



## CAR & GENERAL (KENYA) PLC

### QUESTIONS FOR THE ANNUAL GENERAL MEETING OF 23<sup>rd</sup> MARCH 2023

#### 1) Dividends

Dividends will be paid out immediately following approval by the shareholders and it is our expectation that these payments will be done this afternoon. Should any shareholder have an issue with their dividend, they can write to Mr. Felix Mavuti on [felix.mavuti@cargen.com](mailto:felix.mavuti@cargen.com)

You can also reach out to Felix on the address above if you need to change your mode of payment of current and future dividends and he will guide you accordingly.

#### 2) When will C&G issue the interim financials given the 15 month year? Will it be for the 6 months to 31 March 2023 or the 9 months to 30 June 2023?

Following consultation with the Capital Markets Authority, we will publish our half year financials as usual, 31<sup>st</sup> March 2023.

#### 3) Why has the administrative expenses gone high compared to the previous years?

This was brought about by the storage and custom charges incurred by the Company in the process of ramping up the stock levels in Tanzania in order to take advantage of the opportunity in the Tanzanian market. The company is already seeing the growth coming through the business in the two-wheeler and the three-wheeler space especially in the Tanzania Market.

Another reason for the increase was the increase in the inventory expense owing to the general election in Kenya. The stock was not moving out of the warehouse as fast as expected. This has never happened in previous election cycles and was thus unplanned and unexpected.

#### 4) How is the Company's business outlook?

The Kenyan market has remained constrained. This has happened for various reasons including the dollar exchange rate which has caused our pricing to continuously rise and the uncertainty in the Kenyan market environment. Some of the other economic factors have transpired due to the Ukraine conflict, the European and the American situation which has been quite challenging.

The Tanzanian and Ugandan markets look relatively positive. Also, the business in Watu Holdings is looking relatively positive. The positive thing is that a large portion of our business sales relates to our operations outside Kenya now standing at 45%.

#### 5) What is the plan on the fast increase of the dollar exchange rate?

The dollar rate is our greatest point of exposure and risk, and the hope is that following the recent announcement by the CBK, dollars will become available so that we can reduce that level of exposure. Going forward if there's more liquidity the possibility to hedge will be greater and we'll certainly do our best to mitigate that risk.

#### 6) What is the pricing for acquiring Cummins?

The acquisition is yet to be concluded. Once all approvals have been provided, the valuation figures will be available to everyone.

7) Why are the Company borrowings high?

The borrowings have gone up because of the stock buildup especially in Tanzania and Kenya.

8) Why have the payables gone higher compared to last year?

The main reason for this is because of the stock buildup as well. Receivables remain relatively low in comparison because our business is more of a cash business other than a credit business.

9) How is the sustainability of the business and the vision of the Company?

We are focused on the migration of the internal combustion engine business and the petrol and diesel engine to electric vehicles, gas and solar in the next few years. The power generation business is going to be core driver for us. We have an opportunity to be the leading organization in that area and we can certainly drive the move from internal combustion to green power. This is an opportunity for us, and we are very aware of that opportunity. This year will be a formative year and the main aspect of it will come through over the next three to five years. We are well-positioned to take advantage of that going forward.

Please contact the Company Secretary at [info@adili.africa](mailto:info@adili.africa) and Carol Omanjo at [Carol.omanjo@cargen.com](mailto:Carol.omanjo@cargen.com)