EXTRACT OF AUDITED RESULTS FOR THE 12 MONTH PERIOD ENDED 30 SEPTEMBER 2019

EVEREADY E.A. PLC

EXTRACT OF CHAIRPERSON'S STATEMENT

Eveready made progress, in re-organizing the business, to enable a sharper focus on our strengths as an emerging player in the car battery ecosystem.

The Board laid out a plan to build a business that is fit for the future by focusing on our growth drivers. These actions would also resolve underlying structural issues and deficiencies that were eroding our operating profits and impeding our growth.

We de-recognised the deferred tax asset accrued over the last decade resulting to a one-off impact of KES.195M.

We also made additional provisions in the sum of KES.30.5M for outstanding debts in order to comply with International Reporting Standards even though recovery is still anticipated in future periods.

The above provisions impacted our bottom line resulting to an after-tax loss position of KES.304M.

The bottom-line results can sometimes obscure the real underlying progress that is being made and we thank our shareholders for their support.

We expect over the medium-term, Eveready's recalibration and alignment will strengthen and further differentiate our value proposition through our distribution and service network particularly in respect of the automobile accessories segment which will translate to better results.

Mrs. Lucy Waithaka, Chairperson
30 January 2020

NOTICE & AGENDA OF THE 53RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fifty third (53rd) Annual General Meeting of **Eveready East Africa PLC (the "Company")** will be held at **Merica Hotel, Nakuru on Thursday 26, March 2020 at 11 a.m.** for the following business:

AGENDA

1. **Constitution of the Meeting**
   To determine if a quorum is present, and to read the notice convening the meeting.
2. **Confirmation of Minutes**
   To confirm the minutes of the fiftieth (53rd) Annual General Meeting held on Thursday 28 March, 2019.
3. **Ordinary Business**
   (i) Report of the Auditors and Financial Statements for the Year Ended 30 September 2019:
   To receive, consider and, if thought fit, adopt the Audited Financial Statements for the year ended 30 September 2019 together with the Directors' and Auditors' Reports thereon.
   (ii) Election of Directors:
   a) Industrial Commercial Development Corporation will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers itself for re-election as a Director of the Company.
   b) Mrs. Lucy Waithaka will retire by rotation in accordance with Article 91 of the Company's Articles of Association and being eligible offers herself for re-election as a Director of the Company.
   (iii) Board Audit Committee Membership
   In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors be elected to serve as members of the Board Audit Committee:
   (a) Ms. Mbatha Mbithi;
   (b) Ms. Fauzia Shah; and
   (c) Mrs. Lucy Waithaka.
4. **Remuneration of Directors**
   (i) To approve the Directors' Remuneration Policy contained in the Director's Remuneration Report for the year ended 30 September 2019.
   (ii) To approve the Directors' Remuneration Report for the year ended 30 September 2019. (Other than the part relating to the Directors' Remuneration Policy).
5. **Appointment and Remuneration of Auditors**
   To note that Messrs RSM Eastern Africa continue in office as Auditors by virtue of Section 721(2) of the Companies Act, 2015 and to authorize the Board to fix the Auditors' remuneration for the ensuing financial year.
6. **Other Business**
   To transact any other business for which appropriate notice has been issued and received.

By Order of the Board,

Image Registrars Limited, Company Secretary
30 January, 2020

NOTE

1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. To be valid must be duly completed and signed by the member and must either be lodged at the offices of the Company's shares registrars, Image Registrars Limited, Transnational Plaza, 8th Floor, Mama Ngina Street, P.O. Box 9287 – 00100 GPO, Nairobi or lodged at the Company's registered office at Sameer Industrial Park, Mombasa/ Enterprise Road Junction, P.O. Box 44765 - 00100 Nairobi, Kenya not later than 11a.m on Tuesday March 24, 2020 failing which it will be invalid. In the case of a corporate body the Proxy Form must be under its common seal or by notification in writing under the hand of some officer of the corporation duly authorized in that behalf.
2. A Proxy Form may be downloaded from the Company's website at www.eveready.co.ke Alternatively, shareholders may contact our Company registrars at the above mentioned address for the same.
3. Any member may, by notice duly signed by him or her and delivered to the Company Secretary, not less than 7 or more than 21 days before the date appointed for the Annual General Meeting, give notice of his intention to propose any person for election as director to the Board, such notice is to be accompanied by a notice signed by the person proposed indicating his or her willingness to be elected.

