

# UNAUDITED CONDENSED GROUP RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

## Condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended:

	31-Dec-2022	31-Dec-2021	31-Dec-2020
	Kshs '000	Kshs '000	Kshs '000
Revenue and other income	516,913	960,969	288,515
Cost of sales	(309,546)	(628,247)	(197,295)
<b>Gross profit</b>	<b>207,367</b>	<b>332,722</b>	<b>91,220</b>
Operating expenses	(237,245)	(236,150)	(143,394)
Finance costs	(68,437)	(64,619)	(93,158)
<b>(Loss)/Profit before tax</b>	<b>(98,315)</b>	<b>31,953</b>	<b>(145,332)</b>
Income tax expense	-	(16,862)	-
<b>(Loss)/Profit after tax</b>	<b>(98,315)</b>	<b>15,091</b>	<b>(145,332)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive (loss)/income</b>	<b>(98,315)</b>	<b>15,091</b>	<b>(145,332)</b>

## Condensed consolidated statement of cashflows for the six-month period ended:

	31-Dec-2022	31-Dec-2021
	Kshs '000	Kshs '000
Net cash (used in)/generated from operating activities	(46,741)	301,198
Net cash used in investing activities	(89,556)	(20,997)
Net cash used in financing activities	(8,458)	(268,687)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(144,755)</b>	<b>11,514</b>
Cash and cash equivalents at start of the period	160,414	36,866
<b>Cash and cash equivalents at end of the period</b>	<b>15,659</b>	<b>48,380</b>

## Condensed consolidated statement of financial position as at

	31-Dec-2022	30-Jun-2022
	Kshs '000	Kshs '000
Pre-Publishing costs	948,487	861,924
Property and Equipment	183,444	187,802
Goodwill	125,786	125,786
Trade and other receivables	490,510	487,184
Inventories	743,934	748,697
Cash and bank balances	15,659	160,414
Other assets	108,404	113,360
<b>TOTAL ASSETS</b>	<b>2,616,224</b>	<b>2,685,167</b>
Borrowings	1,059,130	979,999
Trade and other payables	872,538	922,297
Total liabilities	1,931,668	1,902,296
Total equity	684,556	782,871
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,616,224</b>	<b>2,685,167</b>

## Condensed consolidated statement of changes in equity for the six-month period ended:

	Share capital & premium	Retained earnings	Non-controlling interest	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
<b>At 1 July 2021</b>	<b>640,729</b>	<b>100,581</b>	<b>(389)</b>	<b>740,921</b>
Total comprehensive income	-	42,085	(135)	41,950
<b>At 30 June 2022</b>	<b>640,729</b>	<b>142,666</b>	<b>(524)</b>	<b>782,871</b>
Total comprehensive loss	-	(98,315)	-	(98,315)
<b>At 31 December 2022</b>	<b>640,729</b>	<b>44,351</b>	<b>(524)</b>	<b>684,556</b>

## COMMENTARY ON THE RESULTS

### Operating Environment:

Across the various markets, we have seen a slowdown in economic growth and heightened inflationary pressures. Further, with the increased number of school terms in the last few calendar years, consumer spending power on books was depressed as parents and schools prioritized fees and uniforms.

However, we remain confident of economic recovery and that the various Governments in the countries we operate in will continue supporting the education sector.

### Financial Highlights:

Revenue for the period decreased by Kshs 444 million, representing a 46% decline, compared to the previous period largely driven by lower government business and school calendar changes that meant the peak season moved from July, as experienced in the comparative period, to H2 with the expected start of school terms between January and March across the various markets.

Operating expenses remained relatively flat YoY with maintenance of level of activities between periods. Finance costs increased slightly by 5% from prior period on account of an increase in borrowings to fund our geographical expansion plans.

The loss for the period was Kshs 98 million compared to a profit of Kshs 15 million in the prior period on account of lower revenues.

### Outlook:

**Our strategy** – While we expect market volatility to persist into the next year, we remain focused on agile execution of our robust strategy and delivery of our long term sustainable growth. We are currently reviewing our business model considering the tough operating environment and will make the necessary changes in each market to ensure efficiencies are realized in pursuit of our long-term objectives.

**Product portfolio** – Our approved products continue to increase across the Group. We got approvals for CBC Grade 7 and complementary titles in Kenya and several titles in Cameroon. Also, we are in the process of developing new curriculum content for CBC Grade 8, Secondary and Primary Class 1-4 in Kenya, Cameroon and Uganda respectively that will be submitted for approval at various stages in 2023.

**Digital** – The business continues to pursue strategic partnerships for its digital portfolio. This is a strategy that will allow our current and new business to scale in partnership with like-minded Venture Builders, Venture Capitalists and other relevant alliances. With this strategic imperative, the business will fully exploit its huge potential in Ed Tech across the African continent.

Hon. Francis T. Nyammo OGW, MBS  
Group Chairman

Maxwell Wahome  
Group Managing Director & CEO

Date 17 February 2023

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