Internal Audit

The internal audit function delivers independent and objective assurance concerning the Company's risk management, internal control, and governance frameworks. This function is dedicated to enhancing and maintaining the risk management system by performing audits and providing advisory services that support effective risk management across the Company. The internal auditor is independent of the external auditor. The Head of Internal Audit reports functionally to the Group Managing Director.

Internal Audit employs a risk-based strategy to formulate its annual internal audit plans, aligning audit activities with the Company's key risks and control frameworks.

Beyond the internal audit activities, additional audit, review, oversight, and monitoring efforts are carried out across the organisation to ensure comprehensive management of operational, technical, and environmental health and safety risks. Findings from these activities are reported through the established governance structures and communicated to the appropriate Board Committee.

Independence of auditors and non-audit services

The Audit and Risk Committee makes recommendations to the Board about the selection, appointment and independence of the Company's external auditor.

The Board has adopted a policy in relation to the provision of non-audit services by the Company's external auditor. The policy can be found as an appendix to the Audit and Risk Committee Charter. The policy requires that services which are considered to be in conflict with the role of statutory auditor are not performed by the Company's external auditor and prescribes the approval process for non-audit services where the Company's external auditor is used.

A copy of the auditor's independence declaration as required under section 774 of the Companies Act 2015 is set out on page 100-103 of the 2024 Annual Report.

Board Evaluation

The chairperson, directors, group managing director and company secretary were not subjected to a board evaluation during the year.

Governance Audit and the Legal and Compliance Audit

The Company undertakes the statutory governance audit and legal and compliance audit as stipulated in the CMA Code.

During the year, the Company received exemptions from the Authority from conducting the audits respectively. In the interim period, it continued to implement the recommendations from the last audits with a high closure rate.

The Board has established a robust internal control framework to monitor compliance with laws, regulations, and standards. Compliance status is reviewed monthly, with the Board Audit and Risk Committee conducting quarterly oversight. Governance and legal are included in the annual audit plan. The governance audit for the financial year ended 2023/2024 is underway.

PART 5: DIVERSITY, ETHICS AND CONDUCT

The Group values the uniqueness of individuals and the diversity of thought, particularly in terms of generational, gender, and geographical differences. Embracing this diversity offers opportunities for a wide range of ideas, skills, competencies, experiences, and work ethics.

We recognise that to fully realize the Group's values, continuing to grow an inclusive culture that promotes inclusion, diversity and difference of thought is imperative.

The Board has set out to achieve a Gender diversity target and Persons with Disability target of 35% and 5% respectively. The gender diversity is currently 25:75 female to male. Unga has continuously made improvements to the parental leave provisions and childcare support.

The gender balance at the Board level is 40% female and 60% male.

Ethical standards and Code of Conduct

Unga's Directors, employees and contractors are expected to demonstrate high standards of business conduct and to comply with legal requirements wherever the Company operates. They are expected

ROLE AND ACTIVITIES OF COMMITTEES (Cont'd)

to practice the highest ethical standards and standards of honesty integrity and truthfulness.

The Company's Code of Ethics and Conduct, sets out Unga's values, policies and guidelines with respect to safety, business conduct, environmental and other requirements.

The Code of Conduct specifies the key requirements and behaviors expected from all individuals employed by Unga.

Unga treats breaches of its policies seriously, and has an independent, externally managed whistle blowing Hotline enabling employees and third parties to report misconduct confidentially.

Stakeholder Engagement

The Board approved a Stakeholder Engagement Strategy and Investor Relations Policy during the year. The strategy seeks to establish a consistent and effective approach to stakeholder engagement ensuring the company's stakeholders are informed, involved and consulted on the Company's activities.

Insider Trading Policy

This policy establishes measures to prevent insider trading by directors and management. It prohibits Directors, executives, and employees, as well as any connected persons they may influence or control, from buying, selling, or trading the Company's securities while in possession of material, non-public price-sensitive information. Additionally, it restricts "Designated Persons" from trading in Unga's securities during closed periods.

Through this policy, the Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Group is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

The policy ensures that the Group continually and appropriately discloses all insider dealings that come to its attention. The Board is glad to report that during the year 2023/2024, there were no known or identified instances of insider trading. The policy has been published on the Group's website.

Market communication and continuous disclosure

The Company is committed to giving all shareholders timely and equal access to information concerning the Company.

The Company has established policies and procedures to ensure that Directors and Management understand and meet their obligations regarding the timely disclosure of material price-sensitive information.

The Company Secretary is responsible for communications with the Capital Markets Authority and the Nairobi Securities Exchange. All material information disclosed to the NSE is posted on the Company's website. This includes CMA announcements, annual reports, notices of meetings, media releases, and materials presented to investors.

The Company at its Annual General meeting held in 2020 obtained shareholder approval to hold virtual general meetings in the future. This has enabled webcasting of General meetings to all regardless of their location.

Additionally, the Company's external auditor attends Annual General Meetings to be available to answer shareholder questions relevant to the conduct of the audit. The Annual General Meeting also provides an opportunity for any shareholder or their proxy to attend and ask questions of the Board and exercise their vote.

The Company has a well-established culture on shareholder management which is supported by the Company Secretary's office and the Shares Registrar – Custody and Registrar Services Limited.

Directors' Shareholding

Directors can purchase or sell shares of the Company in the open market. None of the Directors as at the end of financial year under review held shares in their individual capacity of more than 1% of the Company's total equity.

Shareholders

The ten largest shareholders as at 30th June 2024

Rank	Shareholder number	Shareholder Name	Domicile	Total shares	%
1	11604	VICTUS LIMITED	LC	38,557,190	50.93%
2	-15313358	CSFS NOMINEES A/C	LC	13,986,874	18.47%
3	-6063500	INVESTMENTS & MORTGAGES NOMINEES LTD A/C 028950	LC	3,231,920	4.27%
4	-4405820	BID PORTFOLIO MANAGEMENT LTD	LC	2,627,000	3.47%
5	-50001865	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE000954	LC	1,847,300	2.44%
6	-50708080	KESTREL CAPITAL NOMINEE SERVICES LIMITED A/C 5	LC	1,388,200	1.83%
7	-4923359	BROADWAY BAKERY LIMITED	LC	1,149,700	1.52%
8	-12707720	SHAH,DIP	LI	328,200	0.43%
9	-50374696	POPAT,VIJYALAXMI JITENDRA	LI	273,000	0.36%
10	-985120	BID,CHANDRIKA KAMLESH SOMCHAND	LI	206,300	0.27%
TOTAL					**75,706,986**

LC – Local Company
LI – Local individual
By category of shareholders

By category of shareholders

INDUSTRY	TOTAL SHARES	TOTAL SHARES %	HOLDERS	HOLDERS %
LOCAL INDIVIDUALS	10,830,313	14.31%	5896	93.62%
LOCAL COMPANIES	63,352,501	83.68%	156	2.48%
FOREIGN INDIVIDUALS	1,423,599	1.88%	242	3.84%
FOREIGN COMPANIES	102,460	0.14%	4	0.06%
TOTAL				**100%**

Going Concern

The Board confirms the financial statements are prepared on a going concern basis and is satisfied that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the directors consider a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital and other resources.

This Corporate Governance Statement is current as at 26 September 2024 and has been approved by the Board of Unga Group Plc.

DIRECTOR'S **REPORT**

The directors submit their report together with the audited financial statements for the year ended 30 June 2024, which disclose the state of affairs of Unga Group Plc (the "Company") and its subsidiaries (together, the "Group").

PRINCIPAL ACTIVITIES

The principal activities of the Group continue to be the manufacturing of human nutrition products, animal nutrition products and the distribution of animal health products.

BUSINESS REVIEW

The Group recorded a 1% decline in revenue while post-tax loss decreased from shs 959 million to shs 670 million.

The year started with high inflation, depreciation of the Kenyan Shilling, and high input costs. Favourable weather conditions and government support for farm inputs led to a bountiful harvest, which supported reduction in raw material costs and enhanced profit margins in the second half of the year.

Revenue decline was primarily due to lower selling prices implemented to maintain market competitiveness.

Sales volume in human nutrition decreased by 21%, whereas animal nutrition volume grew by 22% compared to the previous year. Overall, volumes were up by 5% from the prior year. Revenue decline was mainly due to changes in sales mix and pressure on selling prices in line with reduced raw material cost and competition.

The scarcity of foreign currencies in the first half of the year and limited cash flows resulted in significant foreign exchange losses and elevated finance costs albeit lower than prior year.

Credit risk remained high, but the Group continued to make every effort to accommodate its customers to ensure product availability. The Group will continue to strengthen partnerships to create synergies for sustainable growth.

Given the need to maintain healthy liquidity levels in the current challenging economic environment, the Directors do not recommend a dividend payment.

Summary financial performance (Group)

		As at 30 June	
		2024 Shs'000	**2023 Shs'000**
Revenue		23,703,863	24,051,024
Gross profit		1,641,753	1,161,256
Gross profit margin		7%	5%
Operating loss		(275,601)	(440,582)
Loss for the year		(669,576)	(959,381)
Total assets		11,292,280	11,506,001

DIRECTOR'S **REPORT** (Cont'd)

RESULTS AND DIVIDEND

The loss attributable to equity holders of Shs 449,552,000 (2023: loss of Shs 636,517,000) has been added to retained earnings.

In view of the need to ensure existing businesses maintain healthy liquidity levels in the current tough economic conditions, Directors do not recommend the payment of a dividend in respect of the financial year (2023: Nil).

DIRECTORS

The directors who served during the year and to the date of this report are set out on page 5.

DISCLOSURES TO AUDITORS

The directors confirm that with respect to each director at the time of approval of this report:

a) there was, as far as each director is aware, no relevant audit information of which the company's auditor is unaware; and

(b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

TERMS OF APPOINTMENT OF AUDITORS

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 721 of the Companies Act, 2015.

The Board Audit and Risk Committee monitors the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and fees.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26 September 2024.

By order of the Board

Winniefred N Jumba

SECRETARY

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 30 JUNE 2024

ANNUAL STATEMENT BY THE CHAIRMAN OF THE BOARD NOMINATIONS AND REMUNERATION COMMITTEE

Dear Shareholder

As the Chairman of the Board Nominations and Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 30th June 2024.

This Report complies with regulations contained in the tenth schedule of the Companies Act 2015 ("the Act") in relation to quoted companies Directors' Remuneration Report and the Capital Markets Code of Corporate Governance for Issuers of Securities ("The CMA Code").

This report contains:
- The background information on the Committee's members and role.
- A highlight of the current directors' remuneration policy; and
- The annual remuneration report.

Role of the Committee

The key objective of the Board Nominations and Remuneration Committee is to make sure that the Board comprises of individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities and to review the remuneration of Directors and senior management as well as the succession planning at Board and senior leadership levels.

The members of the Nominations and Remuneration Committee during the year were Mr Patrick Obath (Chairman), Mrs. Isabella Ochola-Wilson, Mr Jinaro Kibet and Mr Andrew Ndegwa. During the year, the Committee met five times. Details of attendance at meetings by Committee members are shown in the Corporate Governance section.

The committee's responsibilities have been set by the Board and are outlined in the Board Charter and the terms of reference of the Committee, which are both available on the Group's website at www.unga-group.com.

Our remuneration principles

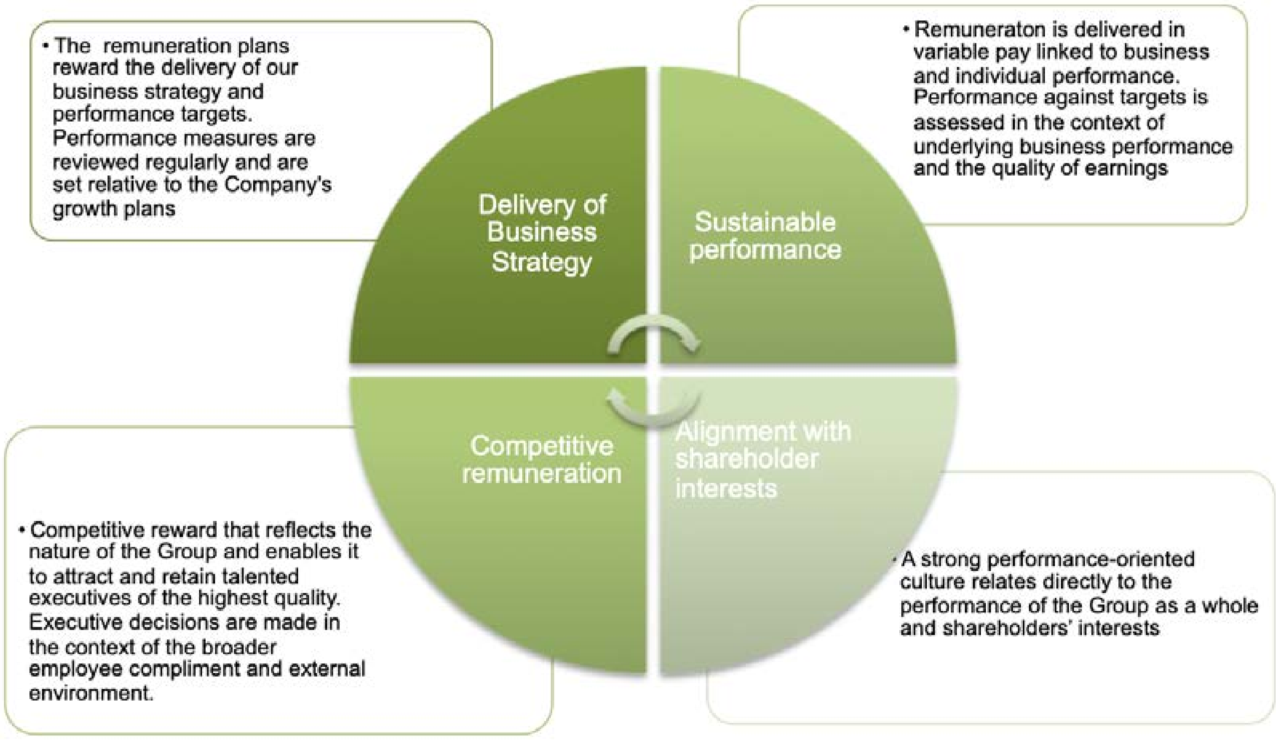
The Board Nominations and Remuneration Committee in conjunction with the Board Human Resources Committee were guided by the Group's remuneration principles in decision making during the year. The Group's compensation principles are designed to reward the achievement of its strategic goals in a clear and straightforward way, ensuring alignment with the long-term sustainable interests of shareholders. The remuneration structure seeks to recognise the skills and experience of the Directors and ensure a market competitiveness for talent.