A copy of the Annual Report & Financial Statements, 2019 may be viewed on the Company's website at **www.eveready.co.ke**

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EVEREADY EAST AFRICA PLC

RSM Eastern Africa, Certified Public Accountants
Floor, Pacis Centre, Slip Road, off Waiyaki Way, Westlands.
P.O. Box 349 - 00606, Nairobi, Kenya
T: +254 (0)20 3614000, +254 (0)20 4451747/8/9, F: +254 (0)20 4451773

RSM

Opinion

The summary financial statements which comprise the summary group and company balance sheets at 30th September 2019, the summary group and company statements of profit and loss account and other comprehensive income, the summary group statement of changes in equity and the summary group and company statements of cash flows for the year then ended were derived from the audited financial statements of Eveready East Africa Plc and its subsidiaries (together, the "Group") for the year ended 30th September 2019. In our opinion those summary financial statements are consistent, in all material respects, with the audited financial statements of the Group and of the Company.

Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015.

Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our audit report dated 30th January 2020. The audit report also includes the communication of key audit matters. 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.

Auditor's responsibility

Our responsibility is to express and opinion on whether the summary financial statements are consistent, in all material respects, with the audited 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 report is CPA Elvis Ogeto.
Practising Certificate No. 2393.

RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

30th January 2020

EXTRACT OF MANAGING DIRECTOR'S STATEMENT

Our second half performance registered an improved performance compared to the first half of the year. Even though, our total year performance was a loss before tax of KES.106M compared to KES.167M in 2018, this was a 37% improvement, which was achieved on the back of better margin performance and reduced operating cost across all areas, notably in administration, which recorded a reduction of costs by 33%;

- We reviewed our capital commitments and refocused our investments fully to profitable product segments.
- Operationally, we took strategic actions to shift, re-allign our go to market approach and strengthen our value proposition around our revenue drivers.
- We reduced our exposure to declining and/or less-profitable product segments.

We recorded an after-tax loss position of KES.304M largely due to one off items:

- We made additional provisions in the sum of KES.30.5M for outstanding debts in order to comply with Internal Reporting Standards, even though recovery of these amounts is expected in future periods; and
- We de-recognised the deferred tax asset accrued over the last decade resulting to a one-off impact of KES.195M, even though our performance from the second half of the year indicates that we are on course towards recovery.

We have driven better efficiency through the business that allowed us to bring our costs marginally lower and within our guidance range in the second half of the year demonstrating that focusing our investments to growth opportunities in line with our strategic objectives, is working. Therefore there is value in putting in additional investment on our new product lines that generate value in order to escalate revenue growth even further and thereby organically grow the business.

Ms. Margaret A. Odhiambo, Managing Director
30 January 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Group		Company	
	2019 KShs '000	2018 KShs '000	2019 KShs '000	2018 KShs '000
Continuing operations				
Sales	190,667	251, 720	190,667	251,720
Cost of Sales	(154,013)	(220,108)	(154,013)	(220,108)
Gross Profit	36,654	31,612	36,654	31,612
Other Income	14,873	15,220	14,873	16,739
Gain on disposal of assets	5,983	4,302	5,983	4,302
Overhead expenses	(163,516)	(217,510)	(163,516)	(217,510)
Finance costs	(889)	(455)	(889)	(455)
Profit or Loss before tax	(106,895)	(166,831)	(106,895)	(165,312)
Tax income/(expense)	(196,649)	55,157	(196,649)	55,157
(Loss)/profit for the year from continuing operations	(303,544)	(111,674)	(303,544)	(110,155)
(Loss)/profit for the year from discontinued operations	-	4,721	-	-
(Loss)/profit for the year	(303,544)	(116,395)	(303,544)	(110,155)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Actuarial losses	-	-	-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met				
Currency translation differences on foreign operations	-	4,692	-	-
Other comprehensive income for the year, net of tax	-	4,692	-	-
Total comprehensive (loss)/ income for the year attributable to the owners of the company	(303,544)	(111,703)	(303,544)	(110,155)
Earnings per share	KShs	KShs	KShs	KShs
(Loss/profit per share - basic and diluted	(1.45)	(0.55)	(1.45)	(0.52)

