

COMMENTARY ON RESULTS

The year to 30 September 2021 was positive in spite of the impact of Covid 19. The Group posted 42% growth in turnover. Overall, sales in Kenya grew 55% and sales outside Kenya grew 22%. Uganda and Tanzania now represent over 35% of Group sales. Our two-wheeler ("boda boda") and three-wheeler ("tuk tuk") businesses experienced reasonable growth. Our equipment businesses (namely tractors, construction equipment and forklifts) also grew particularly Doosan.

As a result of the above, turnover for the year ended 30 September 2021 was Shs 17.1 billion against Shs 12.1 billion achieved the previous financial year. EBITDA (Earnings before interest, tax, depreciation and amortization) grew by 100% to Shs 1.8 billion from Shs 936 million. Profit after tax over the same period was Shs 887 million which is over 300% higher than Shs 274 million made during the same period last year. Profitability was significantly impacted by demurrage losses of Shs 103 million resulting from global logistical issues and localization of production. Our cashflow was negatively impacted by supply chain issues, resulting in higher levels of paid-up stock to the tune of Shs 1.4bn.

Covid persisted during the year and the Group focused on creating a safe environment for our employees and customers. We encouraged the adherence to all social protocols including working from home, social distancing, provision of masks and other personal protective equipment. In our finance business, we lengthened loan tenors to reduce daily payments. In addition, we have worked with our Boda Boda and Tuk Tuk clients to improve driver skills and passenger safety in conjunction with St John Ambulance Brigade.

The highlight of the financial year was the volume in our consumer businesses particularly in two wheelers and

three wheelers in both Kenya and Tanzania. Our equipment business also stabilized. We now offer a complete range of specialized engine related products (both consumer and equipment) through a solid distribution network and are making good progress in achieving significant market shares in each segment.

Our investment in Watu Credit is also performing well and driving growth in the consumer segment. In addition to Kenya, Watu has now established operations in Uganda, Tanzania and Sierra Leone. The contribution from Watu to the Group's net profit was significant.

Our investment property business saw a valuation gain of Shs 12 million this year given challenging current market conditions. Due to declining footfall resulting from Covid and the development of the Nairobi Expressway, we have supported our tenants at Nairobi Mega, on Uhuru Highway through concessions on rent. We continue to review the property portfolio to ensure it generates satisfactory returns.

In order to support the Government's localization initiatives and create industrial employment, during the year we opened Boda Plus, our helmet manufacturing business. Production commenced in September 2021. This is the first of its kind in East and Central Africa. In addition, we have worked with manufacturers to produce six parts locally to support our assembly process. We now employ over 3000 people as a Group (including associates). We employed over 1000 additional people in 2021.

Going forward, we believe uncertainty will persist in 2022 given the upcoming elections in 2022 and the continuing impact of Covid 19 on the business environment. We will continue to encourage the safety of our people and customers. Key to success will be higher efficiency levels

in all areas of our business, maintaining market share in core products and achieving satisfactory profitability across all businesses. We have made all necessary manpower and infrastructure investments – we now need to continue to grow volume and market share on an efficient base.

We are well positioned to deliver on our Triple P bottom line – People, Planet and Profit. We are already having a significant impact on millions of lives in terms of delivering daily livelihoods and entrepreneurship opportunities. We will now be focusing more energy on electric vehicles and we intend to launch electric three wheelers in February. We are working hard with our suppliers to develop fit for market two wheelers. With our symbiotic relationship with Watu, we can play a significant role in transforming the two-wheeler and three-wheeler market towards electric. This will play a positive role in alleviating climate change over the coming years.

The accounting policies and methods of computations followed in the preparation of these financial statements are the same as those used in preparation of the annual financial statements for the previous year.

Final Dividend

Given the positive performance this year, the Directors recommend a dividend of Shs 128,330,586 (Shs 3.20 per share) in respect of the year (2020: Shs 32,082,646/-; Shs 0.80 per share), payable to those registered at the close of business on **Friday, 25 February 2022**. Subject to approval by shareholders, the dividend will be paid on or about **24 March 2022**.

Bonus Shares

The Directors further recommend the issuance of Bonus Shares of one (1) new fully paid-up bonus share of a par value of Shs 5/- for every one (1) ordinary shares of par

value of Shs 5/- to be issued to the shareholders registered on the Company's register at the close of business on 24 March 2022. The Bonus is subject to approval from the Capital Markets Authority and the shareholders at the Annual General Meeting to be held on 24 March 2022. Subject to receipt of the requisite approvals, shareholders will be credited with the Bonus Shares on Friday, 8 April 2022. The Bonus Shares will not be entitled to receive any dividend declared and approved for the year.

Closure of Register

Notice is hereby given that the Register of Members will be closed on **Friday, 25 February 2022** for purpose of the preparation of a dividend list. Further, the Register of Members will be closed on Thursday, 24 March 2022 for purposes of processing the Bonus Shares.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held in a hybrid format at the Company's Registered Office, New Cargen House, Lusaka/Dunga Road, Industrial Area, Nairobi via electronic means on Thursday, 24 March, 2022 at 10.00 a.m.