Unga operates in a competitive marketplace thus attracting and retaining exceptional leaders is crucial. Remuneration plays a vital role in our ability to do so, and the significant pay disparities within the manufacturing sector remain a challenge. We continuously review external practices in our key strategic markets and adjust our remuneration policy to balance risk and reward. Our goal is to provide competitive compensation packages that reflect high performance and align with the company's strategic objectives and ambitious performance targets.

Our remuneration policy emphasizes fairness, transparency and responsibility to promote achievement of strategic objectives and positive outcomes in the short, medium and long term. The success of the Group depends upon the performance and commitment of competent directors and employees. The principles for setting executive remuneration are outlined below in more detail.

DIRECTORS' **REMUNERATION REPORT** (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2024



Executive Directors

Compensation and incentives for Executive Directors is competitive and is intended to encourage positive engagement with the Company. Target remuneration levels for the executive directors are influenced by the experience and qualifications of the executive director. The remuneration is benchmarked against similar organisations within the industry, taking into account factors such as business scope, complexity, and size (both financially and in terms of employee count). Comparisons are made with companies that compete with the Group for the same pool of skilled talent.

Other Employees

The Group considers the remuneration policy in the context of all Group employees. Base salaries of employees are determined in a similar way to those of executive directors. The Group's approach is to ensure that target total compensation is bench marked to the relevant market in which the individual is employed. Potential total compensation is set at the 50th quartile for excellent individual and business performance.

In addition:
- All employees are eligible for a bonus based on their performance and contractual terms. This bonus is determined using an approved variable pay payout model;
- Core benefits are offered to all employees in accordance with current regulations and industry standards. These benefits include retirement plans, medical insurance, life insurance, and annual leave.
- The Group emphasizes that a portion of each employee's total compensation should be performance-based. The proportion of this variable pay, delivered through bonuses, increases with the level of seniority.

DIRECTORS' REMUNERATION REPORT (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2024

Approach to recruitment remuneration

The Board Nominations and Remunerations Committee's overarching principle for recruitment remuneration is to pay no more than is necessary to attract an Executive of the caliber required to shape and deliver Unga's business strategy in recognition that Unga competes for talent in the marketplace. The Committee seeks to align the remuneration package with Unga's remuneration policy as laid out but retains the discretion to offer a remuneration package which is necessary to meet the individual circumstances of the recruited Executive and to enable hiring of an individual with the necessary skills and expertise. However, variable pay will follow the policy.

In the event that an internal candidate is promoted to Executive position, legacy terms and conditions would be honoured, including pension entitlements and any outstanding awards.

Service contracts and policy on payment for loss of office

Executives have rolling employment contracts. The contracts provide for payment of outstanding pay and bonus, or termination following changes in the Group.

Overview of Remuneration in 2023/2024

	Structure	Link to Strategy	2023/24 Implementation
Salary and benefits	• Annual salary review • Pension (15%), medical insurance	• Supports the attraction and retention of talent with the capacity to deliver Unga's strategy.	• 8% Cost-of-Living Adjustment (COLA) during the year.
Annual Incentive	• Target performance bonus opportunity is a maximum of 10% of salary. • There is a reward and recognition which is a maximum of 5% of salary	• Incentivises delivery of Unga's annual financial and strategic targets. • Provides focus on key financial metrics and the individual's contribution to the company's performance.	There was no bonus payout for 2023/24 financial year
Long Term Incentive	There is presently no structured financial Long-term incentive scheme within the Group such as an ESOP. However various non-financial incentives include - executive training and development programs	Ensure alignment between the interests of Executive Directors and shareholders	Leadership development programs were conducted during the year.

DIRECTORS' REMUNERATION REPORT (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2024

Commentary on Significant Changes to Directors Remuneration

The Committee oversaw the implementation of the policy to ensure alignment of incentives and rewards with the set remuneration policies and procedures.

The Board conducts an annual review of the remuneration policy to ensure it aligns with and supports the Company's strategy.

The Board is satisfied that the current policy remains well suited to the Company's needs and effectively supports both short-term and long-term objectives of the Group. Consequently, no significant changes to the Directors' remuneration were deemed necessary.

Statement of Voting on the Directors Remuneration Report at the previous Annual General Meeting.

During the Annual General Meeting held on Thursday, 7th December 2023, the shareholders in attendance approved the Directors' Remuneration policy and Directors' Remuneration Report for the year ended 30th June 2023.

The results on voting were as follows:

RESOLUTION	Voted in Favour	% In Favour	Voted Against	% Against	Abstained	% Abstained	RESULT
Approval of the Directors' Remuneration Policy for the year ended 30th June 2023.	38,580,498	95.418%	1,850,516	4.577%	2,065	0.005%	**PASSED**
Approval of the Directors' Remuneration Report for the year ended 30th June 2023.	38,584,314	95.428%	40	0.000%	1,848,725	4.572%	**PASSED**

At the Annual General Meeting to be held on 5th December 2024, the shareholders will also consider the Directors' Remuneration Report for the year ended 30th June 2024.

The Current Directors' Remuneration Policy and Strategy

Current Policy

The Directors' Remuneration Policy was approved by the shareholders at the Company's Annual General Meeting held on 6th December 2018 and has remained unchanged.

The principles guiding the remuneration of Non-Executive Directors (NEDs) are as follows:-

a) The Company should remunerate its Directors fairly and responsibly.
b) The remuneration should be sufficient to attract, motivate and retain directors to run the Company effectively.
c) The remuneration should be consistent with recognised best practice standards and is competitive in line with remuneration for other directors in competing sectors.
d) The remuneration should reflect the Directors' responsibilities, expertise and the complexity of the Company's activities.

DIRECTORS' **REMUNERATION REPORT** (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2024

The directors have not recommended any change to the remuneration policy for the year ending 30th June 2024.

Payments to past Directors

There was no payment of Directors' fees to past directors during the year.

Approval by shareholders

As per section 681 (4) of the Companies Act, 2015, the Directors Remuneration Report has been presented to the members for approval.

2.0 INFORMATION SUBJECT TO AUDIT

The following table shows a single figure remuneration for the Executive Director, Chairman and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2024 together with the comparative figures for 2024. The aggregate Directors' emoluments are shown in Note 30(iv) of the audited financial statements.

Year ended 30 June 2024	**Salary Shs 000**	**Fees Shs 000**	**Bonuses Shs 000**	**Expense allowances Shs 000**	**Loss of office/ Termination Shs 000**	**Estimated value for non-cash benefits Shs 000**	**Total Shs 000**
Joseph M Choge	43,001	-	-	-	13,255	-	56,256
Isabella Ochola Wilson	-	3,378	-	-	-	-	3,378
Alan McKittrick	-	2,778	-	-	-	-	2,778
Andrew S Ndegwa**	-	2,706	-	-	-	-	2,706
Patrick Obath	-	2,808	-	-	-	-	2,808
Jinaro Kipkemoi Kibet	-	2,202	-	-	-	-	2,202
Vitalis Ondeke Ojode	-	2,160	-	-	-	-	2,160
Shilpa Haria	-	2,388	-	-	-	-	2,388
Maureen W Miring'u	-	2,316	-	-	-	-	2,316
Wangari Murugu	-	2,706	-	-	-	-	2,706
Patrick Mugambi**	-	384	-	-	-	-	384
Florence Nakakawa	-	312	-	-	-	-	312
	43,001	**24,138**	**-**	**-**	**13,255**	**-**	**80,394**

Year ended 30 June 2023	**Salary Shs 000**	**Fees Shs 000**	**Bonuses Shs 000**	**Expense allowances Shs 000**	**Loss of office/ Termination Shs 000**	**Estimated value for non-cash benefits Shs 000**	**Total Shs 000**
Joseph M Choge	46,382	-	-	10,223	-	-	56,605
Isabella Ochola Wilson	-	3,534	-	-	-	-	3,534
Alan McKittrick	-	3,360	-	-	-	-	3,360
Andrew S Ndegwa**	-	2,160	-	-	-	-	2,160
Patrick Obath	-	2,328	-	-	-	-	2,328
Jinaro Kipkemoi Kibet	-	2,280	-	-	-	-	2,280
Vitalis Ondeke Ojode	-	2,256	-	-	-	-	2,256
Shilpa Haria	-	2,250	-	-	-	-	2,250
Maureen W Miring'u	-	2,646	-	-	-	-	2,646
Wangari Murugu	-	2,880	-	-	-	-	2,880
Patrick Mugambi**	-	480	-	-	-	-	480
Florence Nakakawa		390	-	-	-	-	390
	46,382	**24,564**	**-**	**10,223**	**-**	**-**	**81,169**

DIRECTORS' **REMUNERATION REPORT** (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2024

Approach to recruitment remuneration

***Payment for qualifying services provided by Andrew Ndegwa (alternate Patrick Mugambi) as stated in the tables above was made to First Chartered Securities Limited.*

The Annual Remuneration Report will be put forward for your consideration and approval by vote at the AGM to be held on 5th December 2024.

We were pleased to receive a strong vote in favour of our remuneration policy and report last year. I greatly appreciate the engagement from our shareholders and look forward to welcoming you and receiving your continued support at this year's AGM.

On behalf of the Board of Directors

Patrick Obath
Chairman, Nomination and Remuneration Committee

26 September 2024

STATEMENT OF **DIRECTORS' RESPONSIBILITIES**

FOR THE YEAR ENDED 30 JUNE 2024

The 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 Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the Company that comply with prescribed financial reporting standards and the requirements of the Companies Act 2015. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2015. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
ii. Selecting suitable accounting policies and applying them consistently; and
iii. Making accounting estimates and judgements that are reasonable in the circumstances.

Having assessed the Company's ability to continue as a going concern, the Directors have disclosed in Note 2 (a) of the financial statements matters relating to the use of going concern basis of preparation of the financial statements.

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 26 September 2024 and signed on its behalf by:

I Ochola- Wilson (Mrs)	**A McKittrick**
Chairman	*Director*

07 FINANCIAL STATEMENTS

At Unga Group PLC, we firmly believe that leadership entails accountability.

As stewards of the resources that provide animal and human nutrition foods to the world, we take our responsibility seriously.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNGA GROUP PLC

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Unga Group Plc (the Company) and its subsidiaries (together, the Group) set out on pages 104 to 163 which comprise the consolidated statement of financial position at 30 June 2024 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 30 June 2024, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2024 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the 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 financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T: +254 (20)285 5000 F: +254 (20)285 5001 *www.pwc.com/ke*

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's' B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNGA GROUP PLC (cont'd)

Key audit matter	How our audit addressed the key audit matter
Potential impairment of property plant and equipment As explained under note 22 of these financial statements, an impairment assessment test was carried out to assess the carrying value of milling plant and equipments included in property, plant and equipment as required by IAS 36. The test for impairment was significant to our audit because the net carrying value for the assets amounting to Shs 730 million is material to the financial statements and also because the value-in-use calculations prepared by management for assessing whether there is impairment involve the use of significant estimates and assumptions. The assumptions with the most significant impact to the value in use calculations were: • Volume growth rate • Gross profit margin • Selling, general and administrative expenses growth	We evaluated management's value-in-use calculations based on the historical performance of the business, approved budgets, and the macro- economic and business outlook. We tested the value-in-use calculations for accuracy and consistency and tested the key assumptions for reasonableness including sensitivity analysis. We assessed the adequacy of the disclosures in the financial statements.

Other information

The other information comprises the Corporate Information, Chairman's Statement, Group Managing Director's Statement, Directors' report, Directors' remuneration report, and the Statement of Directors' Responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the 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 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 have received prior to the date of this auditor's report 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.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNGA GROUP PLC (cont'd)

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Group'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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNGA GROUP PLC (cont'd)

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

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.

