

EAGADS LIMITED

(INCORPORATED IN KENYA)
DIRECTORS
E. MONARI (KENYAN)
A. GUREVICH (BRITISH)
J. KIMEMIA (KENYAN)

MANAGING AGENTS:
Coffee Management Services
P.O. BOX 896 - 00232
Nairobi - KENYA
Tel: (020)-801104/2
0733-633638; 0737-788777
0722-205530; 0714-029002

TO ALL SHAREHOLDERS

NOTICE is hereby given that in accordance with an Order issued by the High Court of Kenya in Miscellaneous Application No E.680 of 2020 on 29th April 2020, the Annual General Meeting of Eaagads Limited for the year 2020 will be held via electronic communication on Wednesday, 30 September, 2020 at 11:00 a.m. to conduct the following business:-

ORDINARY BUSINESS:

- To confirm the presence of a quorum.
- To confirm the minutes of the Annual General Meeting held on Wednesday, 25 September 2019.
- To receive, consider and if thought fit, adopt the Audited Financial Statements for the year ended 31 March 2020 together with the Chairman's, Directors' and Auditors' Reports thereon.
- To note that the Directors do not recommend payment of a dividend in respect of the financial year ended 31 March 2020.
- Directors
 - To re-appoint Mr. Joseph Kimemia who retires at this meeting in accordance with the provisions of Articles 86 and 87 of the Company's Articles of Association, and, being eligible, offers himself for reelection.
 - To re-appoint Mr. Artem Gurevich who retires at this meeting having been appointed in the course of the financial year, and, being eligible, offers himself for re-election.
- To note that the Directors did not receive any remuneration for the Financial Year ended 31 March 2020.
- To note that Messrs Ernst & Young will continue in office as auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorize the Directors to fix the Auditor's remuneration for the ensuing Financial Year in accordance with Section 724 (1) of the Companies Act, 2015.
- To consider any other business of which notice will have been duly received.

SPECIAL BUSINESS

- To consider and if thought fit to pass the following resolution as a Special Resolution, as recommended by the Directors:-
 - That the Articles of the Company be amended by adding the following sentence at the end of Article 52:-
"The Company may give such notice in writing or by electronic means or by a combination of means permitted by the Statutes."
 - That the Articles of Association of the Company be amended by inserting the following new Article 57A:

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57A ATTENDANCE OF A GENERAL MEETING BY ELECTRONIC MEANS
In the case of any general meeting, the Board may make arrangements for simultaneous attendance and participation by electronic means allowing persons not present together at the same place to attend, speak and vote at the meeting. The arrangements for simultaneous attendance and participation at any place at which persons are participating, using electronic means may include arrangements for controlling or regulating the level of attendance at any particular venue provided that such arrangements shall operate so that all members and proxies wishing to attend the meeting are able to attend at one or other of the venues, including venues chosen by such persons individually.

57A.2 The members or proxies at the place or places at which persons are participating via electronic means shall be counted in the quorum for, and be entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the Chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that the members or proxies attending at the place or places at which persons are participating via electronic means are able to: a) participate in the business for which the meeting has been convened, and b) see and hear all persons who speak (whether through the use of microphones, loud speakers, computer, audio-visual communication equipment or otherwise, whether in use when these Articles are adopted or developed subsequently) in the place at which persons are participating and any other place at which persons are participating via electronic means.

