

COMMENTARY ON RESULTS

The fifteen-month period from 1 October 2022 to 31 December 2023, was extremely challenging. The dollar shortages in Kenya and Tanzania coupled with a devaluation in Kenya of 27% and Tanzania of above 8% led to forex losses of Ksh 645 million. This was exacerbated by demurrage and storage charges of Ksh 180 million in Tanzania. The combined loss of these two exceptional items was Ksh 825 million which had a significant impact on Group profitability. The forex appreciation of the Kenya shilling in 2024 has reversed some of these forex losses.

The Group delivered a 12% year on year growth in turnover, the highest growth area being Tanzania at 36%. Sales in Uganda and Tanzania now represent over 58% of Group sales. Our two-wheeler ("boda boda") business in Kenya was most affected with overall market volumes in 2023 dropping almost 77%. This was the result of unit price increases due to the devaluation, the increase in the price of fuel and the general inflationary environment which resulted in a lack of profitability for boda boda riders. Our equipment businesses (namely tractors, construction equipment and forklifts) remained stable and grew marginally.

As a result of the above, turnover for the fifteen-month period ended 31 December 2023 was Ksh 27.2 billion against Shs 19.4 billion achieved in the

twelve-month period ending 30th September 2022. EBITDA (Earnings before interest, tax, depreciation and amortization) grew to Ksh 2.18 billion from Ksh 1.98 billion. Due to the forex losses, demurrage and storage costs, the Group made a loss after tax of Ksh 274 million against a profit after tax of Ksh 679 million made during previous financial year. Other comprehensive income, net of tax, was positive to the tune of Ksh 465 million resulting in positive total comprehensive income of Ksh 191 million.

In spite of many challenges, there are several highlights.

- Our consumer business growth in Tanzania particularly in the two and three-wheeler segments.
- We concluded the acquisition of 50% Cummins' share in the joint venture representing Cummins.
- We have now launched electric 3 wheelers in Kenya and Compressed Natural Gas 3 wheelers in Tanzania
- The progress of Watu Simu which is a significant new product line for Watu.
- Watu Uganda and Tanzania are fully established and growing profitably.
- Our commitment to the transition to greener energy is taking shape and through our associates, we have successfully launched electric 2 wheelers in Uganda and Kenya and have built over 150 battery swap facilities.

Going forward, we believe uncertainty will persist in 2024 given the challenging global geopolitics. We do however expect less turbulence in East Africa. Key to success will be maintaining strict fundamentals in terms of 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 and we now need to drive volume, improve efficiencies, and profitability given the uncertain operating environment.

We now have a more balanced business with five distinct business lines being automotive and equipment distribution, real estate investment, financial services, poultry and now helmet manufacturing. This diversity coupled with a broader geographical reach builds sustainability, and we are confident that each line offers scope for growth.

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 and Compressed Natural Gas (CNG) vehicles. We are also working hard with our regular suppliers to develop fit for market two wheelers. With our symbiotic relationship with Watu, we can play a significant role in transforming the market towards electric and

compressed natural gas. This will play a positive role in reducing our carbon footprint over the coming years.

This year will be critical to future success and will require growth in market share in all sectors. Our primary concern is to ensure that we stay ahead of competition in our key markets in all respects. The quality of competition is increasing.

Dividend

Given the performance during the financial period and the need for investment throughout the business, the Directors do not recommend the payment of a dividend.

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 25th June 2024 at 10.00 a.m.

By Order of the Board

Conrad Nyukuri
Company Secretary

29 April 2024

Independent Auditors' Report on Summary Financial Statements

To the Shareholders of Car & General (Kenya) PLC

Opinion

The summary consolidated financial statements which comprise the summary consolidated statement of financial position as at 31 December 2023 and the summary consolidated statement of profit or loss and other comprehensive income, the summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for the 15 month period ended, are derived from the audited consolidated financial statements of Car & General (Kenya) PLC for the 15 month period ended 31 December 2023.

