

EXTRAORDINARY GENERAL MEETING OF CENTUM INVESTMENT PLC HELD VIRTUALLY ON 3RD FEBRUARY 2023 QUESTIONS AND MANAGEMENT RESPONSES

	Question	Reference	Answer
1.	Will we no longer have an AGM as how we used to and go to different places?	General	<p>We have seen a significant improvement in engagement and reach to our wide shareholder base since adoption of virtual meetings at the height of COVID.</p> <p>To be more inclusive and allow for higher attendance and participation levels for all our shareholders across various counties and countries, the shareholders adopted virtual meetings at the AGM in September 2022.</p>
2.	Where will the funding coming from and when will the shares be sold upon purchase and in small bits or lump sum?		<p>The funds will be raised from the Company's ongoing business operations. Our portfolio generates annuity income (dividend income and interest income) of which 30% funds operating expenses, and the balance remains available for debt service and distribution to the shareholders in various forms.</p> <p>The Company may float the shares back to the market in future when the circumstances (including pricing) are ideal to do so.</p>
3.	The company has had rather inconsistent results over a couple of years. Kindly explain your business strategy and plan to return to more consistent results and dividends.		<p>Management's focus in recent years has been on preservation of value and building a strong balance sheet with enhanced annuity income, especially from the marketable securities portfolio. Further, Centum has significantly reduced debt in line with our strategic objective to deleverage and reduce finance costs.</p>

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			<p>These efforts are expected to result in increased net operating income going forward and provide room for the company to make enhanced and consistent dividend distributions to shareholders.</p>
4.	<p>Now that the Sidian Sale has been called off, what are the prospects regarding repaying the USD loans?</p>		<p>Other than Sidian Bank, the company holds other investee companies that are mature and have strong cash generating ability. For example, the real estate business continues to repay to Centum the shareholder loans previously invested in it.</p>
5.	<p>One of the reasons Sidian had been put up for sale is because of the shift to cash generative businesses. Will Sidian still be up for sale or is it expected to start generating dividends for its shareholders like Centum?</p> <p>Additionally, is it expected that Centum will keep providing additional capital to Sidian as was the case before?</p>		<p>Sidian has recorded a significant improvement in profitability over the past three years, thereby reducing pressure on its capital and liquidity. Our goal is to see the bank sustain this level of performance and get to a point where they can start making dividend distributions. However all assets in the portfolio are up for sale, and should we get a potential investor with a suitable offer, we would be prepared to exit Sidian as well.</p> <p>Sidian will continue to raise growth capital in various forms, and we have received numerous investor interests in the Bank.</p>
6.	<p>What are the advantages/benefits to the shareholder of the proposed company buy back shares strategy?</p>	<p>Pg. 8 of SC Part II: The Buyback (Para 2)</p>	<ul style="list-style-type: none"> (a) provide Shareholders who wish to sell Ordinary Shares the opportunity to do so on an open market basis; (b) provide Shareholders who choose to sell their Ordinary Shares a potential return on investment; (c) provide Shareholders who choose to sell a proportion of their shares a potential uplift in the capital return on their remaining shareholding; and (d) allow Shareholders who wish to maintain their investment in Ordinary Shares at this time to do so.

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7.	I joined late. why is there a need for the buyback?		
8.	Same question. Why the buyback		
9.	Why have the share prices been going down in the last one year?		The stock market has been on a downward trend due to various local and external factors and the Company's share price has followed this trend as well.
10	Despite many great projects, why are your shares performing so poorly in the NSE?		The management team often only has control over the intrinsic performance of the company such as the projects, but the market price is driven by many other factors that are external to the company.
11	The cost of buying the shares will cost the company 600M, assuming you invest the same in marketable securities, won't the shareholder benefit more from the amount being invested in marketable securities than buying back its own shares?		Due to the significant disparity in demand and supply of the shares of the Company in the stock market, and the large NAV vs share price gap, the Company feels it is a good time to provide the shareholders with a choice if they wish to cash out. Other shareholders who choose to hold their shares may equally benefit from the buyback in future through enhanced value driven by the various initiatives being pursued by management.
12	Why isn't Centum making money? good money, go to previous model if New isn't working. lastly give dividends.		Management initiatives to reduce debt, enhance annuity income and preserve portfolio value are expected to continue paying off and translate into enhanced value for the shareholders.
13	Why has Centum not offered a higher price?	This is outlined in page 8 of the Shareholder Circular, under	The CMA Guidelines on share buybacks by listed Companies provide that for on-market purchases as is in this case, the maximum price is 10% above the weighted price average of the shares during the period of thirty days before the day of the board resolution approving the share buyback. The weighted average price in the 30 days before 28 November was Kes 8.21.

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		Details of the Buyback.	10% above this results in the maximum price of KShs 9.03.
14	9.05 is very low for a share buyback, increase to 15		
15	What's the difference between the Centum share buyback and the NMG SBB?		<p>The NMG buyback was implemented before the enactment of the CMA Guidelines.</p> <p>At the time, NMG relied on the prevailing legal framework and obtained exemptions from setting the maximum price at 10% above 30 day weighted average price.</p>
16	What happens to the dividend per share for the shareholders that choose not to sell their shares?		Where a dividend is declared following a successful buyback of shares by the Company, the shareholders that choose not to sell will likely have higher DPS as the bought back shares, which will be held as treasury shares, would not be eligible for the distribution.
17	Now that the Sidian bank deal fell through, what options do we have?		Centum will continue implementing value creation plans to improve the profitability and further enhance the value of the bank.
18	Can I buy Centum shares during the buy-back period		Yes, this buyback will be conducted on the market and any other investors interest in buy Centum shares may still do in the open market through stockbrokers as usual.
19	Where can I get that circular		The circular is available on the website of the company (https://centum.co.ke/images/docs/Shareholder_Circular_Centum_Share_Buyback_Program.pdf)
20	Is 66million shares achievable to be bought within 18months, going with the small trade volumes in the #CTUM counter? will the buyback trigger trade volumes?		Over the recent past, Centum's volume traded amounted to approximately 30 million shares annually hence the 18 months should be rough sufficient to mobilize the 66 million shares. Should higher volumes be realized going forward, the buyback programme will be discontinued once the maximum number of shares has been achieved.
21	What signal will be sent to the market		Potential investors are expected to analyze the share buyback offer and make independent conclusions as to its suitability for them at an individual level.