



CAR & GENERAL (KENYA) plc

QUESTIONS FOR THE ANNUAL GENERAL MEETING OF 25 JUNE 2024

1) How is the election conducted? Who are the candidates?

Every year, in accordance with the Company's articles, a third of the directors, who have been in office the longest since their election, retire by rotation and if they are willing and eligible, they can seek re-election. This year our lady Director G Mboya and Mr C Ngini are retiring by rotation and are both seeking re-election.

The elections are to be conducted via poll and the instructions on how to vote can be found once you dial on to the USSD code then follow the prompts once a link will be shared to you.

2) When are we going to be paid dividends? And at what percentage?

Please note that the Directors having considered the Company's performance in the year under review have not recommend the payment of dividends for the year ended 31st December 2023.

3) What is the legal requirement and suitability standards for appointment in the audit committee? Are we going to be given gift packs or even data bundles?

The audit committee is created pursuant to section 769 of the Companies Act which requires all listed companies to have audit committees. Please note that a member of the Audit committee should be a Board member with the relevant experience.

The Code of Corporate Governance for issuers of Securities to the public 2015 also sets out the requirements on the composition of the membership of the audit committee. Under the code, the Committee should have at least three independent and non-executive directors. At Car and General we have complied with this requirement, and we have a committee of 4 non-executive members being Mr Pratul Shah (Chairman), Mr Madabhushi Soundararajan, Mr Sanjay Gidoomal and Mr Carey Ngini.

4) Covid is through with us, kindly revert to physical AGM meetings.

As a Board we greatly values discussions and interactions that we have when we can meet physically, and we are working to have the next Annual General Meeting in hybrid format.

5) What are the pros and cons of the proposed Finance Bill 2024 on the company business. Measures to counter probable loss of revenue.

Please note that we are still studying the Bill given the ongoing reviews at the National Assembly we will only be able to comment when the Bill is passed into law.

6) Could you provide details on the company's dividend policy and any plans for future dividend payments, considering the current financial performance and market conditions?

The Board and management are committed to growing the business and its revenues with a view of generating value for the shareholders and getting back to profitability. However, in light of the company's performance in the year ended 31 December 2023 the Board has not recommended the payment of a dividend.

7) Why did we not give a dividend considering the company's strong retained earnings position?

The Board, in evaluating whether to declare a dividend, reviewed the Company's retained earnings alongside potential investment opportunities. It was determined that retaining the earnings would be more beneficial in the long term. By doing so, the company can focus on fortifying its balance sheet and investing in key growth areas, thereby enhancing future financial stability and shareholder value.

8) Why were profits down this year?

The fifteen-month period from 1 October 2022 to 31 December 2023 presented significant challenges for the Group. We experienced substantial foreign exchange losses amounting to KShs 645 million due to the depreciation of the Kenya Shilling by 27% and the Tanzania Shilling by 8%. Additionally, we incurred KSh 181 million in demurrage and storage charges in Tanzania. These exceptional items collectively resulted in a total loss of KSh 826 million, significantly impacting our profits.

9) Can you explain the levels of sales and distribution expenses, and the reasons for the high finance costs, payables, and receivables?

The sales and distribution expenses levels reflect a fifteen-month period compared to the twelve-month period in the previous year, thus showing higher figures. The high finance costs include substantial foreign exchange losses and interest expenses. The increase in payables and receivables were all in the course of normal trading cycles and nothing to do with inefficiency. The company is however continuously working on optimizing receivables and payables to enhance cash flow management.

10) How does the company intend to strengthen its brand and differentiate itself from strong competitors?

Our brand strength is underscored by our commitment to good corporate governance, high-quality products, and a customer-centric approach. We are dedicated to maintaining stringent quality standards and continually improving customer satisfaction. Additionally, we plan to leverage innovative marketing strategies, expand our product range, and invest in cutting-edge technology to stay ahead of competitors and fortify our market position.

11) What steps has the company taken to support the youth, and what is the future vision for the company?

The board and management have been effective in ensuring that the Boda Boda business thrives, which has become a significant source of income for the youth. We also offer management trainee and internship opportunities to further integrate the youth into our operations. Looking ahead, the company is focused on sustainable growth, prioritizing our Triple P bottom line of People, Planet, and Profit. This holistic approach ensures that we remain socially responsible while driving profitability and environmental sustainability.

12) Does the company envision expanding branches and especially past Thika town?

The company is committed to expanding its branch network in areas that promise profitability. We continually evaluate market conditions and potential opportunities, with plans to extend our presence strategically as the economy improves. Expansion beyond Thika is a welcome consideration and will be assessed in line with the company's strategic plan. It is however important to note that we do have dealerships in towns and counties beyond Thika.

13) Which product is the market leader for the company?

The 2-wheeler boda boda business has traditionally been the market leader for our company. However, in the recent financial year, it experienced a 77% decline which was a market phenomenon affecting all players in the market and not just Car & General. Our immediate challenge is to restore this business' profitability while simultaneously developing other product lines, such as our tyre and oil businesses. Diversifying our product portfolio will help create a more balanced business model and reduce exposure to market fluctuations in any single sector.