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

Report on other matters prescribed by the Companies Act, 2015

Report of the Directors

In our opinion the information given in the Directors' Report on pages 90 to 91 is consistent with the financial statements.

Directors' Remuneration Report

In our opinion the auditable part of the directors' remuneration report on page 96 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia – Practising Certificate No. 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

26 September 2024

CONSOLIDATED **STATEMENT** **OF PROFIT OR LOSS**

	Notes	2024 Shs'000	2023 Shs'000
		For the year ended 30 June	
Revenue	5	23,703,863	24,051,024
Cost of sales		(22,062,110)	(22,889,768)
Gross profit		1,641,753	1,161,256
Other income	8	42,452	144,891
Selling and distribution costs		(985,378)	(851,810)
Administrative expenses		(1,004,089)	(654,857)
Net impairment losses on financial assets	20	29,661	(240,062)
Operating loss		(275,601)	(440,582)
Share of profit in associate	31	16,781	(6,285)
Finance income	10	13,281	31,377
Finance costs	10	(559,412)	(784,368)
Loss before income tax		(804,951)	(1,199,858)
Income tax credit	13	135,375	240,477
Loss for the year		(669,576)	(959,381)
Attributable to;			
Equity attributable to equity holders		(449,552)	(636,517)
Non-controlling Interests		(220,024)	(322,864)
		(669,576)	(959,381)

Loss per share attributable to owners of the Company (expressed in Kenya shillings).

		2024	2023
Basic and diluted loss per share	6	(5.94)	(8.41)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 30 June 2024 Shs'000	2023 Shs'000
Loss for the year		(669,576)	(959,381)
Items that will not be subsequently reclassified to profit or loss			
Retirement benefit scheme asset re-measurement	26	-	(47,744)
Deferred income tax on re-measurement		-	14,324
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		(4,767)	66,376
Other comprehensive income for the year		(4,767)	32,956
Total comprehensive income for the year		(674,343)	(926,425)
Attributable to;			
Equity attributable to equity holders		(452,651)	(615,114)
Non-controlling Interests		(221,692)	(311,311)
		(674,343)	(926,425)

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 30 June 2024 Shs'000	2023 Shs'000
Interest income	10	30	30
Administrative and other expenses		(43,304)	(42,221)
Operating loss		(43,274)	(42,191)
Loss before income tax		(43,274)	(42,191)
Income tax expense		-	-
Loss for the year		(43,274)	(42,191)
Other comprehensive income		-	-
Total Comprehensive loss		(43,274)	(42,191)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 Shs'000	As at 30 June 2023 Shs'000
Assets			
Non-current assets			
Property, plant and equipment	22	3,036,364	3,009,239
Investments in associates	31	1,499,020	1,492,735
Right-of-use assets	23	194,401	160,025
Intangible assets	24	14,003	16,754
Deferred income tax	18	352,680	182,126
Retirement Benefits Asset	26	-	21,681
		5,096,468	4,882,560
Current assets			
Inventories	19	3,401,295	2,840,594
Trade and other receivables	20	2,432,503	3,202,501
Current income tax		111,064	86,662
Cash and bank balances	28	250,950	493,684
		6,195,812	6,623,441
Total assets		11,292,280	11,506,001
Equity and liabilities			
Equity attributable to owners			
Share capital	14	378,535	378,535
Share premium	14	73,148	73,148
Other reserves	15	(3,862)	(11,415)
Retained earnings		2,900,138	3,360,342
Equity attributable to equity holders		3,347,959	3,800,610
Non-controlling Interests	16	1,753,087	1,974,779
Total equity		5,101,046	5,775,389
Liabilities			
Non-current liabilities			
Deferred income tax	18	97,758	53,478
Borrowings	17	234,841	-
Lease liabilities	23	39,146	1,363
		371,745	54,841
Current liabilities			
Trade and other payables	21	3,686,893	4,565,669
Current income tax		11,012	6,869
Lease liabilities	23	24,418	28,603
Borrowings	17	2,097,166	1,074,630
		5,819,489	5,675,771
Total liabilities		6,191,234	5,730,612
Total equity and liabilities		11,292,280	11,506,001

The financial statements on pages 104 to 163 were approved for issue by the Board of Directors on 26 September 2024 and signed on its behalf by:

I. Ochola- Wilson (Mrs)
Chairman

A. McKittrick
Director

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 Shs'000	2023 Shs'000
ASSETS			
Non-current assets			
Investment in subsidiaries	25	1,297,335	1,297,335
		1,297,335	1,297,335
Current assets			
Trade and other receivables	20	61,428	61,248
Cash and bank balances	28	3,014	3,008
		64,442	64,256
Total assets		1,361,777	1,361,591
Equity and liabilities			
Equity attributable to owners			
Share capital	14	378,535	378,535
Share premium	14	73,148	73,148
Retained earnings		543,928	587,202
Total equity		995,611	1,038,885
Current liabilities			
Trade and other payables	21	366,166	322,706
		366,166	322,706
Total equity and liabilities		1,361,777	1,361,591

The financial statements on pages 104 to 163 were approved for issue by the Board of Directors on 26 September 2024 and signed on its behalf by:

I. Ochola- Wilson (Mrs)
Chairman

A. McKittrick
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Shs '000	Share premium Shs '000	Other reserves Shs '000	Retained earnings Shs '000	Equity attributable to equity holders Shs '000	Non-controlling interests Shs '000	Total Shs '000
Year ended 30 June 2024							
At start of year	378,535	73,148	(11,415)	3,360,342	3,800,610	1,974,779	5,775,389
Loss for the year	-	-	-	(449,552)	(449,552)	(220,024)	(669,576)
Other comprehensive income for the year	-	-	(3,099)	-	(3,099)	(1,668)	(4,767)
Transfer of retirement benefits reserves to retained earnings	-	-	10,652	(10,652)	-	-	-
Total comprehensive loss for the year	-	-	7,553	(460,204)	(452,651)	(221,692)	(674,343)
At end of year	**378,535**	**73,148**	**(3,862)**	**2,900,138**	**3,347,959**	**1,753,087**	**5,101,046**

	Share capital Shs '000	Share premium Shs '000	Other reserves Shs '000	Retained earnings Shs '000	Equity attributable to equity holders Shs '000	Non-controlling interests Shs '000	Total Shs '000
Year ended 30 June 2023							
At start of year	378,535	73,148	(32,818)	3,996,859	4,415,724	2,286,090	6,701,814
Loss for the year	-	-	-	(636,517)	(636,517)	(322,864)	(959,381)
Other comprehensive income for the year	-	-	21,403	-	21,403	11,553	32,956
Total comprehensive loss for the year	-	-	21,403	(636,517)	(615,114)	(311,311)	(926,425)
At end of year	378,535	73,148	(11,415)	3,360,342	3,800,610	1,974,779	5,775,389

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2024	Share Capital Shs'000	Share Premium Shs'000	Retained earnings Shs'000	Total Shs'000
At start of year	378,535	73,148	587,202	1,038,885
Total comprehensive loss for the year	-	-	(43,274)	(43,274)
At end of year	378,535	73,148	543,928	995,611

Year ended 30 June 2023				
At start of year	378,535	73,148	629,393	1,081,076
otal comprehensive loss for the year	-	-	(42,191)	(42,191)
At end of year	378,535	73,148	587,202	1,038,885

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the year ended 30 June 2024 Shs'000	2023 Shs'000
Operating activities			
Cash absorbed from operations	27	(724,953)	(9,867)
Income tax paid		(17,792)	(22,823)
Interest paid		(492,341)	(344,598)
Net cash outflows from operating activities		(1,235,086)	(377,288)
Investing activities			
Purchase of property, plant and equipment	22	(245,972)	(352,643)
Purchase of intangible assets	24	-	(6,801)
Proceeds of disposal of property, plant and equipment		1,058	13,076
Net cash outflows from investing activities		(244,914)	(346,368)
Financing activities			
Proceeds from borrowings	17	6,922,629	1,809,274
Repayments of borrowings	17	(5,665,252)	(1,227,728)
Payments of lease liabilities	23	(24,878)	30,311)
Net cash flows from financing activities		1,232,499	551,235
Net decrease in cash and cash equivalents		(247,501)	(172,421)
Movement in cash and cash equivalents			
At start of year		493,684	734,719
Decrease		(247,501)	(172,421)
Effects of exchange rate changes		4,767	(68,614)
At end of year	28	250,950	493,684

COMPANY STATEMENT OF CASH FLOWS

	Notes	2024 Shs'000	2023 Shs'000
		For the year ended 30 June	
Operating activities			
Cash generated from operations	27	6	7
Income tax paid		-	-
Net cash flows from operating activities		6	7
Financing activities			
Dividends paid to shareholders		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		6	7
Movement in cash and cash equivalents			
At start of year		3,008	3,001
Increase		6	7
At end of year	28	3,014	3,008

NOTES

1 General information

Unga Group Plc is incorporated in Kenya under the Companies Act as a limited liability company and is domiciled in Kenya. The address of its registered office is:

Plot No.209/6841
Ngano House, Commercial Street
Industrial Area
P O Box 30096, 00100
Nairobi

2 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Unga Group Plc have been prepared in accordance with IFRS Accounting Standards and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Going concern

The Group has reported an operating loss of Shs 276 million (2023: loss of Shs 441 million) and a loss for the year Shs 670 million (2023: loss of Shs 959 million). The Group has negative cashflows from operating activities of Shs 1.2 billion from operations (2023: absorbed Shs 377 million). These are indicators that the Group may not be able to continue as a going concern and meet its obligations as and when they become due in the foreseeable future. In mitigation, management have considered the following:

- The Group has a composite facility from NCBA bank to its subsidiary Unga Farm Care (EA) Limited comprising of overdraft facility, invoice discounting, bank guarantees, stock loan, letters of credit, post import finance and invoice discounting amounting to USD 6,400,000 (Shs 832,240,000) and Kes 450,000,000 to be availed in both USD and Kes. The Group also has a composite facility from NCBA bank to its subsidiary Unga Limited comprising of overdraft facility, invoice discounting, bank guarantees, stock loan, letters of credit, post import finance and invoice discounting amounting to USD 4,067,300 (Shs 530,172,555) to be availed in both USD and KES. Unused facilities at year end available to Unga Farm Care (EA) Limited together with its fellow subsidiary Unga Limited amounted to Shs 224,405,000.
- Current assets exceed current liabilities by Shs 376 million (2023: Shs 948 million) which will support the business in settling its obligations as and when due.
- The Group has positive accumulated profits amounting to Shs 2,900 million (2023: Shs 3,360 million).

Management's budgets/ projections indicate that the Company will get back to profitability in the coming financial year. Profitability will be achieved through the following strategic measures;

- Volumes growth in line with a revamped route to consumer, bridging the price gap with competitors, and an improved customer experience through a newly established customer service center being launched in the financial year 2024-2025 that will be dedicated to tracking customer concerns and innovatively addressing them
- Strategic sourcing of raw materials to significantly increase the gross margins
- Better and efficient management of sales, general and administrative expenses to ensure sufficient net profitability margins are achieved

NOTES (Cont'd)

2 Material accounting policies (continued)

(a) Basis of preparation (continued)

Based on the above, the directors are confident that the Group will be able to meet its obligations as and when they become due and continue as a going concern at least for 12 months from the date of these financial statements. The financial statements have therefore been prepared on a going concern basis.

Changes in accounting policy and disclosures

i) New standards, amendments and interpretations adopted by the Group and Company

Several amendments to standards became effective for the first time in the financial year beginning 1 July 2023 and have been adopted by the Company and Group. The amendments have not had a significant impact on the financial statements of the Company and Group. They include:

Title	Effective Date	Executive Summary
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	• The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	1 January 2023	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

NOTES (Cont'd)

2 Material accounting policies (continued)

Changes in accounting policy and disclosures (continued)

iI) New and revised standards that have been issued but are not yet effective

The Company and Group have not early adopted any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1 July 2023, and the Directors do not plan to apply any of them until they become effective. They include:

Title	Effective Date	Executive Summary
Amendments to IAS 1, Presentation of financial statements', on Classification of Liabilities as Current or Non-current	1 January 2024	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	1 January 2024	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	1 January 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The Directors do not expect the adoption of the above amendments once effective, to have a material impact on the financial statements of the company.

NOTES (Cont'd)

2 Material accounting policies (continued)

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred over the amount in the acquiree and the acquisition-date fair value over any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

NOTES (Cont'd)

2 Material accounting policies (continued)

(d) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenya Shillings, which is the Company's 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 income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value profit or loss in profit or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to statement of other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(e) Revenue recognition

The Group recognises revenue from direct sales of goods. Revenue is recognised at a point in time as and when it satisfies a performance obligation by transferring control of a product to a customer. The amount of revenue recognised is the amount the Company expects to receive in accordance with the terms of the contract, and excludes value-added tax (VAT), returns, rebates and discounts.

The Group manufactures human nutrition products, animal nutrition products and distributes animal health products. Sales of goods are recognised at a point in time depending on the nature of goods and services, when the Company delivers products to the customer and there are no unfulfilled obligations that could affect the customers' acceptance of the goods. There is no variable element to the contract price, and payment, less any deposit already paid, is typically due within 30 days of delivery.

