

AGM Questions

1. **When should we expect to start getting dividends**

We have on the agenda a request to reduce the share premium and the application of that amount to offset the accumulated losses at Britam Holdings Plc. Once we get approval of this special resolution, it would allow us an opportunity to eliminate the negative accumulated losses which provides a good foundation for future dividends. However, dividend payments will still depend on future profitability of the Company, cash flow after considering strategic investments, board approvals as well as shareholder approvals.

2. **Why hasn't the company declared any dividends since 2020?**

*******I have not received a dividend, why? (90% of the Questions are around dividends)**

The company has not declared a dividend because the Holding Company has negative retained earnings, largely resulting from the Kshs 9.2 billion loss recorded in 2020. Over the past five years, we have steadily reduced this deficit and expect to clear the accumulated loss this year, which would allow us to resume dividend payments.

3. **The ESOP seems to skew value to the employee over the shareholder? Why are you offering the shares to the employees at a discount? That seems to dilute my value as a shareholder.**

The ESOP is an incentive scheme for Employees. It is a way of rewarding performance and retaining talent. This incentive program locks in high performers as the shares awarded must first vest before full ownership is transferred. The ESOP purchases the shares from the market, and the employee pays for any capital gains tax from the upside.

4. **We note from the notice that there is a resolution regarding changes to the Company ESOP, under which the Board is recommending amendments to the Trust Deed governing the ESOP and the associated rules. We further note that the Board is also recommending an increase of the ESOP allocation from 2% to 5%.**

Kindly request and share with us the updated Trust Deed together with any supporting documentation circulated in relation to these proposed amendments.

The trust deed is available online under AGM documents for shareholders to review.

5. Britam Holdings Plc (Company) is proposing to reduce the amount standing to the credit of the Company's share premium account by KES 5,875,252,000 from KES 13,237,451,000 to KES 7,362,199,000 to eliminate the Company's historical accumulated losses reflected in its accumulated losses account.

6. What is a share premium account?

- a. The share premium account represents amounts received by the Company from time to time upon allotment of shares at a subscription price above the nominal value of its shares.
- b. The nominal value of the ordinary shares of the Company is KES 0.10 each. The Company has on several occasions since its initial public offering on the Nairobi Securities Exchange (**NSE**) in 2011 raised capital at a subscription price that is higher than its nominal value. The portion of the subscription price above the nominal value of the Company's ordinary shares is classified as share premium.
- c. Share premium forms part of total equity in the Company but is treated as an undistributable reserve with limited applications.
- d. Share premium cannot be used to pay dividends or make other distributions or otherwise to return cash to shareholders. However, it can be applied, to offset any accumulated losses of the Company provided that such application is approved by the shareholders by way of a special resolution and subsequently confirmed by the High Court of Kenya.

7. Why is the Company proposing a share premium reduction?

The purpose of the proposed reduction is to eliminate historical accumulated losses to enable the Company to improve its retained earning position to support future return of capital to Shareholders through payment of dividends.

8. What is the value of my shares?

The share price as at close of trading on 15th May was Kshs 12.50. The value of your shares will be based on the market price when you decide to trade multiplied by the number of shares you hold.

9. What is changing in the Articles of Association, kindly highlight those changes and their effect on the Company?

The proposed amendments to the Articles of Association take into consideration the current regulatory requirements as provided for in the Capital Markets (Public Offers, Listing and Disclosures) Regulations 2023 and various provisions of the Companies Act 2025. The previous amendment to the Articles of Association was in 2020.

Highlights of the Amendments

The following provisions have been included:

- I. Conduct of virtual and hybrid Annual General Meetings (AGMs) and Board meetings.
- II. Enhanced provisions relating to Board composition and independence of directors.
- III. The provisions relating to Employee Share Ownership Plans (ESOP) have been amended to ensure compliance with the CMA regulatory guidelines.
- IV. The AGM Polling and voting procedures aligned to the Companies Act 2015.
- V. Improved shareholder communication through electronic notices and other modern communication channels to improve efficiency and shareholder engagement; including the practicalities of the voting methods applied in a virtual or hybrid AGMs.
- VI. Disclosure requirements in line with Beneficial Ownership requirements as provided for under Section 93A of the Companies Act.
- VII. Provisions on Transfer of Shares have been aligned with the updated electronic environment of the NSE and the CDSC.