BALANCE SHEET AS AT 30TH SEPTEMBER 2019

	Group		Company	
	2019 KShs '000	2018 KShs '000	2019 KShs '000	2018 KShs '000
Equity				
Share capital	210,000	210,000	210,000	210,000
Translation reserve	18,159	18,159	-	-
Retained earnings	(118,158)	209,508	(99,999)	227,667
Total Equity	110,001	437,667	110,001	437,667
Non-Current Liabilities				
Provision for liabilities charges	8,847	8,847	8,847	8,847
	8,847	8,847	8,847	8,847
	118,848	446,514	118,848	446,514
REPRESENTED BY				
Non-current assets				
Property, plant and equipment	4,485	7,591	4,485	7,591
Investment in subsidiary	-	-	-	-
Deferred income tax	49,284	243,911	49,284	243,911
Retirement benefit asset	-	-	-	-
	53,769	251,502	53,769	251,502
Current assets				
Inventories	36,014	88,851	36,014	88,851
Trade and other receivables	80,544	155,161	80,544	155,161
Cash at bank and in hand	78,189	78,254	78,189	78,254
	194,757	322,266	194,757	322,266
Current liabilities				
Trade and other payables	111,728	108,956	111,728	108,956
Current tax	5,258	5,416	5,258	5,416
Borrowings	12,692	12,882	12,692	12,882
	129,678	127,254	129,678	127,254
Net current liabilities	65,079	195,012	65,079	195,012
	118,848	446,514	118,848	446,514

ABOUT EVEREADY E.A. PLC

Eveready East Africa PLC is a consumer goods Company focused on providing branded portable power solutions packaged to consumers in Kenya. The Company is headquartered in Nairobi, Kenya. The Company, which is one of the largest portable power solutions in Kenya, was founded in 1967 and is listed in the Nairobi Securities Exchange. The Company operates in two segments Automotive and Household. The Company sells its products in Kenya primarily through automotive dealers, wholesalers, electronic stores, retail stores, petrol stations and high-frequency stores.

Automotive Segment -The Company offers Maintenance Free and Vented car batteries, and accessories under the brands TURBO® and TURBOPlus+®

Household Segment - The Company offers lighting products, dry cell batteries in sizes 'D' 'AA' 'AAA' '9V', 'C' and Miniature in carbon zinc, alkaline batteries, lithium and rechargeable constructions under the brands TURBO® and TURBOPlus+®. This segment also includes the Company's fabric care division under the brand EVERCLEAN®.

The above extract is based on the audited accounts of Eveready East Africa Plc for the 12 month ended 30 September 2019

PERFORMANCE AT A GLANCE

Financial Year	2019	2018
Net Sales	KES191M	KES252M
Earnings Per Share (EPS)	(1.45)	(0.55)
Profit Before Tax	(KES115M)	(KES167M)
Cash Flows End Of Year	KES78M	KES69M
Dividend	KES Nil	KES Nil

CATEGORY CONTRIBUTION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Share Capital KShs '000	Translation Reserve KShs '000	Retained Earnings KShs'000	Total KShs'000
As at 1st October 2017	210,000	13,467	325,903	549,370
Changes in equity in 2018				
Profit for the year	-	-	(116,395)	(116,395)
Other comprehensive income for the year	-	4,692	-	4,692
Total comprehensive income for the year	-	4,692	(116,395)	(111,703)
Transactions with owners:				
Transfer of revaluation surplus on disposal of assets	-	-	-	
At 30th September 2018	210,000	18,159	209,508	437,667
At 1st October 2018	210,000	18,159	209,508	437,667
As previously stated				
Adjustment on initial application of IFRS9:				
- Additional allowance for credit losses**	-	-	(24,122)	(24,122)
As restated	210,000	18,159	185,386	413,545
Changes in equity in 2018				
Loss for the year	-	-	(303,544)	(303,544)
Other comprehensive income	-	-	-	
Total comprehensive income/(loss) for the year	-	-	(303,544)	(303,544)
At 30th September 2019	210,000	18,159	(118,158)	110,001