Interest income is recognised using the effective interest method. Dividends are recognised as income in the period the right to receive payment is established.

NOTES (Cont'd)

2 Material accounting policies (continued)

(f) Property and equipment

(i) Functional and presentation currency

All categories of property, plant and equipment are initially recorded at cost and subsequently depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life as follows:

Buildings on long leasehold land	2.5%
Buildings on short leasehold land	over period of lease
Computer equipment	33.3%
Plant and machinery	5 - 7.5%
Furniture and fittings	12.5%
Motor vehicles	25%
Silos	Shorter of 50 years or the unexpired period of the lease for the land on which they are built

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property 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 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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

NOTES (Cont'd)

2 Material accounting policies (continued)

(g) Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Developments costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortized over their estimated useful lives, which does not exceed three years.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation but are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in purchasing or manufacturing the inventories plus an allocation of normal overhead expenditure attributable to the processes of production hence the cost is determined using standard costs that approximate actual weighted average cost. The cost of engineering spares is determined using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in selling and distribution. Specific provisions are made for obsolete, slow moving and defective inventories.

NOTES (Cont'd)

2 Material accounting policies (continued)

(j) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(l) Financial instruments

(i) Classification

The Group classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which 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, are classified and measured at amortised cost;

b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which 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, are classified and measured at fair value through other comprehensive income;

c) All other financial assets are classified and measured at fair value through other comprehensive income;

Notwithstanding the above, the Group may:

- On initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income; and

- On initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

d) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

e) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as shown under note 2 IFRS 9-Financial instruments- classification and measurement above.

NOTES (Cont'd)

2 Material accounting policies (continued)

(m) Financial instruments (continued

(ii) Initial measurement

On initial recognition:

a) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
b) Trade receivables are measured at their transaction price.
c) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

(iii) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(iv) Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(v) Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

NOTES (Cont'd)

2 **Material accounting policies (continued)**

(m) Financial instruments (continued

(vi) Derecognition/write off

Financial assets are de-recognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset.

Financial liabilities are de-recognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(n) Leases

The Group's leasing activities and how they are accounted for

The Group leases various warehouses, office spaces and vehicles. Rental contracts are typically made for fixed periods of 6 months to 4 years, but may have extension options. There are no non-lease components in the lease contracts and consideration is based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and there are no security interests in the leased assets that are held by the lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group has used recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES (Cont'd)

2 Material accounting policies (continued)

(n) Leases (continued)

The Group's leasing activities and how they are accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less

Extension and termination terms

Extension and termination options are included in the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(o) Employee benefits

(i) Retirement benefit obligations

The Group operates defined benefit retirement benefit schemes for its employees. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

With effect from 1 January 2022, the Group commenced operating a defined contribution retirement benefit scheme for its employees as the defined benefit scheme was closed to new members and to further contributions. For defined contribution plans, the company pays contributions to a multi-employer (umbrella) administered pension insurance plan on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The liability/ asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses 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. Past-service costs are recognised immediately in income. The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees.

The Group employees also contribute to the appropriate National Social Security Funds, which is a defined contribution scheme.

(ii) Other post-employment obligations

The Group operates an unfunded service gratuity benefit scheme for unionisable employees based on basic salary and years of service. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

NOTES (Cont'd)

2 Material accounting policies (continued)

(o) Employee benefits (continued)

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

Employee entitlements to gratuity and long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

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

(p) Dividend distribution

Dividends payable to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Proposed dividends are shown as a separate component of equity until declared.

(q) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement 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.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 or asset realised.

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.

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 tax 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.

NOTES (Cont'd)

2 Material accounting policies (continued)

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

(u) Other income

Interest income is recognised using the effective interest method.

Dividends are recognised as income in the period the right to receive payment is established.

(v) Investment in associates

An associate is an entity in which the company has significant influence and which is neither a subsidiary nor a joint arrangement. The company's investment in its associate is accounted for using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity, either directly or through other comprehensive income. Profits or losses resulting from transactions between the company and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the statement of profit or loss. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates after factoring in other comprehensive income.

The financial statements of the associate are not prepared for the same reporting period as the company. Adjustments are made to bring its accounting policies in line with the company. After application of the equity method, the company determines whether it is necessary to recognise an additional impairment loss on the company's investment in associates. The company determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the statement of profit and loss.

NOTES (Cont'd)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expected future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Whether assets are impaired

The directors have prepared value-in-use calculations to test whether there is impairment on the Company's assets. Critical assumptions made by the directors in calculating the value-in-use of certain assets are set out in Note 22.

Impairment losses on financial assets

A number of significant judgements and estimations are also required in applying the accounting requirements for measuring ECL, such as:

The application of IFRS 9 risk parameters i.e. Probably of default (PD) and Loss given at default (LGD) for trade receivables.

Income and transaction taxes

The Group is subject to income and transaction taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income and transaction 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 audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the financial statements in the period in which such determination is made.

As a contribution to the partnership with Nutreco BV and in exchange for the shares, Unga Millers (U) Ltd (UMUL) transferred its property, fixed assets, moveable assets and business information and records to Tunga Nutrition (U) Limited (TNUL) on a going concern basis by way of an asset transfer agreement executed in the financial year ended 30 June 2022. UMUL subscribed for shares in TNUL in accordance with the Uganda companies Act 2012 by contributing its assets at a premium. Pursuant to section 45 of the Tax Procedure Code Act, 2014 Unga Millers (U) Limited made an application for a private ruling to the Uganda Revenue Authority (URA) in relation to its asset transfer to Tunga Nutrition (U) Limited with respect to Value Added Tax (VAT).

This was based on the understanding that the transfer of business assets is not subject to Value Added Tax as it does not fall within the ambit of a taxable supply considering it is not a supply made as part of the business activities of Unga Millers within the meaning of section 18 of the VAT Act, and does not fall within the meaning of a supply in section 10 of the VAT Act. The group has since appealed the decision of the URA which was not favourable, and the matter is before the Tax Appeals Tribunal.

Based on professional advice received, management believe they have a strong case to defend their position.

Deferred income tax asset

As per IAS 12, deferred income tax asset should only be recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Management has applied significant judgement in determining whether the deferred income tax asset should be recognised in particular for its human nutrition business that has been loss making in the past few years and has accumulated taxable losses amounting to Shs 620 million. Management's budgets/ projections indicate the human nutrition business performance will get back to profitability in the coming financial year.

NOTES (Cont'd)

4 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including liquidity risk, credit risk, the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Financial risk management is carried out by the finance department under the guidance of the Board of Directors.

Market risk

(i) Interest rate risk

Group

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The Group closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes by for example, negotiating for fixed terms while borrowing.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

If interest rates increased by 100 basis points (2023: 100 basis points) profit after tax and equity would have been higher/ lower by Shs 23,320,066 (2023: 10,746,300).

Company

The risk is not relevant to the company as it has no borrowings.

(ii) Price risk

Price risk arises from fluctuations in the prices of equity investments. At 30 June 2024 and 30 June 2023, the Group and company did not hold investments that would be subject to price risk; hence this risk is not relevant.

(iii) Foreign exchange

Group

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

Management's policy to manage foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for purchases of imported raw materials and finished products.

At 30 June 2024, if the Kenyan Shilling had weakened/strengthened by 5% against the USD with all other variables held constant, post-tax profit for the year and equity would have been Shs 42,634,811 (2023: Shs 93,806,487) higher/lower, mainly as a result of US dollar denominated trade payables and bank balances.

NOTES (Cont'd)

4 Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Foreign exchange (continued)

	2024 USD	2023 USD	2024 EUR	2023 EUR	2024 GBP	2023 GBP
Assets:						
Bank balances	390,877	891,580	103	10,187	-	-
Total assets	390,877	891,580	103	10,187	-	-
Liabilities:						
Trade and other payables	6,920,737	13,588,990	10,902	31,397	-	220,996
Total liabilities	6,920,737	13,588,990	10,902	31,397	-	220,996
Net total liabilities	**6,529,860**	**12,697,410**	**10,799**	**21,210**	**-**	**220,996**

Company

The company has no foreign currency denominated financial instruments and thus is not exposed to foreign exchange risks.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit risk is managed by the Group Finance Director who is responsible for managing and analysing credit risk for each new and existing clients before standard payment and delivery terms are offered.

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

NOTES (Cont'd)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group has adopted the Expected Credit Losses (ECL) model to determine the impairment of trade receivables. The Group opted to adopt the simplified approach of determining the impairment provision. This model includes some operational simplifications for trade and other receivables because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.

Using the simplified approach, management has segmented their accounts receivable balances into related parties and third party trade debtors.

For trade debtors, management has used the simplified approach to determine probabilities of default (PD) using collection trends in the past adjusted for forward looking economic variables as applicable. The average PDs are then used to determine the provision. All debtors that are 120 days past due are considered to be at default based on past experience. The exposure at default is adjusted for guarantees and other collateral held to determine the Loss Given Default (LGD).

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand. No impairment was noted from management's assessment.

Cash balances and long-term deposits have been assessed for lifetime expected credit losses based on the credit rating of the financial institutions holding the assets. The calculated impairment was considered immaterial to warrant any adjustment.

The amount that best represents the Group and Company's maximum exposure to credit risk at 30 June 2024 is made up as follows:

Group **At 30 June 2024**	**Gross amount Shs'000**	**Less: Loss allowance Shs'000**	**Net Carrying amount Shs'000**
Cash at bank balances (Note 28)	250,736	-	250,736
Trade receivables (Note 20)	836,589	(448,465)	388,124
Related party trade receivables (Note 20)	1,050,034	-	1,050,034
Other receivables	546,811	-	546,811
	2,684,170	(448,465)	2,235,705
At 30 June 2023			
Cash at bank balances (Note 28)	493,581	-	493,581
Trade receivables (Note 20)	2,019,090	(478,126)	1,540,964
Related party trade receivables (Note 20)	800,130	-	800,130
Other receivables	254,116	-	254,116
	3,566,917	(478,126)	3,088,791

The Group holds bank guarantees amounting to Shs 1.213 billion (2023: Shs 1.134 billion) as collateral for trade receivables. No collateral is held for the other assets. All receivables that are either past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

NOTES (Cont'd)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

	2024 Shs'000	2023 Shs'000
- Neither past due nor impaired	1,682,528	1,627,863
- Past due not impaired	204,095	713,231
Subtotal – Not impaired	1,886,623	2,341,094
Impaired (Note 20)	448,465	478,126

All receivables past due by more than 120 days are impaired and are carried at their estimated recoverable value. This is in addition to the qualitative analysis performed by management.

Company	2024 Shs'000	2023 Shs'000
Other receivables (Note 20)	4,256	4,240
Cash and cash equivalents (Note 28)	3,014	3,008
Due from related parties (Note 30(vi))	57,172	57,008
	64,442	64,256

v) Concentration risk

The concentration risk relates to exposure on sales that the Group faces on dealing with its key customers. The analysis below shows that the Group's two customers (Kenchic Limited and Tunga Nutrition Kenya Limited) accounted for 24% of the revenue of the Group (2023:17%). This customer has a high credit rating. All other sales are to a wide unrelated customer base.

	Note	2024 Shs'000	%	2023 Shs'000	%
Kenchic Limited	30	3,787,715	16%	3,438,152	14%
Tunga Nutrition Kenya Limited	30	1,476,842	6%	811,156	3%
Others		18,439,306	78%	19,801,716	83%
Total		**23,703,863**	**100%**	**24,051,024**	**100%**

4 Financial risk management objectives and policies (continued)

vi) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which together with management, closely monitors the Group's short, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at end of reporting period 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.

a) Group	**Below one year Shs'000**	**2-5 years Shs'000**	**Over 5 years Shs'000**	**Totals Shs'000**
At 30 June 2024:				
Liabilities:				
Trade payables (Note 21)	2,124,176	-	-	2,124,176
Other payables (Note 21)	696,073	-	-	696,073
Due to related parties (Note 30)	866,644	-	-	866,644
Borrowings	2,150,301	362,814	-	2,513,115
Lease liability	27,008	81,024	-	108,032
Total financial liabilities	**5,864,202**	**443,838**	**-**	**6,308,040**
At 30 June 2023:				
Liabilities:				
Trade payables (Note 21)	1,241,453	-	-	1,241,453
Other payables (Note 21)	1,843,414	-	-	1,843,414
Due to related parties (Note 30)	1,480,802	-	-	1,480,802
Borrowings	1,427,422	-	-	1,427,422
Lease liability	35,182	27,355	-	62,537
Total financial liabilities	**6,028,273**	**27,355**	**-**	**6,055,628**

The Group has undrawn committed borrowing facilities amounting to Shs 224,405,000 available in both KES and USD (2023: Shs 190,358,000 and USD 1,357,000). The borrowing facilities consist of loans and bank overdrafts. Security for these borrowings includes an all-assets debenture for Shs 2.3 billion issued by subsidiary companies, corporate guarantees by Group companies and legal charges over certain properties owned by subsidiary companies, and a property registered in the name of a Group company.