BY ORDER OF THE BOARD

Kathryne Maundu
KATHRYNE MAUNDU (MS)
COMPANY SECRETARY
Date: 8th September 2020

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- NOTES:**
- In view of the ongoing Coronavirus 2019 (COVID-19) pandemic and the related Public Health Regulations and directives passed by the Government of Kenya precluding inter alia public gatherings, it is impracticable, as contemplated under section 280 of the Companies Act 2015, for Eaagads Limited to hold a physical Annual General Meeting (AGM) in the manner prescribed in its Articles of Association.
 - On 29 April 2020, the High Court of Kenya in Miscellaneous Application No. E680 of 2020, made under the provisions of Section 280 of the Companies Act, 2015 (the Companies Act) issued an order granting special dispensation to any company listed on the Nairobi Securities Exchange ("Public Company") to convene and conduct a virtual general meeting subject to receipt of a No Objection from the Capital Markets Authority (CMA).
 - Eaagads Limited has convened and is conducting this virtual annual general meeting following receipt of a No Objection from the Capital Markets Authority.
 - Shareholders wishing to participate in the meeting should register for the AGM by dialing *483*820# for all Kenyan telephone networks and following 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 CDSC Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 709 170 000 from 9:00 a.m. to 5:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register OR send their details to eaagadsAGM@image.co.ke
 - Registration for the AGM opens on 8th September 2020 at 11:00 a.m. and will close on 28th September 2020 at 5:00 pm East African time.
 - In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.eaagads.co.ke (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year ended 31 March 2020; (iii) a copy of the High Court Order in Miscellaneous Application No. E680 of 2020; and (iv) a copy of the No Objection issued by the CMA.

The Condensed Audited Results for the year ended 31 March 2020 has been published with this Notice.

- Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - sending their written questions by email to eaagadsAGM@image.co.ke or
 - shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code above and selecting the option (ask Question) on the prompts; or
 - visiting www.eaagads.co.ke and accessing the 2020 AGM page where you can log a question directly on the webpage; or
 - d) in the event that the above is not possible, physically deliver their written questions with a return physical address or email address to the registered office of Image Registrars Limited, 5th Floor Absa Towers (Formerly Barclays Plaza), Loita Street.

Shareholders must provide their full details (full names, ID/Passport Number/ CDSC Account Number) when submitting their questions and clarifications. Any questions and clarifications must reach the Company on or before

29th September 2020 at 11:00 a.m. Limited questions will be responded to during the Annual General Meeting. Following receipt of the questions and clarifications, the Directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received and the answers thereto grouped into thematic areas and will be published on the Company's website not later than 12 hours before the start of the general meeting.

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- 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: www.eaagads.co.ke Physical copies of the proxy form are also available at the offices of Image Registrars Limited, 5th Floor Absa Towers (Formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointor 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 authorized attorney of such body corporate. A completed form of proxy should be emailed to eaagadsAGM@image.co.ke or delivered to the offices of Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street so as to be received not later than 24 hours before the time of holding the meeting i.e. 29th September 2020 at 11:00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 29th September 2020 at 5:00 p.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 29th September 2020 to allow time to address any issues.
- 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/ USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/ USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.
- 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.
- A poll shall be conducted for all the resolutions put forward in the notice.
- Results of the poll shall be published on the Company's website within 48 hours following conclusion of the AGM.
- Shareholders are encouraged to continuously monitor the Company's website www.eaagads.co.ke for updates relating to the AGM.

