

# 54TH ANNUAL GENERAL MEETING HELD ON 27TH JUNE 2023

## AGM QUESTIONS AND ANSWERS

| NO. | NAME OF SHAREHOLDER (S)  | QUESTION  | RESPONSE  |
|-----|--|---|---|
| 1   | a. MUGAMBI DAVID NKONGE<br>b. NYOLI STEPHEN NDOLO                                  | What is my total shares?  | Addressed by the company's share registrars, Custody & Registrars Services Limited.   |
| 2   | TUMUTI AUGUSTINE<br>WANGOMBE   | Kindly correct my phone number                                    | Addressed by the company's share registrars, Custody & Registrars Services Limited.   |
| 3   | a. CHAMI ALOIS WAFULA<br>b. KISISWA LYNETTE KEGEHA                                 | Why not have the physical AGM meeting or combined meeting?        | Section 283 of the Companies Act, 2015 of Kenya provides that a Company can hold its general meeting either physically, virtually or in a hybrid manner. The Directors of the Company have reviewed and opted to hold the 54 <sup>th</sup> AGM in a virtual manner. |
| 4   | NDUNGU DAVID ALFRED<br>KARANJA   | What about meetings being live coverage                           | Provision made for live stream broadcast. Please refer to item 8 of the notes to the AGM notice published on the company's website.   |
| 5   | a. KISISWA LYNETTE KAGEHA<br>b. AWUOR ODIYO ONYANGO<br>c. MUIRURI HANNAH<br>WANGUI | Are we going to be given gifts packs such as umbrellas this year? | The Company has not made a provision for gifts during the 54 <sup>th</sup> AGM. The Directors are focused on improving the performance of the business in order to be in a position to declare dividends.   |

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| 6   | CHAMI ALOIS WAFULA  | Association of shareholders to present their concerns can you invite them before AGM? | The Shareholders were given an opportunity to present their concerns to the AGM by raising questions which will be answered.   |
| 7   | HABWE AND ROBERT BARACK AND OWINO AND JAMES EDWIN ZALO  | Kindly share a copy of the latest governance audit report.                            | <p>In line with Capital Markets Authority of Kenya guidelines, the independent governance auditor report for governance audit covering the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021 is posted on the Company's website. The independent governance auditor notes in the opinion that the Board has put in place a satisfactory governance framework in compliance with the legal and regulatory framework, and has issued an unqualified opinion.</p> <p>The next governance audit is scheduled to be carried out after the financial year ending 31<sup>st</sup> December 2023 in line with CMA's guidelines for a 2-year cycle.</p> |
| 8   | a. OTIENO DAVID HENRY<br>b. MUTHAKA SAMEUL GIKUMA<br>c. MITHIKE JOHN MUASYA<br>d. AWOUR ODIYO ONYANGO | When and how much is the dividend to be paid?   | <p>The strategies in place have returned the Company to profitability. However, the retained earnings are still in a negative position and it has not been possible to declare dividends.</p> <p>The company's performance will continue to be evaluated and recommendations made should circumstances change positively.</p>  |

STARTS FROM 10AM

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| 9   | CHAMI ALOIS WAFULA                                     | How would you improve the group business now and the next level business?   | The Company has a strategic plan in place and the Directors regularly review the strategy and business performance to ensure that the Company is responsive to market dynamics and improves its profitability.   |
| 10  | HABWE AND ROBERT BARACK AND OWINO AND JAMES EDWIN ZALO | How do the directors' emoluments over the past 10 years compare with the company profitability?   | Directors' emoluments are disclosed in the Financial Statements and are structured to ensure the Company attracts and retains directors of high calibre and experience and to encourage directors' participation in board and committee meetings.  |
| 11  | HABWE ROBERT BARACK                                    | Note No. 21 Trade and other receivables- Please confirm the nature of the Kshs 92.7M and how much has been collected as at today. What measures are being taken to recover the impaired amounts? What does the other receivables of 90M represent and when is it being collected? | Kshs 42.8 million of the current trade receivables has been collected.<br>We have engaged our legal advisors to assist in efforts to recover the impaired amounts.<br>Included in other receivables is Tax recoverable in Sameer Africa Uganda of Kshs 28 Million, and VAT receivable of Kshs 8 Million. |

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| 12  | HABWE ROBERT BARACK                                    | Note 25 (d): Please confirm why the deferred tax asset of Kshs 2.1 billion is not being recognized or does it mean the Management is not confident of the future profitability prospects? In addition, does this not contradict the going concern basis preparation of accounts as flagged by auditors last year. | <p>Recognition of deferred tax assets is guided by accounting standards and is subject to audit by the company's external auditors.</p> <p>Due to the performance of the tyre business in the previous years and uncertainty of the tyre business to generate sufficient future taxable profits, the Board of Directors saw it prudent to derecognize deferred tax assets in prior periods.</p> <p>The Board continues to assess recoverability on an annual basis as our strategic objectives are met.</p> |
| 13  | HABWE ROBERT BARACK                                    | Note No. 26 on Accrued expenses of Kshs 188M – What is the makeup of this as it does not compare favorably with the revenue.  | Accrued expenses and other payables largely relates to tenant security deposits held of Kshs 66 million, tax provisions in Sameer Africa Tanzania of Kshs 65 million, and other legal related provisions of Kshs 22 million.  |
| 14  | HABWE AND ROBERT BARACK AND OWINO AND JAMES EDWIN ZALO | Please confirm the number of tyres sold in 2022 including the cost paid to import the same including import duty and taxes.   | The number of tyres sold in 2022 was 20,724 at a total landed Cost of Kshs 230 Million.   |

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| 15  | HABWE AND ROBERT BARACK AND OWINO AND JAMES EDWIN ZALO | Was the sale of the 3.75 acres' subject to competitive bidding? The previous two disposals of the company property did not improve the company performance. Has the current sale been well thought out or it is just being made to sort out temporary cash flows issues? | <p>The sale agreement is based on market prices and the purchase price is above latest open market valuation.</p> <p>As noted in the Chairman's statement, the net proceeds from the sale will fund the infill project, retire debt and consequently provide savings in finance costs and reduce exposure to foreign exchange losses.</p> |
| 16  | HABWE ROBERT BARACK                                    | Please disclose who is the buyer of the land.  | <p>As of the date of this report, the sale of land had not concluded.</p> <p>The sale is subject to customary terms and conditions and, if and when the sale concludes successfully, the Company will disclose the identity of the buyer.</p>   |

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| 17  | HABWE AND ROBERT BARACK<br>AND OWINO AND JAMES<br>EDWIN ZALO | What is the Net Asset Value per share of the company based on open market values of the property/ leases and other assets?  | <p>Such an assessment has not been carried out as it is not in line with our accounting policies and in the event it was undertaken, would need to be independently audited by the external auditors.</p> <p>As reported in note 17 under Notes to the Financial Statements for the Year Ended 31 December 2022, the Group classifies leasehold land under development of warehouses, administration block, roads and other buildings as prepaid operating leases. Undeveloped leasehold land held for future development or value appreciation is accounted for under investment property, which is accounted for at cost less accumulated depreciation and any impairment losses.</p> |
| 18  | HABWE ROBERT BARACK  | Has the management considered liquidation of the company as piecemeal disposal will only lead to erosion of the company value? Is the property under controlled development or the buyers are free erect any structures thus eroding the value of the remaining property. | <p>As disclosed in the Statement of Directors' Responsibility, the Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months.</p> <p>Operating the business as a going concern provides the best route to creating and sustaining value for the shareholders.</p>   |

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