NOTES (Cont'd)

4 Financial risk management objectives and policies (continued)

The Group has undrawn committed borrowing facilities amounting to Shs 224,405,000 available in both KES and USD (2023: Shs 190,358,000 and USD 1,357,000). The borrowing facilities consist of loans and bank overdrafts. Security for these borrowings includes an all-assets debenture for Shs 2.3 billion issued by subsidiary companies, corporate guarantees by Group companies and legal charges over certain properties owned by subsidiary companies, and a property registered in the name of a Group company.

b) Company	Below one year Shs'000	Over one year Shs'000	Totals Shs'000
At June 2024			
Liabilities:			
Other payables (Note 21)	9,456	-	9,456
Due to related parties (Note 21)	356,709	-	356,709
Total financial liabilities	366,165	-	366,165
At June 2023			
Liabilities:			
Other payables (Note 21)	8,009	-	8,009
Due to related parties (Note 21)	314,697	-	314,697
Total financial liabilities	**322,706**	**-**	**322,706**

vii) 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 adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings') less cash and cash equivalents. Total capital is calculated as equity plus net debt.

4 Financial risk management objectives and policies (continued)

The constitution of capital managed by the Group is as follows:

Net debt reconciliation and gearing ratio	2024 Shs'000	2023 Shs'000
Equity	5,101,046	5,775,389
Borrowings (Note 17)	2,332,007	1,074,630
Less: cash equivalents (Note 28)	(250,950)	(493,684)
Net debt/ (cash)	2,081,057	580,946
Debt to Equity ratio	41%	10%

Fair value estimation

The different level of fair value measurement hierarchy is described as follows:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cash flow analysis. These valuation techniques maximize 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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of all assets and liabilities at the year-end date approximate their fair values.

NOTES (Cont'd)

5 Revenue from contracts with customers

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Sales recognised at a point in time by category:				
Human nutrition	8,643,844	11,280,545	-	-
Animal nutrition	14,983,932	12,676,747	-	-
Animal health products	76,087	93,732	-	-
	23,703,863	24,051,024	-	-
Sales recognised at a point in time by geography:				
Local sales	23,583,780	23,994,921	-	-
Export sales	120,083	56,103	-	-
	23,703,863	24,051,024	-	-

6 Earnings per share

	As at 30 June	
	2024 Shs'000	2023 Shs'000
(Loss)/ Profit for the year attributable to shareholders (Shs '000)	(449,552)	(636,517)
Weighted average number of ordinary shares ('000)	75,707	75,707
Basic and diluted earnings per share:	(5.94)	(8.41)

Diluted earnings per share is the same as basic earnings per share.

7 Dividends

In respect of the current financial year, the directors do not propose the payment of dividend (2023: Nil). Payment of dividend is subject to withholding tax at a rate of 10% for non-resident shareholders and 5% for resident shareholders. For resident shareholders, withholding tax is only deductible where the shareholding is below 12.5%.

NOTES (Cont'd)

8 Other Income

	GROUP	
	2023 Shs'000	2022 Shs'000
Sale of packing material	5,534	2,959
Gain/loss on disposal of property, plant and equipment	(4,701)	1,451
Sundry income	41,619	140,481
	42,452	144,891

9 Segmental reporting

The principal activity of the Group continues to be the milling of wheat and maize and animal nutrition products, and the distribution of animal health products. Management has chosen to organise the entity around differences in market segments served by their products into two main segments namely human nutrition and animal nutrition and health. Management considers the fact that reports regularly reviewed by the chief operating decision maker in order to allocate resources and to assess performance are based on these two operating segments. Leadership team which comprises of the managing director, finance director, commercial director and functional heads is considered to be the key decision-making organ.

Description of the types of products and services from which each reportable segment derives its revenues

Unga Group Plc has two reportable segments: human nutrition and animal nutrition and health. The human nutrition segment produces products for human consumption. The animal nutrition and health segment produce animal feeds and mineral supplement products and distributes products for animal health.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Factors that management uses to identify the entity's reportable segments

Unga Group Plc segments are strategic business units that serve different market segments. They are managed separately because each business requires different technology and marketing strategies.

Information about major customers

Kenchic Limited and Tunga Nutrition Kenya Limited with revenues of Shs 3,787,715,000 (2023: Shs 3,438,152,000) and Shs 1,476,843 (2023: Shs 811,156) respectively are the major customers under the animal health and nutrition segment accounting for more than 10% of the Group revenue.

NOTES (Cont'd)

9 Segmental reporting (Continued)

Year ended 30 June 2024	Human Nutrition Shs'000	Animal Nutrition & Health Shs'000	Others Shs'000	Elimination Shs'000	Discontinuing Operations Shs'000	Consolidation Shs'000
Revenue from external customers	9,416,520	15,060,019	-	(772,676)	-	23,703,863
Interest income	4,658	1,795	6,828	-	-	13,281
Other income	5,539	36,913	-	-	-	42,452
Finance cost	(313,774)	(244,446)	(1,192)	-	-	(559,412)
Depreciation and amortisation	159,992	86,083	109	-	-	246,184
Reportable segmental profit/ (Loss)	(721,286)	73,978	(157,643)	-	-	(804,951)
Income tax expense	188,811	(51,562)	(1,874)	-	-	135,375
Other material non-cash items:						
Reportable segment assets	5,101,855	6,378,662	6,753,346	(6,941,583)	-	11,292,280
Capital expenditures for non-current assets	106,803	143,572	-	-	-	250,375
Reportable segmental liabilities	4,242,024	4,047,481	1,154,253	(3,252,524)	-	6,191,234

NOTES (Cont'd)

9 Segmental reporting (Continued)

Year ended 30 June 2023	Human Nutrition Shs'000	Animal Nutrition & Health Shs'000	Others Shs'000	Elimination Shs'000	Discontinuing Operations Shs'000	Consolidation Shs'000
Revenue from external customers	12,248,285	12,770,478	-	(967,739)	-	24,051,024
Interest income	13,957	7,727	9,693	-	-	31,377
Other income	123,607	21,435	(151)	-	-	144,891
Finance cost	600,282	190,419	(6,333)	-	-	784,368
Depreciation and amortisation	159,378	96,608	545	-	-	256,531
Reportable segmental profit/ (Loss)	(923,529)	(207,771)	(68,558)	-	-	(1,199,858)
Income tax expense	180,341	63,216	(3,080)	-	-	240,477
Other material non-cash items:						
Reportable segment assets	6,065,222	5,382,777	6,645,913	(6,587,911)	-	11,506,001
Capital expenditures for non-current assets	261,569	97,875	-	-	-	359,444
Reportable segmental liabilities	4,715,740	2,984,704	917,242	(2,887,074)	-	5,730,612

NOTES (Cont'd)

10 Finance income and costs

	GROUP		COMPANY	
	2024 Shs'000	**2023 Shs'000**	**2024 Shs'000**	**2023 Shs'000**
Finance income;				
Interest income on deposits	13,281	31,377	30	30
	13,281	**31,377**	**30**	**30**
Finance costs;				
Interest expense on bank loans	270,384	59,467	-	-
Interest expense on bank overdrafts	62,670	4,335	-	-
Interest expense on trade finance	117,428	255,042	-	-
Finance charge on leases	41,859	25,754	-	-
Net foreign exchange losses	67,071	439,770	-	-
	559,412	**784,368**	**-**	**-**

11 Breakdown of expenses by nature

The profit before taxation is arrived at after charging:

	GROUP		COMPANY	
	2024 Shs'000	**2023 Shs'000**	**2024 Shs'000**	**2023 Shs'000**
Staff costs (Note 12)	921,699	843,181	-	-
Outsourced selling and distribution costs	70,636	138,571	-	-
Inventories expensed in cost of sales	22,134,362	23,340,000	-	-
Depreciation of plant and equipment (Note 22)	218,847	221,120	-	-
Amortisation of right-of-use assets (Note 23)	24,586	32,846	-	-
Amortisation of intangible assets (Note 24)	2,751	2,565	-	-
Directors' remuneration	24,138	24,564	24,138	24,174
Auditor's fees	14,545	15,228	472	472
Provision for expected credit losses (Note 20)	(29,661)	240,062	-	-
Provision for Uncertain tax positions	122,807	-	-	-

NOTES (Cont'd)

12 Staff costs

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Salaries and wages	639,082	774,174	-	-
Redundancy costs	120,111	32,960	-	-
Retirement benefits obligation (note 26)	21,681	(20,684)	-	-
Social security costs (NSSF) contributions	5,976	1,996	-	-
Other staff costs	134,849	54,735	-	-
	921,699	**843,181**	**-**	**-**

The average number of employees of the Group during the year was as follows:	GROUP 2024 Shs'000	GROUP 2023 Shs'000
Production	111	110
Sales and distribution	68	47
Management and administration	106	141
	285	**298**

13 Income tax expense

The income tax expense has been calculated using income tax rate of 30% as at 30 June 2024 (2023: 30%).

	2024 Shs'000	2023 Shs'000
Current income tax	15,408	6,209
Under provision of current income tax in prior year	(24,509)	-
Deferred income tax (Note 18)	(126,274)	(246,686)
Income tax credit	**(135,375)**	**(240,477)**

NOTES (Cont'd)

13 Income tax expense (continued)

The tax on the companies profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Income tax expense	2024 Shs'000	2023 Shs'000
Loss before income tax from:	(804,951)	(1,199,858)
Tax calculated at the statutory income tax rate of 30% (2023 :30%)	(241,485)	(359,957)
Tax effects of:		
Expenses not deductible for tax purposes	127,422	157,224
Income not subject to tax	(19,641)	(6,518)
Under-provision of current income tax in prior years	(24,509)	-
(Under)/ over provision of deferred income tax in prior years	22,838	(33,269)
Deferred Income tax asset not recognised	-	2,043
Income tax expense	(135,375)	(240,477)

NOTES (Cont'd)

14 Share capital

	Number of Shares (Thousands)	Ordinary Shares Shs'000	Share Premium Shs'000
Authorised:			
Balance at 1 July 2022, 30 June 2023 and 30 June 2024	82,760	413,800	73,148
Issued and fully paid:			
Balance at 1 July 2022, 30 June 2023 and 30 June 2024	75,707	378,535	73,148

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands or electronically, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

15 Other reserves

	Currency translation differences Shs'000	Re-measurement of retirement benefit asset Shs'000	Total Shs'000
Year ended 30 June 2024			
At start of year	(763)	(10,652)	(11,415)
Credit to other comprehensive income	(3,099)	-	(3,099)
Transferred to retained earnings	-	10,652	10,652
At end of year	(3,862)	-	(3,862)
Year ended 30 June 2023			
At start of year	(43,889)	11,071	(32,818)
Credit to other comprehensive income	43,126	(21,723)	21,403
At end of year	(763)	(10,652)	(11,415)

NOTES (Cont'd)

16 Non-controlling interests

Group	2024 Shs'000	2023 Shs'000
At start of year	1,974,779	2,286,090
Share of loss for the year	(220,024)	(322,864)
Share of other comprehensive income	(1,668)	11,553
At end of year	1,753,087	1,974,779
Unga Holdings Limited:		
35% Equity interest held by Seaboard Corporation in Unga Holdings Limited	1,753,087	1,974,779

Summarised financial information on subsidiaries with material non-controlling Interests

Unga Holdings Limited which has a 35% non-controlling interest operates as a holding company. A summary of its financial performance is set out below:

Unga Holdings Limited summarised statement of Financial position	2024 Shs'000	2023 Shs'000
Current assets	6,488,278	6,871,824
Current liabilities	(5,748,978)	(5,712,969)
Total current net assets	739,300	1,158,855
Non-current assets	5,093,521	4,879,504
Non-current liabilities	(483,177)	(54,840)
Total non-current net assets	**4,610,344**	**4,824,664**
Total net assets	**5,349,644**	**5,983,519**

NOTES (Cont'd)

16 Non-controlling interests (continued)

Unga Holdings Limited summarised statement of Financial position	2024 Shs'000	2023 Shs'000
Revenue	23,703,863	24,051,024
Loss before income tax	(765,419)	(1,165,230)
Income tax(credit)/ expense	136,777	243,231
Loss from continuing operations	(628,642)	(921,999)
Profit/ (loss) from discontinuing operations	-	-
Other comprehensive income	(4,767)	32,956
	(633,409)	**(889,043)**
Unga Holdings Limited summarised cash flows		
Net cash absorbed from operating activities	(1,170,153)	(372,541)
Net cash used in investing activities	(249,316)	(346,369)
Net cash from financing activities	1,232,499	551,236
Net (decrease) in cash and cash equivalent	(186,970)	(167,674)
Cash and cash equivalent at start of year	427,559	675,498
Net (decrease)/ increase in cash and cash equivalent	(186,970)	(167,674)
Effect of exchange rates	7,332	(80,265)
At end of year	**247,921**	**427,559**

NOTES (Cont'd)

17 Borrowings

Group	2024 Shs'000	2023 Shs'000
Bank loans	2,332,007	1,074,630
The borrowings are classified as follows:		
Current		
Bank borrowings repayable within 1 year	2,097,166	1,074,630
Non - current		
Bank borrowings repayable between 2-5 years	234,841	-
	2,332,007	1,074,630
Movement in borrowings:		
At start of year	1,074,630	493,084
Received during the year	6,922,629	1,809,274
Repaid during the year	(5,665,252)	(1,227,728)
At end of year	**2,332,007**	**1,074,630**

Bank loans comprise the following facilities to the subsidiary Companies;

Unga Limited – NCBA facility
The Bank facility taken over by NCBA Bank from ABSA Bank comprised of a 6-year term loan of Shs 860,000,000 taken in 2017 to finance the purchase and construction of a new wheat milling plant in Eldoret. Interest charged is Central Bank Rate (CBR) plus 6.35% Margin. The loan is repayable in equal instalments after the end of the moratorium of 12 months. The entire loan had been drawn down as at 30 June 2022. The effective interest rate on the facility at 30 June 2024 was 19.35% (2023: 16.85%) The borrowings are secured by an all-assets debenture for Shs 1.885 billion, corporate guarantees by Unga Group Plc of Shs 1.885 billion and legal charges of Shs 1.885 billion over certain properties.

