



# South Nyanza Sugar Company Limited

## COMMUNICATION TO FARMERS

### PAYMENT FOR SUGARCANE

As you are well aware, the Company has experienced acute cash flow challenges in the last two or so years, leading to accumulated payment arrears to various stakeholders. And, whereas the factory has just resumed operations after three months of repairs, it will take some time for us to regain normalcy of the business.

Therefore, for our operations to be sustainable, we need to strike a delicate balance in meeting our past and current obligations, while at the same time catering for the operational requirements.

In view of the above, Management intends to embark on a payment schedule for delivered sugarcane as follows:

Category	% of Net	Criteria
Upto 12 <sup>th</sup> Nov 2018	100%	As per date of delivery/JCC
13 <sup>th</sup> Nov 2018 to 30 <sup>th</sup> Nov 2019	100%	As per date of delivery/JCC, in Batches and chronologically
1 <sup>st</sup> Dec 2019 to 22 <sup>nd</sup> May 2020	30%	As per date of delivery/JCC, in Batches and chronologically
From 1 <sup>st</sup> Sept 2020	60%	After 30 days of delivery/JCC

In this way, we will be able to sustain our operations during this transition period and generate sufficient revenue to pay the remaining portions in a few months' time.

For this plan to succeed, we shall forthwith suspend all advance payment requests until further notice.

We appreciate farmers' loyalty to the Company, patience and understanding throughout this challenging period, and look forward to your continued support and co-operation.

Stephen Ligawa  
Managing Director (Ag)

Tuesday, September 15, 2020