

# UNAUDITED CONDENSED GROUP RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

Condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended:		
	31-Dec-2023	31-Dec-2022
	Kshs '000	Kshs '000
Revenue	525,857	587,008
Cost of sales	(444,171)	(403,518)
<b>Gross profit</b>	<b>81,686</b>	<b>183,490</b>
Operating expenses	(176,535)	(234,759)
Finance costs	(98,408)	(68,410)
<b>Loss before tax</b>	<b>(193,257)</b>	<b>(119,679)</b>
Income tax expense	-	-
<b>Loss after tax</b>	<b>(193,257)</b>	<b>(119,679)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(193,257)</b>	<b>(119,679)</b>

Condensed consolidated statement of financial position as at		
	31-Dec-2023	30-Jun-2023
	Kshs '000	Kshs '000
<b>Non-current Assets</b>		
Pre-Publishing costs	933,891	963,478
Property and Equipment	178,987	183,422
Other assets	141,405	140,131
	<b>1,254,283</b>	<b>1,287,031</b>
<b>Current Assets</b>		
Inventories	656,286	734,975
Trade and other receivables	461,348	678,337
Current income tax	6,430	4,374
Cash and bank balances	61,905	83,075
	<b>1,185,969</b>	<b>1,500,761</b>
<b>TOTAL ASSETS</b>	<b>2,440,252</b>	<b>2,787,792</b>
Total equity	107,132	289,780
<b>Liabilities</b>		
Borrowings	1,191,597	1,234,827
Trade and other payables	1,141,523	1,263,185
	<b>2,333,120</b>	<b>2,498,012</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,440,252</b>	<b>2,787,792</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 2022</b>	<b>640,729</b>	<b>222,417</b>	<b>(524)</b>	<b>862,622</b>
Total comprehensive loss	-	(571,622)	(1,220)	(572,842)
<b>At 30 June 2023</b>	<b>640,729</b>	<b>(349,205)</b>	<b>(1,744)</b>	<b>289,780</b>
Total comprehensive loss	-	(193,257)	10,609	(182,648)
<b>At 31 December 2023</b>	<b>640,729</b>	<b>(542,462)</b>	<b>8,865</b>	<b>107,132</b>

Condensed consolidated statement of cashflows for the six-month period ended:		
	31-Dec-2023	31-Dec-2022
	Kshs '000	Kshs '000
Net cash generated from/(used in) operating activities	134,651	(46,741)
Net cash used in investing activities	(34,022)	(89,556)
Net cash used in financing activities	(121,799)	(8,458)
<b>Net decrease in cash and cash equivalents</b>	<b>(21,170)</b>	<b>(144,755)</b>
Cash and cash equivalents at start of the period	83,075	160,414
<b>Cash and cash equivalents at end of the period</b>	<b>61,905</b>	<b>15,659</b>

## COMMENTARY ON THE RESULTS

### Operating environment:

Various macro-economic headwinds over the past year have had a significant impact on our business. We have seen rising inflation and interest rates and a general economic slowdown across our markets which has resulted in a drop in spending on textbooks.

### Financial highlights:

Revenue for the period decreased by Kshs 61 million, representing a 10% decline, compared to the previous period. This is due to the prior period adjustments reflected in our Annual Report for year ended 30 June 2023. In addition, there was a 80% drop in government revenue due to a delay in the commencement of distribution of textbooks.

Gross margins were adversely impacted by high printing costs which rose by 70% over the last 12 months. This was attributable to the currency depreciation and increased cost of doing business.

Operating expenses decreased by 25% compared to the previous period mainly due to a leaner cost structure. Finance costs increased by 44% from prior period due to interest rate hikes.

### Second half outlook:

We expect a stronger second half of the year boosted by revenue generated from government contracts amounting to Shs 550 million which we expect to deliver in this quarter.

We are firmly on course to achieve our digital business goals with significant partnerships with Telecommunication companies expected to be unveiled in this period. This will provide a strong foundation for us to scale the digital revenues.

We expect significant updates to the CBC Curriculum in 2024 following the recommendations of the Presidential Working Party on Education Reform. This provides us with an opportunity to develop improved content to our learners and teachers and grow our market share.

We are confident that the business will recover this year as we fully implement our lean business model, continue growing our share of CBC books and our digital strategy.

### By order of the Board,

Hon. Francis T. Nyamyo OGW, MBS  
Group Chairman  
22<sup>nd</sup> February 2024

Maxwell Wahome  
Group Managing Director  
& CEO