In the year ended 30 June 2023, a 6-year asset finance facility loan of Shs 188.5 million loan was secured with NCBA bank to finance the construction and installation of pv solar. Interest charged is Bank's Kes Base rate which was 17.5% plus 1.6% Margin. A total of Shs 162,664,811 of the loan amount had been drawn down as at 30 June 2024 (2023: Shs 137,805,818). The effective interest rate on the facility as at 30 June 2024 was 19.1% (2023:13.6%).

Unga Limited has a composite facility from NCBA bank comprising of overdraft facility, invoice discounting, bank guarantees, stock loan, letters of credit, post import finance and invoice discounting amounting to USD 4,067,300 (Shs 530,172,555) available in both US dollars and KES. Unused facilities at year end available to Unga Limited together with its fellow subsidiary Unga Farm Care (EA) Limited amounted to Shs 224,405,000 (2023: Shs 190,358,000). The facility is at an interest rate of Bank's Kes Base rate which was 17.5% plus 2.6% margin for KES facililities and 3-month USD SOFR rate plus 4% for USD facilities. The effective interest rate for the year ended 30 June 2024 was 20.1% for KES facilities (2023:14.6%) and 9.35% for USD facilities (2023:9.08%).

NOTES (Cont'd)

17 Borrowings (continued)

Under the terms of the "facility agreement" dated 26 September 2023, the Company is required to comply with certain financial covenants. The following financial covenants had not been complied with as at 30 June 2024:

- Debt Service Cover - The ratio of cash flow to debt service shall not fall below 1.25 times to 1 (ratio as at 30 June 2024 was -0.19)
- Leverage or total gearing ratio shall not be above 3.1 times of equity for such relevant period (ratio as at 30 June 2024 was 3.81)

The Company received a letter from the lender confirming that the breach had been condoned as at year end.

Unga Farm Care (EA) Limited – NCBA

In the financial year ended 30 June 2023, a 5-year asset finance facility loan of Shs 146,144,000 loan was secured with NCBA bank to finance the construction and installation of pv solar. Interest charged is the Bank Base rate plus 1.6% Margin. A total of Shs. 118,982,220 of the loan amounts had been drawn down as at 30 June 2024. The Bank base rate plus margin on the facility as at 30 June 2024 was 19.1% (2023: 13.6%)

In the year ended 30 June 2023, a 12-month moratorium effective February 2023 was granted on principal and interest ended and principal repayment commenced in March 2024.

Unga Farm Care (EA) Limited has a composite facility from NCBA bank comprising of overdraft facility, invoice discounting, bank guarantees, stock loan, letters of credit and post import finance amounting to USD 6,400,000 (Shs 832,240,000) and Kes 450,000,000 to be availed in both USD and Kes. Unused facilities at year end available to Unga Farm Care (EA) Limited together with its fellow subsidiary Unga Limited amounted to Shs 224,405,000 (2023: Shs 190,358,000). The facility is at an interest rate of bank's base rate plus a margin of 2.6% per annum for KES facilities and 3-month USD SOFR rate plus 4% for USD facilities. The effective interest rate for the year ended 30 June 2024 was 20.1% for KES facilities (2023:14.6%) and 9.35% for USD facilities (2023:9.08%).

NOTES (Cont'd)

18 Deferred income tax

Deferred income tax is made up of the following.	GROUP 2024 Shs'000	GROUP 2023 Shs'000
Deferred income tax assets	352,680	182,126
Deferred income tax liabilities	(97,758)	(53,478)
Net deferred income tax assets	**254,922**	**128,648**

Deferred income tax is calculated using the enacted income tax rate of 30% (2023: 30%). The movement in the net deferred income tax assets is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	128,648	(132,362)
Credit/ (charge) to profit or loss	126,274	246,686
Charge to other comprehensive income (Note 18)	-	14,324
At end of year	**254,922**	**128,648**

NOTES (Cont'd)

18 Deferred income tax (Continued)

Year ended 30 June 2024	01.07.2023 Shs'000	Charged/ (credited) to P/L Shs'000	Credit to OCI Shs'000	30.06.2024 Shs'000
Deferred income tax liabilities				
Property plant and equipment	499,115	(16,475)	-	482,640
Retirement benefits obligation	2,332	(2,332)	-	-
Unrealised exchange gains	-	12,932	-	12,932
	501,447	**(5,875)**	**-**	**495,572**
Deferred income tax assets				
Unrealised exchange losses	(21,299)	30,264	-	8,965
Other deductible differences	(111,256)	(46,476)	-	(157,732)
Tax losses carried forward	(679,666)	(104,187)	-	(783,853)
	(812,221)	(120,399)	-	(932,620)
Deferred income tax asset not recognised	182,126	-	-	182,126
Net deferred income tax	**(128,648)**	**(126,274)**	**-**	**(254,922)**

Year ended 30 June 2023	01.07.2022 Shs'000	Charged/ (credited) to P/L Shs'000	Credit to OCI Shs'000	30.06.2022 Shs'000
Deferred income tax liabilities				
Property plant and equipment	538,046	(38,931)	-	499,115
Retirement benefits obligation	16,656	-	(14,324)	2,332
	554,702	**(38,931)**	**(14,324)**	**501,447**
Deferred income tax assets				
Unrealised exchange losses	(6,408)	(14,891)	-	(21,299)
Other deductible differences	(54,600)	(56,656)	-	(111,256)
Tax losses carried forward	(541,415)	(138,251)	-	(679,666)
	(602,423)	(209,798)	-	(812,221)
Deferred income tax asset not recognised	180,083	2,043	-	182,126
Net deferred income tax	**132,362**	**(246,686)**	**(14,324)**	**(128,648)**

NOTES (Cont'd)

18 Deferred income tax (Continued)

The Group has not recognised the deferred income tax asset amounting to Shs 182 million arising from tax losses carried forward in a non-operating subsidiary entity because it is uncertain as to when the Group will generate sufficient future profits to utilise the losses.

Deferred income tax asset includes deferred income tax arising from tax losses reported in some operating subsidiaries with part attribution to capital allowances granted in the past. The group has applied judgement in concluding that the deferred income tax assets will be recoverable from the future taxable income based on the approved business plans and budgets for the subsidiaries

19 Inventories

	GROUP	
	2024 Shs'000	2023 Shs'000
Raw materials	2,643,479	1,979,057
Finished products	538,782	662,162
Packing materials	85,982	84,659
Engineering spares	133,052	114,716
	3,401,295	**2,840,594**

Amounts recognised in profit or loss

Inventories expensed in cost of sales amounted to Shs 22.63 billion (2023: Shs 21.14 billion).

Reversal of provision for inventories amounted to Shs 4.63 million (2023: Reversal of Shs 2.63 million).

20 Trade and other receivables

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Trade receivables	836,589	2,019,090	-	-
Related party trade receivables (Note 30 vi)	1,050,034	800,130	-	-
Less: Provision for expected credit losses	(448,465)	(478,126)	-	-
	1,438,158	2,341,094	-	-
VAT recoverable	439,650	397,958	-	-
Other receivables and prepayments	554,088	463,449	4,256	4,240
Due from related parties (Note 30)	607	-	57,172	57,008
	2,432,503	**3,202,501**	**61,428**	**61,248**

20 Trade and other receivables (Continued)

The movements in the provision for expected credit losses on trade and other receivables was as follows:

	GROUP	
	2024 Shs'000	2023 Shs'000
At start of year	478,126	238,064
Charge to profit or loss in the year	(29,661)	240,062
At end of year	448,465	478,126
Expected credit losses are made up as follows:		
Trade receivables	448,465	478,126
Other receivables	-	-
	448,465	478,126

21 Trade and other payables

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Trade payables	2,124,176	1,241,453	-	-
Other payables and accrued expenses	696,073	1,843,414	9,456	8,009
Due to related parties (Note 30 vi)	866,644	1,480,802	356,710	314,697
	3,686,893	**4,565,669**	**366,166**	**322,706**

NOTES (Cont'd)

22 Property, plant and equipment - Group

Year ended 30 June 2024	Buildings Shs'000	Plant and equipment Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
At start of the year	1,057,264	1,347,377	1,005	603,593	3,009,239
Additions	2,857	66,101	11,379	165,635	245,972
Transfers of renovated silos from WIP to plant and equipment	-	4,403	-	(4,403)	-
Disposals	-	(9,119)	-	-	(9,119)
Depreciation charge	(28,946)	(188,233)	(1,668)	-	(218,847)
Depreciation on disposals	-	9,119	-	-	9,119
Closing net carrying amount	**1,031,175**	**1,229,648**	**10,716**	**764,825**	**3,036,364**
At 30 June 2024					
Cost	1,286,493	3,074,471	320,346	764,825	5,446,135
Accumulated depreciation	(255,318)	(1,844,823)	(309,630)	-	(2,409,771)
Net carrying amount	**1,031,175**	**1,229,648**	**10,716**	**764,825**	**3,036,364**

The Work in progress in the current period is in relation to the ongoing solar project.

Year ended 30 June 2023	Buildings Shs'000	Plant and equipment Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
At start of the year	1,066,786	1,485,739	16,840	319,975	2,889,340
Additions	9,823	47,876	-	294,944	352,643
Transfers	9,035	1,350	-	(10,385)	-
Disposals	-	(2,801)	(17,539)	(941)	(21,281)
Depreciation charge	(28,380)	(187,588)	(5,152)	-	(221,120)
Depreciation on disposals	-	2,801	6,856	-	9,657
Net carrying amount	**1,057,264**	**1,347,377**	**1,005**	**603,593**	**3,009,239**
At 30 June 2023					
Cost	1,286,493	3,003,754	308,967	603,593	5,202,807
Accumulated depreciation	(229,229)	(1,656,377)	(307,962)	-	(2,193,568)
Net carrying amount	**1,057,264**	**1,347,377**	**1,005**	**603,593**	**3,009,239**

The work in progress in the current period is in relation to the ongoing solar project, Nairobi feeds weighbridge installation and cross gantry conveyors project.

Transfers relate to building capitalized after venture asset transfer within the year.

NOTES (Cont'd)

22 Property, plant and equipment - Group (continued)

Impairment assessment

The decline in business performance occasioned by a challenging operating environment gave rise indicators of potential impairment of certain milling assets. As required by the International Financial Reporting Standards, management prepared a projected cash flows model to assess for impairment.

The following table describes the key assumptions used by management in the value in use calculations that were prepared to test the assets with a net book value of Shs 730,028,000 for impairment:

ASSUMPTION	APPROACH USED TO DETERMINE VALUES:
Discount rate	Based on specific risks relating to the industry and country for KES denominated cash flows. Factors considered for the industry include regulatory environment, market competition, and barriers to entry.
Volume growth	This is based on management's market sizing and market share projection.
Gross margin	Based on past experience and management expectations of the future.
Selling, general and admin-strative expenses growth	Based on past experience and management expectations of the future.

Based on the assumptions described above, the recoverable amount for the assets was higher than the carrying amount at 30 June 2024 resulting in a headroom of Shs 126 million.

Sensitivity analysis

- If volumes growth after 2025 drop by 1% to an average of 3 over the remaining projection period, the headroom decreases to Shs 99 million.
- If gross profit margin reduces by 1 % from 7% after 2025 to 6%, an impairment of Shs 230 million will be recorded.
- If Selling and general administrative cost increase by 0.5% of revenue to 6.5%, an impairment of Shs 60 million will be recorded.
- If the discount rate increases by 1%, the headroom decreases to Shs 85 million.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause significant misstatement of the value-in-use calculations used to estimate the recoverable amount of the cash generating units (CGU).

