

UNAUDITED CONDENSED GROUP RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

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

	31-Dec-2024	31-Dec-2023
	Kshs '000	Kshs '000
Revenue and other income	278,818	525,856
Cost of sales	(165,828)	(458,760)
Gross profit	112,990	67,096
Operating expenses	(155,896)	(176,118)
Finance costs	(105,702)	(98,408)
Loss before tax	(148,608)	(207,430)
Income tax expense	-	-
Loss after tax	(148,608)	(207,430)
Other comprehensive income	(15,782)	10,609
Total comprehensive loss	(164,390)	(196,821)
Basic and diluted earnings per share (Kshs)	(0.55)	(0.76)

Condensed consolidated statement of financial position as at

	31-Dec-2024	30-Jun-2024
	Kshs '000	Kshs '000
Non-current Assets		
Pre-Publishing costs	787,831	793,624
Property and Equipment	161,406	166,409
Other assets	194,248	194,210
	1,143,485	1,154,243
Current Assets		
Inventories	392,129	401,909
Trade and other receivables	240,426	480,174
Current income tax	6,418	6,417
Cash and bank balances	32,435	27,533
	671,408	916,033
TOTAL ASSETS	1,814,893	2,070,276
Total equity	(140,961)	23,429
Non-Current Liabilities		
Borrowings	225,000	275,000
	225,000	275,000
Current Liabilities		
Borrowings	783,269	764,489
Trade and other payables	947,585	1,007,358
	1,730,854	1,771,847
TOTAL EQUITY AND LIABILITIES	1,814,893	2,070,276

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

	31-Dec-2024	31-Dec-2023
	Kshs '000	Kshs '000
Net cash generated from operating activities	126,273	134,651
Net cash used in investing activities	(14,287)	(34,022)
Net cash used in financing activities	(107,084)	(121,799)
Net decrease in cash and cash equivalents	4,902	(21,170)
Cash and cash equivalents at start of the period	27,533	83,075
Cash and cash equivalents at end of the period	32,435	61,905

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

	Share capital & premium	Retained earnings/ (accumulated losses) & translation reserve	Non-controlling interest	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At 1 July 2023	640,729	(349,205)	(1,744)	289,780
Total comprehensive loss	-	(262,254)	(4,097)	(266,351)
At 30 June 2024	640,729	(611,459)	(5,841)	23,429
Total comprehensive loss	-	(164,380)	(10)	(164,390)
At 31 December 2024	640,729	(775,839)	(5,851)	(140,961)

COMMENTARY ON THE RESULTS

Operating environment:

In the first half of the year, we have seen an improved macroeconomic environment with easing inflation. However, various challenges to our business prevailed including delayed approval for revised titles by Kenya Institute of Curriculum Development, which covered the entire Pre-Primary 1 to Grade 9 books resulting in the reduced spending on books in the first half of the year as parents awaited the release of new textbooks.

Financial highlights:

Revenue for the period decreased by Kshs 250 million, representing a 48% decline, compared to the previous period. This was mainly due to the delay in purchasing by the market owing to curriculum changes and delays in distributing the government orders.

Operating expenses decreased by 10% compared to the previous period, mainly due to the continued success of the lean business model that we implemented in the previous financial year. Finance costs increased by 7% from prior period on account of increased borrowings to fund significant curriculum development costs and higher interest rates than prior period.

Despite the significant drop in revenue, we have improved our bottom-line position by reducing the net loss before tax to Kshs 164 million compared to a net loss of Kshs 197 million in the prior year.

Second half outlook:

We expect a stronger second half of the year to be boosted by revenues from the delayed government contracts across the region and private schools following the approval of all the new titles in January 2025.

We have made significant strides in developing our digital products and securing funding to scale the same. We currently have 301 schools using our digital content and 47,845 active subscribers. The foundation to growing the active users to 500,000 within the next 3 years is taking shape with our online platform already holding over 350 interactive books from various publishers, 3000+ videos, and simulation. The evolving culture of adopting blended learning is encouraging, having successfully implemented full digital learning in 10 schools.

We are confident of success in our market penetration initiatives and in the achievement of our long-term strategic objectives.

By order of the Board,

Prof. Githu Muigai
Group Chairman
20th February 2025

Maxwell Wahome
Group Managing Director