**Additional allowance for credit losses has not resulted to restatement of comparatives; the adjustment has been made on the opening retained earnings as per IFRS 9 requirements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Group		Company	
	2019 KShs '000	2018 KShs '000	2019 KShs '000	2018 KShs '000
Cash flows from operating activities				
(Loss) before tax	(303,544)	(116,395)	(303,544)	(110,155)
Adjustments for:				
Income tax	196,649	(55,157)	196,649	(55,157)
Depreciation charge	3,109	(5,593)	3,109	(5,593)
Gain on disposal of assets	(5,983)	(4,302)	(5,983)	(4,302)
Interest expense	889	455	889	455
Impairment of investment in subsidiary	-	-	-	-
Movement in retirement benefit asset and liabilities	-	-	-	-
Assets (write back)/write off	1,386	(291)	889	(291)
Operating profit before working capital changes	(107,318)	(170,097)	(107,318)	(163,857)
Decrease in trade and other receivables	52,837	93,947	52,837	93,947
Decrease in inventories	50,485	(5,926)	50,485	(5,926)
(Decrease)/increase in trade and other payables	2,772	(35,887)	2,772	(40,644)
Cash (used in)/generated from operations	(1,400)	(117,963)	(1,400)	(116,480)
Interest paid	(889)	(445)	(889)	(445)
Tax paid	(2,180)	(58,193)	(2,180)	(58,193)
Net cash (used in)/generated from operating activities	(4,469)	(176,611)	(4,469)	(175,128)
Cash (used in)/generated from operations				
Purchase of property, plant and equipment	(1,663)	(3,581)	(1,663)	(3,581)
Proceeds from disposal of property, plant and equipment	6,257	4,302	6,257	4,302
Net cash generated from investing activities	4,594	721	4,594	721
Cashflows from financing activities				
Repayment of borrowings	9,498	(1,306)	9,498	(1,306)
Dividend paid	-	-	-	-
Net cash generated from/(used in) financing activities	9,498	(1,306)	9,498	(1,306)
Net increase in cash and cash equivalents	9,623	(177,196)	9,623	(175,713)
Cash and cash equivalents at start of the year	68,566	245,827	68,566	244,279
Effect of exchange rate changes on cash and cash equivalents	-	(65)	-	-
Cash and cash equivalents at end of the year	78,189	68,566	78,189	68,566

COMMENTS ON THE RESULTS

In FY 2019, we focused on investing in products that prioritises a return for our business, notably the automobile segment. This resulted to actions being completed in Q2 which re-structured our organization to deliver on our identified key growth areas. To this end, we refined and aligned our business model, resulting to a clearer and more effective go to market model in terms of channel, resourcing (both human and capital) and associated route to market programs, and this re-organization has facilitated a significant reduction in costs at 33%.

The challenge in the transition was replacement revenue which though reversible, was an anticipated transitory challenge. Therefore, although there was a 24% decline in revenues in 2019 compared to 2018, the impact was mitigated by margin improvements due to increased revenues emanating from our automobile segment and thereby affirmed the decisions made in investing in this growing business.

As a result of the above, although our second half performance registered an improved performance compared to the first half of the year, our total year performance was a loss before tax of KES.106M compared to KES.167M in 2018.

We de-recognised the deferred tax asset accrued over the last decade resulting to a one-off impact of KES.197M. This impacted our bottom line resulting to an after-tax loss position of KES.304M.

Dividend
The Board does not recommend the payment of a dividend

Outlook
Our automobile segment continues to generate impressive returns and recorded a 540% increase in revenue over prior year. We will continue to focus our investments to our growth opportunities in order to escalate revenue growth even further and thereby organically grow the business.

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