NOTES (Cont'd)

23 Leases - Group

i) Right-of-use assets

	Leasehold land Shs'000	Warehouse Shs'000	Motor vehicles Shs'000	Total Shs'000
Year ended 30 June 2024				
At start of year	173,800	103,236	74,883	351,919
Additions	-	63,564	-	63,564
Disposal/terminated	-	(4,602)	-	(4,602)
	173,800	**162,198**	**74,883**	**410,881**
Amortisation				
At start of year	40,846	76,165	74,883	191,894
Charge for the year	2,616	21,970	-	24,586
At end of year	43,462	98,135	74,883	216,480
Carrying amount at end of year	**130,338**	**64,063**	**-**	**194,401**
Year ended 30 June 2023				
Cost				
At start of year	173,800	98,968	74,186	346,954
Additions	-	6,902	697	7,599
Disposal/terminated	-	(2,634)	-	(2,634)
	173,800	**103,236**	**74,883**	**351,919**
Amortisation				
At start of year	38,229	54,413	66,406	159,048
Charge for the year	2,617	21,752	8,477	32,846
At end of year	40,846	76,165	74,883	191,894
Carrying amount at end of year	**132,954**	**27,071**	**-**	**160,025**

The Group has pledged leasehold land with a net book value of Shs 16,956,000 (2023: Shs 17,473,950 to secure borrowings granted to it (see Note 17).

NOTES (Cont'd)

23 Leases - Group (continued)

(ii) Lease liabilities

	2024 Shs'000	2023 Shs'000
Current	24,418	28,603
Non-current	39,146	1,363
	63,564	**29,966**

(iii) Lease liability movement

	2024 Shs'000	2023 Shs'000
Start of the year	29,966	55,311
Additions	63,564	6,903
Finance charge	1,836	4,839
Finance charge payments	(1,836)	(4,839)
Repayments in the year	(24,878)	(30,311)
Early lease termination	(4,602)	(1,937)
Gain on lease termination	(486)	-
At end of year	**63,564**	**29,966**
Amounts recognised in profit or loss:		
Interest on lease liabilities	1,836	4,839
Amortisation of right of use assets	24,586	32,846
Amounts recognised in statement of cash flows:		
Payment of principal portion on lease liabilities	24,878	30,311
Payment of interest	1,836	4,839
	26,714	35,150

24 Intangible assets - Group

	2024 Shs'000	2023 Shs'000
Computer software - Cost		
Cost		
At start of year	402,152	395,351
Additions	-	6,801
At end of year	**402,152**	**402,152**
Amortisation		
At start of year	385,398	382,833
Amortisation for the year	2,751	2,565
At end of year	**388,149**	**385,398**
Net book value	**14,003**	**16,754**

NOTES (Cont'd)

25 Investment in subsidiaries – Company

Unquoted investment at cost in wholly owned subsidiary

	2024 Shs'000	2023 Shs'000
Unga Investments Limited	**1,297,335**	**1,297,335**

Details of the Company's subsidiaries are as follows:

Company name	Principal place of business	Principal activity	% interest held	Share capital Shs'000
Unga Investments Limited	Kenya	Operates as a holding and an investment company	100	22,000

Unga Investments Limited has a 65% holding in its subsidiary, Unga Holdings Limited which operates as a holding company in Kenya and has the following subsidiaries:

Company name	Principal place of business	Principal activity	% interest held	Share capital Shs'000
Unga Limited	Kenya	Milling of wheat and maize	100%	220,000
Unga Farm Care (EA) Limited	Kenya	Manufacture of animal nutrition products and distribution of animal health products	100%	22,520
Unga Feeds Limited	Kenya	Dormant company	100%	42,300
Unga Foods Limited	Kenya	Dormant company	100%	15,400
Unga Millers (U) Limited	Uganda	Milling of wheat and maize, and distribution of animal nutrition products	100%	7,280
Ennsvalley Bakery Limited	Kenya	Dormant company	100%	250

26 Post-employment benefits obligation - Group

Retirement benefits scheme

The Group operated a contributory defined benefits pension plan for employees of Unga Limited and Unga Farm Care (EA) Limited. The retirements benefits scheme asset represents the Group's share of the actuarial surplus of the fair value of the scheme assets over the value of past service pension obligations after applying an asset ceiling to the group. An asset ceiling was applied in the prior year only to recognise the benefit arising from reduced employer contributions available to the company as a result of the scheme being in an actuarial surplus position.

With effect from 1 January 2022, the Company commenced operating a defined contribution retirement benefit scheme for its employees as the defined benefit scheme was closed to new members and to further contributions. For defined contribution plans, the company pays contributions to a multi employer (umbrella) administered pension insurance plan on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The transfer of balances was done based on the benefits accrued as at 30 June 2023.

During the year ended 30 June 2024, management completed the process of transfering the scheme's assets to the umbrella fund, Zamara Fanaka Retirement Fund, together with the member obligation.

The amount included in the statement of financial position arising from the Group's obligation in respect of this defined benefits pension scheme is arrived at as follows:

	2024 Shs'000	2023 Shs'000
Present value of funded obligation	-	939,865
Fair value of plan assets	-	(983,227)
Surplus on funded plan	-	(43,362)
Impact of asset ceiling	-	21,681
Retirement benefit scheme as recognised in the statement of financial position	-	(21,681)

NOTES (Cont'd)

26 Post-employment benefits obligation - Group (continued)

The movement in the retirement benefit scheme asset over the year was as follows:

Year ended 30 June 2024	Present value of obligation Shs'000	Fair value of plan assets Shs'000	Total Shs'000	Impact asset ceiling Shs'000	Total Shs'000
At start of year	939,865	(983,227)	(43,362)	21,681	(21,681)
Loss on transfers	-	43,362	43,362	(21,681)	21,681
Charge to profit or loss		43,362	43,362	(21,681)	21,681
Transfers from plan	(939,865)	939,865	-	-	-
At end of year	**-**	**-**	**-**	**-**	**-**

Year ended 30 June 2023	Present value of obligation Shs'000	Fair value of plan assets Shs'000	Total Shs'000	Impact asset ceiling Shs'000	Total Shs'000
At start of year	923,026	(982,014)	(58,988)	29,494	(29,494)
Current service cost	-	-	-	-	-
Interest expense/ (income)	115,017	(135,701)	(20,684)	-	(20,684)
Charge to profit or loss	115,017	(135,701)	(20,684)	-	(20,684)
Re measurements:					
Return on plan assets	-	79,051	79,051	-	79,051
Change in experience	(42,696)	-	(42,696)	1	(42,695)
Change in assumptions	(60)	19,262	19,202	-	19,202
Change in asset ceiling	-	-	-	(7,814)	(7,814)
Charge to other comprehensive income	(42,756)	98,313	55,557	(7,813)	47,744
Contributions:					
- Employees	-	-	-	-	-
- Employer	-	(19,247)	(19,247)	-	(19,247)
Payments from plan	(55,422)	55,422	-	-	-
	(55,422)	36,175	(19,247)	-	(19,247)
At end of year	**939,865**	**(983,227)**	**(43,362)**	**21,681**	**(21,681)**

NOTES (Cont'd)

26 Post-employment benefits obligation - Group (continued)

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

Discount rate	At current discount rate Shs 'million	1% decrease Shs 'million	1% increase Shs 'million
At 30 June 2023			
Present value of obligation	939.9	930.5	949.3

The significant actuarial assumptions were as follows;

	2024	2023
Discount rate	-	15.60%
Rate of salary escalation	-	13.60%
Rate of pension increases	-	0%

Since the bulk of the benefits payable under the scheme are salary related and there are no pensions paid from the scheme, the sensitivity of the liability to a change in the salary escalation assumption is expected to be consistent with the sensitivity to the discount rates.

The plan assets are comprised of the following:

	2023 Shs'000	2023 %
Local Quoted Shares	207,432	21.1
Offshore investments	71,503	7.3
Kenya government securities	673,184	68.5
Fixed and term deposits	33,570	3.4
Net current asset/ (liabilities)	(2,462)	(0.3)
Total assets	**983,227**	**100**

Through its defined benefit pension plans, the Group is exposed to a few risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to treasury bonds yields; if plan assets underperform this yield, this will create a deficit. The plan assets currently exceed the liabilities, and this risk is therefore not considered significant.

Changes in bond yields

A decrease in treasury bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The above risks were not applicable as at 30 June 2024 as the group had transferred all the schemes assets and member obligations to the umbrella fund as at that date.

NOTES (Cont'd)

27 Cash generated from operations

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Loss before taxation from:	(804,951)	(1,199,858)	(43,274)	(42,191)
Adjustments for:				
Depreciation (Note 22)	218,847	221,120	-	-
Amortisation on leases (Note 23)	24,586	32,846	-	-
Interest expenses	492,341	344,598	-	-
Finance charge on leases (Note 23)	1,836	4,839	-	-
Amortisation of intangible assets (Note 24)	2,751	2,565	-	-
Gain/loss on disposal of assets	4,702	(1,451)	-	-
Post-employment benefits obligation	21,681	(39,923)	-	-
Gain on lease termination (Note 23)	(486)	-	-	-
Share of profit & amortization in associate	(16,781)	6,285	-	-
Working capital changes:				
- inventories	(560,701)	(786,152)	-	-
- trade and other receivables	769,998	(262,296)	(180)	(5)
- trade and other payables	(878,776)	1,667,560	43,460	42,203
Cash generated from operations	(724,953)	(9,867)	6	7

NOTES (Cont'd)

28 Cash and cash equivalent

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from the bank repayable within three months from the date of advance as follows;

	GROUP		COMPANY	
Cash and cash equivalent	**2024 Shs'000**	**2023 Shs'000**	**2024 Shs'000**	**2023 Shs'000**
Bank balances	250,736	493,581	3,014	3,008
Cash balances	214	103	-	-
Cash and cash equivalents	**250,950**	**493,684**	**3,014**	**3,008**
Net debt reconciliation				
Cash and cash equivalents	250,950	493,684	-	-
Borrowings	2,332,007	1,074,630	-	-
Lease liability	39,146	29,966	-	-
Cash and cash equivalents	**2,622,103**	**1,598,280**	**-**	**-**

29 Capital commitments

	GROUP	
	2024 Shs'000	**2023 Shs'000**
Authorised but not contracted for	437,518	565,019
Authorised and contracted for	46,801	117,003
	484,319	**682,022**

The bulk of the commitments relates to MCC fire suppression, maize sifter retrofit, silo roofing repairs and CCTV system upgrade. In addition, Silo rehabilitation, gantry and store C yard restoration for Nairobi Feeds. The authorized and contracted for commitments relates to the ongoing solar project for both Unga Limited and Unga Farm Care plants.

NOTES (Cont'd)

30 Related party transactions

During the year the following transactions were entered into with related and affiliated parties:

	GROUP		COMPANY	
Cash and cash equivalent	**2024 Shs'000**	**2023 Shs'000**	**2024 Shs'000**	**2023 Shs'000**
(i) Sale of goods and services				
Kenchic Limited	3,787,715	3,438,152	-	-
Tunga Nutrition Kenya Limited	1,476,843	811,156	-	-
Tunga Nutrition Uganda Limited	193,386	64,967	-	-
Tanbreed Poultry Limited	158,656	67,621	-	-
	5,616,600	**4,381,896**	**-**	**-**
(ii) Purchase of goods and services:				
Purchases of raw materials				
Seaboard Overseas Limited	1,047,358	5,184,363	-	-
Purchases of equipment and spares				
Seaboard Overseas Group	30,994	17,320	-	-
Interest charged on trade finance				
Seaboard Overseas Group	117,428	-	-	-
	1,195,780	**5,201,683**	**-**	**-**

Seaboard is affiliated by virtue of being part of the non-controlling interest as set out in Note 16. Seaboard Corporation is a company with significant shareholding in the parent company. Seaboard Overseas Limited, Seaboard Overseas Group and Seaboard Overseas Management Company are subsidiaries of Seaboard Corporation.

The group is also related to some of its customers by virtue of common shareholding. These are Kenchic Limited and NAS Holdings Limited and its affiliates.

	GROUP		COMPANY	
(iii) Key management compensation	**2024 Shs'000**	**2023 Shs'000**	**2024 Shs'000**	**2023 Shs'000**
Salaries and other short-term employment benefits	157,146	197,446	-	-

NOTES (Cont'd)

30 Related party transactions (continued)

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
(iv) Directors' remuneration				
Fees for services as director	24,138	24,564	24,138	24,174
Other emoluments	56,256	56,605	-	-
	80,394	**81,169**	**24,138**	**24,174**
(v) Due to related parties				
Trade payables:				
Tunga Nutrition (K) Limited	983	4,592	-	-
Seaboard Corporation	865,661	1,476,210	-	-
	866,644	1,480,802	-	-
Other payables				
Unga Limited	-	-	151,503	314,697
Unga Farm Care (EA) Limited	-	-	137,940	-
Unga Investment Limited	-	-	67,266	-
	866,644	**1,480,802**	**356,709**	**314,697**
(vi) Due from related parties				
Trade receivables:				
Kenchic Limited	580,249	431,591	-	-
Tanbreed Poultry Limited	29,827	15,953	-	-
Tunga Nutrition Kenya Limited	381,484	334,941	-	-
Tunga Nutrition Uganda Limited	58,474	17,645	-	-
	1,050,034	**800,130**	**-**	**-**
Other receivables:				
Unga Holdings Limited	-	-	7,476	7,312
Seaboard Corporation subsidiaries	607	-	49,696	49,696
	607	-	57,172	57,008
	1,050,641	**800,130**	**57,172**	**57,008**

NOTES (Cont'd)

31 Investment in associate

During the year ended 30 June 2022, management finalized the formation and commissioning of two partnerships with Nutreco namely Tunga Nutrition (K) Limited and Tunga Nutrition (U) Limited.