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, 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.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

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 auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Car & General (Kenya) PLC and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 April 2024. That report also includes the communication of a key audit matter related to valuation of investment properties. Key audit matters are those matters that in our professional judgement were of most significance in our audit of the 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 audited consolidated 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 **FCPA Fred Aloo**, Practising certificate No. 1537.

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi
29 April 2024

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	2023 Sh '000 (15 Months)	2022 Sh '000 (12 Months)
Revenue	27,240,669	19,398,885
Gross profit	4,060,374	3,006,267
Other income	223,396	208,208
Gain in fair value of investment properties	2,980	111,500
Impairment provision for Financial Assets	6,950	(73,926)
Operating expenses	(3,264,306)	(2,226,133)
Share of profit in an associate	526,876	623,273
Share of profit in a joint venture	-	17,497
Profit before finance costs and taxation	1,556,270	1,666,686
Finance costs	(1,904,891)	(930,946)
(Loss)/profit before taxation	(348,621)	735,740
Taxation credit/(charge)	74,928	(56,280)
(Loss)/profit for the period/year	(273,693)	679,460
Other comprehensive income for the period/year	465,046	199,291
Total comprehensive income for the period/year	191,353	878,751
	Sh	Sh
Earnings per share - basic and diluted	(3.33)	8.55
Earnings before interest, taxes, depreciation & Amortization (EBITDA)	2,175,150	1,980,431

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	2023 Sh '000	2022 Sh '000
ASSETS		
Non-current assets		
Investment properties	3,080,743	3,061,437
Property, plant and equipment	3,226,735	2,840,067
Right of Use Asset	515,423	614,006
Other non-current assets	1,733,250	2,161,578
	8,556,151	8,677,088
Working Capital		
Current assets	12,682,255	10,245,796
Current liabilities	(12,538,292)	(10,327,103)
Total assets less current liabilities	8,700,114	8,595,781
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	401,033	401,033
Reserves and retained earnings	5,072,405	4,938,809
Non-controlling interests	258,124	264,532
Total equity	5,731,562	5,604,374
Non-current liabilities		
Deferred tax liabilities	923,168	883,736
Due to related parties	166,808	165,266
Lease liabilities	431,208	515,794
Borrowings	1,447,368	1,426,611
	2,968,552	2,991,407
Total equity and non current liabilities	8,700,114	8,595,781

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	Share capital Shs'000	Reserves and retained earnings Shs'000	Non-controlling interests Shs'000	Total Shs'000
Year ended 30 September 2022				
At 1 October 2021	200,516	4,382,245	271,192	4,853,953
Bonus shares issue	200,517	(200,517)	-	-
Profit for the year	-	686,120	(6,660)	679,460
Other comprehensive income	-	199,291	-	199,291
Dividend paid - 2021	-	(128,330)	-	(128,330)
At 30 September 2022	401,033	4,938,809	264,532	5,604,374
Year ended 31 December 2023				
At 1 October 2022	401,033	4,938,809	264,532	5,604,374
Bonus shares issue	-	-	-	-
Loss for the year	-	(267,285)	(6,408)	(273,693)
Other comprehensive income	-	465,046	-	465,046
Dividend paid - 2022	-	(64,165)	-	(64,165)
At 31 December 2023	401,033	5,072,405	258,124	5,731,562

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	2023 Sh '000	2022 Sh '000
(Loss)/profit before taxation	(348,621)	735,740
Net cash generated from/(used in) operating activities	537,146	(1,736,457)
Net cash used in investing activities	(451,475)	(170,877)
Net cash generated from financing activities	115,995	1,583,224
Net increase/(decrease) in cash and cash equivalents	201,666	(324,110)
Cash and cash equivalents at the beginning of the year	57,574	349,120
Effects of exchange rate changes on the balance of cash held in foreign operations	23,038	32,564
Cash and cash equivalents at the end of the year	282,278	57,574

Basis of Preparation

The summary consolidated financial statements for the 15 month period ended 31 December 2023 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.



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