The summary consolidated financial statements are extracts from the audited financial statements of the Group for the year ended 30 September 2021, which were audited by Deloitte & Touche and which received an unmodified opinion. The complete set of financial statements can be accessed from the Company's website on <https://www.cargen.com/>

By Order of the Board

Conrad Nyukuri
Company Secretary

5 January 2022

Independent Auditors' Report on Summary Financial Statements

To the Shareholders of Car & General (Kenya) PLC

Opinion

The summary consolidated financial statements of Car & General (Kenya) Plc, which comprise the summary consolidated statement of financial position as at 30 September 2021, and the summary consolidated statement of profit or loss and other comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of Car & General (Kenya) Plc for the year ended 30 September 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Car & General (Kenya) Plc, and in accordance with the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 ("the Regulations") as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading full set of the audited consolidated financial statements of Car & General (Kenya) Plc and the auditors' report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 5 January 2022. That report also includes the communication of a key audit matter related to valuation of investment properties, as reported in the auditor's report on the audited financial statements. 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.

Directors' Responsibility for the Summary Consolidated Financial Statements

The Directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 Requirements as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is

CPA Fred Aloo, Practicing certificate No. 1537 For and on behalf of Deloitte & Touche

Certified Public Accountants (Kenya)
Deloitte Plate, Waiyaki Way, Muthangari
P. O. Box 40092 - 00100 Nairobi, Kenya

5 January 2022

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Sh '000	2020 Sh '000
Revenue	17,141,960	12,117,976
Gross profit	3,051,118	1,950,775
Other income	118,884	131,866
Gain/(loss) in fair value of investment properties	12,294	(50,452)
Impairment provision for Financial Assets	(15,629)	(31,311)
Operating expenses	(1,955,631)	(1,495,284)
Share of profit in an associate	370,373	247,452
Share of gain/(loss) in a joint venture	25,350	(10,324)
Profit before finance costs and taxation	1,606,759	742,722
Finance costs	(503,517)	(612,883)
Profit before taxation	1,103,242	129,839
Taxation (charge)/credit	(215,999)	144,295
Profit for the year	887,243	274,134
Other comprehensive income for the year	(5,422)	84,754
Total comprehensive income for the year	881,821	358,888
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Earnings per share - basic and diluted	22.43	6.85

Earnings before interest,taxes, depreciation & Amortization (EBITDA)

	1,844,282	936,980
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SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	2021 Sh '000	2020 Sh '000
ASSETS		
Non-current assets		
Investment properties	3,525,004	3,509,690
Property, plant and equipment	2,011,185	1,784,105
Right of Use Asset	567,016	566,702
Other non-current assets	1,461,575	1,090,967
	7,564,780	6,951,464
Working Capital		
Current assets	6,882,829	4,952,022
Current liabilities	(7,365,255)	(5,721,837)
Total assets less current liabilities	7,082,354	6,181,649
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	200,516	200,516
Reserves and retained earnings	4,382,245	3,520,302
Non-controlling interests	271,192	218,502
Total equity	4,853,953	3,939,320
Non-current liabilities		
Deferred tax liabilities	832,622	741,025
Due to related parties	165,266	165,266
Lease liabilities	410,919	478,320
Borrowings	819,594	857,718
	2,228,401	2,242,329
Total equity and non current liabilities	7,082,354	6,181,649

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital Shs'000	Reserves and retained earnings Shs'000	Non-controlling interests Shs'000	Total Shs'000
Year ended 30 September 2020				
At 1 October 2019	200,516	3,193,003	218,995	3,612,514
Profit for the year	-	274,627	(493)	274,134
Other comprehensive income	-	84,754	-	84,754
Dividend paid - 2019	-	(32,082)	-	(32,082)
At 30 September 2020	200,516	3,520,302	218,502	3,939,320
Year ended 30 September 2021				
At 1 October 2020	200,516	3,520,302	218,502	3,939,320
Profit for the year	-	899,447	(12,204)	887,243
Other comprehensive income	-	(5,422)	-	(5,422)
Dividend paid - 2020	-	(32,082)	-	(32,082)
Minority Interest arising from BodaPlus	-	-	64,894	64,894
At 30 September 2021	200,516	4,382,245	271,192	4,853,953

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Sh '000	2020 Sh '000
Profit before taxation	1,103,242	129,839
Net cash (used in)/ generated from operating activities	(591,555)	1,451,129
Net cash used in investing activities	(314,291)	(221,183)
Net cash generated from/ (used in) financing activities	1,023,099	(1,082,858)
Net increase in cash and cash equivalents	117,253	147,088
Cash and cash equivalents at the beginning of the year	229,779	79,380
Effects of exchange rate changes on the balance of cash held in foreign operations	2,088	3,311
Cash and cash equivalents at the end of the year	349,120	229,779

Basis of Preparation

The summary consolidated financial statements for the year ended 30 September 2021 have been prepared as per the requirements of the Capital Markets (Securities) (Public Offers, Listings, and Disclosures) Regulations 2002 ("the Regulations") as applicable to summary financial statements. The summarised financial statements are not a substitute to reading the full set of financial statements available on the Company website