Tunga Nutrition (K) Limited brought together the total existing aquafeed business of Unga Farm Care (E.A.) Limited and Nutreco within the East Africa region, into a 50/50 venture with Nutreco having management control over the venture. Unga Farm Care (E.A.) Limited contributed its fish feed plant, its aquafeed customers and cash while Nutreco contributed its aquafeed customers and cash.

Tunga Nutrition (U) Limited brought together the animal nutrition businesses of Unga Farm Care (E.A.) Limited and Nutreco B.V. within Uganda into a 50/50 venture, with Nutreco B.V. having management control of the venture. Unga Millers (U) Limited contributed its property plant and equipment, Unga Farm Care animal nutrition customers in Uganda and cash to the venture, while Nutreco contributed its animal nutrition customers in Uganda and cash.

(i) Summarised financial information for associate

The tables below provide summarized financial information for the associate accounted for using the equity method:

Summarised balance sheet at 30 June

	Tunga N Kenya 2024 Shs'000	Tunga N Uganda 2024 Shs'000	Total 2024 Shs'000	Tunga N Kenya 2023 Shs'000	Tunga N Uganda 2023 Shs'000	Total 2023 Shs'000
Current assets:						
Cash and cash equivalents	408,142	85,080	493,222	262,286	116,009	378,295
Other current assets	633,066	665,779	1,298,845	665,897	1,374,181	2,040,078
Non-current assets						
Property, Plant and Equipment	562,425	1,125,209	1,687,634	587,406	963,925	1,551,331
Right of use assets	109,363	-	109,363	-	-	-
Intangible assets	258,953	148,424	407,377	359,193	208,552	567,745
Non-current liabilities:						
Lease liability	(129,783)	-	(129,783)	-	-	-
Other non-current liabilities	(30,900)	-	(30,900)	-	-	-
Current liabilities:						
Other current liabilities	(511,222)	(353,854)	(865,076)	(557,995)	(121,831)	(679,826)
Net assets	**1,300,044**	**1,670,638**	**2,970,682**	**1,316,787**	**2,540,836**	**3,857,623**

NOTES (Cont'd)

31 Investment in associate (continued)

Summarised statement of comprehensive income for the 12 months ended 30 June.

	Tunga N Kenya 2024 Shs'000	Tunga N Uganda 2024 Shs'000	Total 2024 Shs'000	Tunga N Kenya 2023 Shs'000	Tunga N Uganda 2023 Shs'000	Total 2023 Shs'000
Revenue	2,589,791	1,725,897	4,315,688	2,055,333	600,047	2,655,380
Expenses	(2,490,351)	(1,540,638)	(4,030,989)	(1,874,659)	(545,537)	(2,420,196)
Net interest income/(expenses)	-	583	583	-	(57,471)	(57,471)
Depreciation and amortisation	(89,984)	(81,132)	(171,116)	(80,885)	(29,904)	(110,789)
Income tax expense	(32,182)	(48,422)	(80,604)	(60,009)	(19,486)	(79,495)
Profit for the period	(22,726)	56,288	33,562	39,780	(52,351)	(12,571)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(22,726)	56,288	33,562	39,780	(52,351)	(12,571)
Company share of profit (50%)	(11,363)	28,144	16,781	19,890	(26,175)	(6,285)
Reconciliation to carrying amounts:						
Opening investment value as at 1st July 2023	674,058	818,678	1,492,736	654,168	704,072	1,358,240
Share of profit in joint venture	(11,363)	28,473	17,110	19,890	(26,175)	(6,285)
Translation Adjustment	-	(10,826)	(10,826)	-	140,781	140,781
Investment carrying amount	662,695	836,325	1,499,020	674,058	818,678	1,492,736

08 SHAREHOLDERS INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

TO ALL STAKEHOLDERS

NOTICE is hereby given that the Ninety-Seventh Annual General Meeting of Unga Group Plc for the year 2024 will be held via electronic communication on Thursday, 5th December 2024 at 10.00 a.m. to conduct the following business: -

ORDINARY BUSINESS

1. To read the notice convening the meeting.
2. To confirm the minutes of the Ninety Sixth (96th) Annual General Meeting held on Thursday, 7th December 2023.
3. To receive the Chairman's report.
4. To receive and adopt the Consolidated Audited Financial Statements for the financial year ended 30th June 2024 together with the reports of the Directors and the Auditors thereon.
5. To note that the Directors did not recommend a dividend for the year ended 30th June 2024.
6. Election of Directors: -

    a) In accordance with the provisions of Article 67.1 of the Company's Articles of Association
        i. Ms Isabella Ochola-Wilson retires by rotation. In accordance with the provisions of the Code of Corporate Governance practices for issuers of securities to the public 2015, Mrs Wilson has attained the retirement age of 70 years and being eligible, offers herself for re-election
        ii. Mr Vitalis Ondeke Ojode retires by rotation. In accordance with the provisions of the Code of Corporate Governance practices for issuers of securities to the public 2015, Mr Ojode has attained the retirement age of 70 years and being eligible, offers himself for re-election
        iii. Mr Alan McKittrick retires by rotation and is not offering himself for re-election.

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

        (i) Ms Shilpa Haria
        (ii) Mr Andrew Ndegwa
        (iii) Mr Vitalis Ojode
        (iv) Ms Ciru Miring'u
        (v) Ms Wangari Murugu

7. Directors' Remuneration: -

    a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 30th June 2024. b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 30th June 2024.

8. To re-appoint Messrs. PricewaterhouseCoopers (PwC) as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act 2015 and to authorise the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act 2015.

9. **SPECIAL BUSINESS**

    To pass the following resolution as an Ordinary Resolution of the Company.
    That the following policies be adopted pursuant to the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 - Referred to as POLD Regulations, 2023

    a) Remuneration Policy
    b) Stakeholders Engagement Policy

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

c) Corporate Disclosures Policy
d) Dispute Resolution Policy
e) Board Succession policy

10. To consider any other business of which due notice has been received.

By Order of the Board

Winniefred Jumba
Company Secretary

Date: 13th November 2024

NOTES:

1) The Board has determined that the 2024 Annual General Meeting of the Company be held via electronic means in accordance with Article 38.5 of the Company's Articles of Association.
2) Shareholders wishing to participate in the meeting should register for the AGM via a link to the AGM Platform that will be sent to them by SMS and / or email or via https://candrgroup.africa/ or by dialling *384*043# and follow the various registration prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their Shares or CDSC Account Number at hand. For assistance shareholders should dial the following helpline number: ((+254 20 8690360 from 9:00 a.m. to 4:00 p.m. from Monday to Friday. Any shareholder outside Kenya should email digital@candrgroup.co.ke to be assisted to register.
3) Registration for the AGM opens on 28th November 2024 at 08;00 am and will close on 4th December 2024 at 12.00 Noon
4) In accordance with Article 180 of the Companies Act and the Article 37.3 of the Company's Articles of Association, the following documents are available on the Company's website (https://unga-group.com)

    (i) a copy of this Notice and the proxy form;
    (ii) the Company's audited financial statements for the year ended 30th June 2024.
    (iii) the following policies.

        a) Remuneration Policy
        b) Stakeholders Engagement Policy
        c) Corporate Disclosures Policy
        d) Dispute Resolution Policy
        e) Board Succession policy
5) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

    a) Sending their written questions by email to digital@candrgroup.co.ke; or
    b) Accessing Virtual AGM via a link to the AGM Platform (or via https://candrgroup.africa/); Select Attend Event; Select "Q&A" option tab and submit questions in text box provided
    c) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code above and selecting the option (ask Question) on the prompts (within 160-character limit for SMS text); or
    d) To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company's Offices, Ngano House, Commercial Street, Industrial Area, PO Box 30096, 00100-Nairobi; or sending their written questions with a return physical address or email address by registered post to

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

the Company Registrars address: Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue.

e) Shareholders wishing to vote may do so prior to the AGM during the registration open period or during the AGM by:

   a) Accessing Virtual AGM via a link to the AGM platform (or via https://candrgroup.africa/); Select Attend Event; Select Voting Matters option tab at the top of the live stream display section and vote; or
   b) Accessing Virtual AGM via USSD platform via ***384*043#**; Select the menu option for Voting and follow the various prompts regarding the voting process.

6) In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.

   - A proxy need not be a member of the Company. If the proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.
   - A proxy form is available on the Company's website via this link: (https://unga-group.com. Physical copies of the proxy form are also available at Company's Offices, Ngano House, Commercial Street, Industrial Area, Nairobi; or the Company Registrars address: Custody & Registrars, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi.
   - A proxy must be signed by the appointer or his attorney duly authorised in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorised attorney of such body corporate.
   - A completed form of proxy should be emailed to proxy@candrgroup.co.ke or delivered to Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue so as to be received not later than 48 hours before the time of holding the meeting i.e. 3rd December 2024 at 10.00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number and email address to the Company no later than **3rd December 2024 at 10.00 a.m.**
   - Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 3rd December 2024 to allow time to address any issues.

7) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS) and/or email two hours ahead of the AGM, reminding them that the AGM will begin in two hours' time and providing a link to the live stream.
8) Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts or on the AGM Platform
9) A poll shall be conducted for all the resolutions put forward in the notice.
10) Results of the poll shall be published within 48 hours following conclusion of the AGM on the Company's website.
11) The preferred method of paying dividends which are below Kshs 140,000.00 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends via M-PESA by dialling ***483*038#** or contacting the Share Registrar, Custody & Registrars Services Limited.
12) All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority ('the Authority) as abandoned assets on the appointed date.

    Therefore, all shareholders with previous unpaid dividends are requested to urgently contact the Share Registrar, Custody & Registrars Services Limited at **IKM Place, Tower B, 1st Floor 5th Ngong Avenue, Nairobi; Tel: Mobile: (020) 7608216. Email:** info@candrgroup.co.ke to claim any unpaid dividends to avert the risk of the dividends being forwarded to the Authority.

PROXY FORM

97TH ANNUAL GENERAL MEETING

5th DECEMBER 2024

I/WE...

Share Account ....

Of (Address)..
being a member of the above Company, hereby appoint:

....

Of (Address)..Tel;...Email;...

Whom failing...

Of (Address)..Tel;...Email;...

or failing him, the Chairman of the Meeting, as our/my proxy, to vote for us/me and on our/my behalf at the Ninety-Seventh (97th) Annual General Meeting of Unga Group Plc to be held on Thursday,5th December 2024 and at any adjournment thereof.

I authorise my proxy to vote as follows on the resolutions for the meeting.

		Accept	Reject	Dissenting Opinion
	ORDINARY BUSINESS:			
2.	To confirm the minutes of the Ninety Fifth (96th) Annual General Meeting held on Thursday, 7th December 2023.			
3.	To receive the Chairman's report.			
4.	To receive and, if approved, adopt the Consolidated Audited Financial Statements for the year ended 30th June 2024, together with the Chairman's, the Directors' and Auditor's Reports thereon.			
5.	To note that the Directors do not recommend the payment of a dividend for the financial year ended 30th June 2024.			
6(a)	Election of Directors: In accordance with the provisions of Article 67.1 of the Company's Articles of Association			
	i) Mrs Isabella Ochola-Wilson retires by rotation and being eligible, offers herself for re-election.			
	ii) Mr Vitalis Ondeke Ojode retires by rotation and being eligible, offers himself for re-election.			

PROXY FORM (Cont'd)

		Accept	Reject	Dissenting Opinion
6(b)	In accordance with the-provisions of Section 769 of the Companies Act, 2015 the following Directors, being members of the Group Board Audit & Risk Committee be elected to continue to serve as members of the said Committee:- i) Ms Shilpa Haria ii) Mr Andrew Ndegwa iii) Mr Vitalis Ojode iv) Ms Ciru Miring'u v) Ms Wangari Murugu			
7.	Directors' Remuneration a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 30th June 2024.			
	b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 30th June 2024.			
8.	To note that the auditors, Messrs PricewaterhouseCoopers (PwC) will continue in office in accordance with Section 721 (2) and 724 of the Companies Act, No.17 of 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act 2015.			
1.	To adopt the following policies pursuant to the Capital Markets (Public Offers, Listings and *Disclosures) Regulations, 2023 - Referred to as POLD Regulations, 2023.* a) Remuneration Policy b) Stakeholders Engagement Policy c) Corporate Disclosures Policy d) Dispute Resolution Policy e) Board Succession policy			

As witness our/my hand this..day of..2024.

Signed..

Notes:

1. 1A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend in his stead. A proxy need not be a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or, if the appointor is a Corporation, either under seal, or under the hand of an officer or attorney duly authorised.
3. To be valid, this Proxy Form must be duly completed by a member and must either be emailed to proxy@candrgroup.co.ke or delivered to Custody & Registrars Services Ltd, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue P.O. Box 8484– 00100 GPO, Nairobi, so as to be received not later than 3rd December 2024 at 10:00 a.m.

NOTES

UNGA GROUP Plc

Nutrition for Life