EAGADS LIMITED

ANNOUNCEMENT OF AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | |
|---|----------------|---------------------|-------------------|
| | 31 March 2020 | 31 March 2019 | |
| | Ksh'000 | Ksh'000 | Ksh'000 |
| Revenue | 456,627 | 199,195 | |
| Fair value loss on biological assets | (19,677) | (3,212) | |
| Cost of production | (79,463) | (136,398) | |
| Gross (loss)/profit | (13,213) | 40,585 | |
| Net operating costs | (39,759) | (38,357) | |
| (Loss)/profit before taxation | (77,048) | 1,728 | |
| Tax credit | 7,029 | 919 | |
| (Loss)/profit for the year | (69,979) | 2,647 | |
| Revaluation surplus, net of tax | 31,625 | 24,582 | |
| Total comprehensive income for the year | (18,352) | 28,470 | |
| Basic and Diluted earnings per share | (2.38) | 0.08 | |
| STATEMENT OF FINANCIAL POSITION | | | |
| | 31 March 2020 | 31 March 2019 | |
| | Ksh'000 | Ksh'000 | Ksh'000 |
| EQUITY | | | |
| Share capital | 40,196 | 40,196 | |
| Revaluation reserve | 689,715 | 645,080 | |
| Retained earnings | (1,091,641) | (1,091,641) | |
| | 87,658 | 844,918 | |
| NON-CURRENT LIABILITIES | 66,893 | 74,942 | |
| CURRENT LIABILITIES | (19,802) | 20,064 | |
| TOTAL EQUITY AND LIABILITIES | 844,841 | 844,324 | |
| REPRESENTED BY:- | | | |
| Non-current assets | 838,215 | 799,434 | |
| Current assets | 10,626 | 44,890 | |
| | 848,841 | 844,324 | |
| STATEMENT OF CHANGES IN EQUITY | | | |
| | Share capital | Revaluation reserve | Retained earnings |
| | Ksh'000 | Ksh'000 | Ksh'000 |
| At 1 April 2019 | 40,196 | 645,080 | 86,642 |
| Loss for this year | - | - | (69,979) |
| Revaluation surplus on revaluation of freehold land, net of tax | - | 31,625 | 51,645 |
| Transfer of excess depreciation | - | (7,610) | 7,610 |
| Deferred tax on transfer of excess depreciation | - | - | 3,292 |
| At 31 March 2020 | 40,196 | 689,715 | 102,647 |
| | 87,658 | | 844,918 |
| STATEMENT OF CASH FLOWS | | | |
| | 31 March 2020 | 31 March 2019 | |
| | Ksh'000 | Ksh'000 | Ksh'000 |
| Net cash (utilised in)/generated from operating activities | (66,773) | 90,729 | |
| Net cash used in investing activities | (854) | (854) | |
| Net cash generated from/(used in) financing activities | 30,627 | (1,026) | |
| Net (decrease)/increase in cash and cash equivalents | (26,252) | 28,778 | |
| Cash and cash equivalents at the beginning of the year | 29,845 | 272 | |
| Effect of exchange rate changes on cash and cash equivalents | 265 | 194 | |
| Cash and cash equivalents at the end of the year | 3,848 | 295,845 | |

RESULTS SUMMARY:
The above are extracts of the Financial Statements of Eaagads Limited that were approved by the Board of directors on 10 July 2020. These accounts were audited by Ernst & Young LLP, Certified Public Accountants and received an unqualified audit opinion.

PERFORMANCE
In the year under review, the company produced 14 tons of coffee compared with 49 tons produced last year. The decrease was mainly attributed to the severe drought experienced in the first half of the year which affected formation of the late crop for the production year 2019/2020. Due to the low yield, the company only achieved sales of 27 tons of coffee compared with 48 tons last year. The average price realized during the year 2020 however increased to USD 3.75 per kilogram from USD 3.37 per kilogram in the previous year.
Because of the low production, revenues dropped from Ksh975.6 million last year to Ksh484.8 million in the current financial year. Consequently, the company reported a loss before tax of Ksh 77 million compared to a profit before tax of Ksh 1.7 million in the previous year. Production costs are directly correlated with production levels. Coffee uptake costs, picking costs and wet processing costs reduced by KSh 59 million. Crop commission charges also reduced by KSh 4.6 million. Farm management fees remained at USD 75 per hectare.
The company also evaluated its freehold land and this resulted in a revaluation surplus of KSh 31.6 million, net of tax. The remaining land which is held on a leasehold basis and measures 341 hectares, is not subjected to a valuation, in line with International Financial Reporting Standards (IFRS).

OUTLOOK
Coffee is especially sensitive to extreme weather conditions. The high rainfall in January to April 2020 has resulted in intermittent flowering of the late crop, a condition necessary for good flowering. The initial expectation for the 2020 harvest is estimated at 130 tons but due to this factor, we expect a significantly lower harvest, currently estimated at 25 tons. On the other hand, this rainfall was good for the early crop whose quality was enhanced. International coffee market prices have reached unprecedented low levels, currently having the New York benchmark price under 100 US cents per pound, which is the lowest level for more than a decade. Eaagads coffee continues to attract a premium in the market due to its quality, although it is still impacted by the international coffee prices. The company continues to source for more direct sales to achieve better pricing. The farm remains under the management of Coffee Management Services (CMS).

DIVIDEND:
The board of directors do not recommend payment of a dividend for the year ended 31 March 2020 (31 March 2019 Nil).
By the Order of the Board
Company Secretary
30 July 2020