

PUBLICATION OF THE 2023
FINANCIAL RESULTS

THIS ANNOUNCEMENT IS MADE IN COMPLIANCE WITH THE CONTINUING LISTING OBLIGATIONS OF THE CAPITAL MARKETING (SECURITIES) (PUBLIC OFFERS, LISTING AND DISCLOSURES) REGULATIONS, 2002

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

All figures in Ksh'000	2023	2022 Restated
Revenue	6,612,362	7,317,541
Gross profit	2,225,460	2,195,805
Interest income	237,729	220,035
Interest expense	(22,765)	(18,360)
Other income*	41,068	56,726
Other gains or losses	210,115	-
Share of profit in associates	23,387	18,967
Operating and administrative expenses	(2,687,924)	(2,545,206)
Impairment of investment in associates	(14,316)	(21,392)
Impairment of goodwill	(23,367)	-
Allowance for expected credit loss	100,137	11,562
Foreign exchange gains	288,436	145,870
Profit before tax	377,960	64,007
Tax charge	(247,822)	(209,552)
Profit / (loss) for the year	130,138	(145,545)
Exchange difference on translating foreign operations	(24,932)	(81,097)
Total comprehensive income / (loss) for the year	105,206	(226,642)
Profit / (loss) attributable to:		
Shareholders of the holding company	133,300	(147,948)
Non-controlling interests	(3,162)	2,403
	130,138	(145,545)
Total comprehensive income / (loss) attributable to:		
Shareholders of the holding company	113,821	(218,887)
Non-controlling interests	(8,615)	(7,755)
	105,206	(226,642)
Earnings / (loss) per share		
Basic and diluted (Ksh)	0.31	(0.34)
Number of shares (in thousands)	432,156	432,156

Gross profit in 2023 was Ksh 2,225m an increase of Ksh 29.7m (1.4%) compared to the prior year. This was mainly driven by both organic growth from existing clients and new client wins. Operating and administrative expenses amounted to Ksh 2,688m, an increase of Ksh 143m compared to the prior year, mainly due to one off severance costs for a comprehensive restructuring programme undertaken to right size the cost base and reshape the staff structure, to better deliver against current and future client needs. Profit after tax for the Group amounted to Ksh 130m compared to a restated loss after tax of Ksh 146m in 2022. This was mainly driven by capital gains related to a deferred purchase consideration for sale of Kantar which was previously held for legal contingencies.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

All figures in Ksh'000	31 December 2023	31 December 2022 Restated	31 December 2021 Restated
ASSETS			
Non-current assets	924,775	820,540	823,178
Other current assets	3,762,734	3,885,899	4,564,373
Fixed deposits with bank (maturing after 3 months)	2,073,770	2,523,089	2,634,082
Cash, bank and deposit balances	1,253,522	970,074	1,317,387
TOTAL ASSETS	8,014,801	8,199,602	9,339,020
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	432,156	432,156	432,156
Share premium	4,436,532	4,436,532	4,436,532
Accumulated deficit	(556,587)	(689,887)	(541,939)
Merger reserve	1,457,248	1,457,248	1,457,248
Translation deficit	(433,433)	(413,954)	(343,015)
Equity attributable to shareholders of the holding company	5,335,916	5,222,095	5,440,982
Non-controlling interests	(61,441)	(13,185)	15,969
Total equity	5,274,475	5,208,910	5,456,951
Non-current liabilities	70,035	63,876	98,217
Current liabilities	2,670,291	2,926,816	3,783,852
TOTAL EQUITY AND LIABILITIES	8,014,801	8,199,602	9,339,020

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31
DECEMBER 2023

All figures in Ksh'000	Share capital	Share premium	Merger reserve	Accu- mulated deficit	Translation deficit	Non-con- trolling interests	Total
At 1 January 2022 as previously reported	432,156	4,436,532	1,457,248	(784,130)	(343,015)	1,606	5,200,397
Prior year adjustment	-	-	-	242,191	-	14,363	256,554
At 1 January 2022 as restated	432,156	4,436,532	1,457,248	(541,939)	(343,015)	15,969	5,456,951
Loss for the year	-	-	-	(147,948)	-	2,403	(145,545)
Other comprehensive loss	-	-	-	-	(70,939)	(10,158)	(81,097)
Dividend declared - 2022	-	-	-	-	-	(21,399)	(21,399)
At 31 December 2022	432,156	4,436,532	1,457,248	(689,887)	(413,954)	(13,185)	5,208,910
At 1 January 2023	432,156	4,436,532	1,457,248	(689,887)	(413,954)	(13,185)	5,208,910
Profit for the year	-	-	-	133,300	-	(3,162)	130,138
Other comprehensive loss	-	-	-	-	(19,479)	(5,453)	(24,932)
Dividend declared - 2023	-	-	-	-	-	(39,641)	(39,641)
At 31 December 2023	432,156	4,436,532	1,457,248	(556,587)	(433,433)	(61,441)	5,274,475

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER
2023

All figures in Ksh'000	2023	2022 Restated
Cash generated from / (used in) operating activities before working capital changes	147,695	(48,423)
Working capital changes	113,275	(74,354)
Tax paid on operating income	(289,090)	(350,941)
Net cash used in operating activities	(28,120)	(473,718)
Net cash generated from investing activities	607,250	291,970
Net cash used in financing activities	(299,857)	(137,813)
Cash and cash equivalents at the beginning of the year	946,188	1,334,344
Net increase / (decrease) during the year	279,273	(319,561)
Effect of fluctuations in exchange rates	(60,498)	(68,595)
Cash and cash equivalents at end of the year	1,164,963	946,188

The above summary consolidated financial statements are derived from the Group's financial statements which have been audited by Deloitte & Touche LLP and were approved by the Board on 29 April 2024. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on WPP Scangroup's website.

* Long outstanding accruals amounting to Ksh 362m have been retrospectively adjusted from other income in 2022 to 2021. These amounts were incorrectly recognized as other income in 2022 but due to the statute of limitation of 6 years in Kenya, the amounts should have been recognized as income in 2021.

ACCOUNTING POLICIES

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 2022 annual financial statements.

LOOKING AHEAD

We expect 2024 to be a period of modest growth as we work through the full year impact of the 2023 client losses in Scanad. The impact of these losses will be tapered by growth in technology backed products and expected organic growth from both Ogilvy, GroupM and H&K Kenya.

PROPOSED DIVIDEND

The directors did not declare a dividend for the financial year ended 31 December 2023 (2022: Nil).

EVENTS AFTER THE REPORTING DATE

At the date of approving these financial statements and after the end of the reporting period, the directors are aware of a case filed by Bharat Thakrar, former CEO, former director, and a current shareholder of the company against the company. Service was effected on 23 April 2024. The company is in the process of perusing the court pleadings to enter an appearance and prepare a suitable defence. The company cannot comment any further as the matter is the subject of an active litigation in court.

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF WPP SCANGROUP PLC

Opinion

The summary consolidated financial statements which comprise the summary consolidated statement of financial position as at 31 December 2023, the summary consolidated statement of profit or loss and other comprehensive income, the summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of WPP Scangroup PLC for the year ended 31 December 2023.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of WPP Scangroup PLC, in accordance with the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 ("the Regulations") as applicable to summary financial statements.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of WPP Scangroup PLC and the auditors' report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 30 April 2024. That report also includes the communication of a key audit matter as reported in the auditors' report on the audited consolidated financial statements. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' Responsibility for the Summary Consolidated Financial Statements

The Directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 Requirements as applicable to summary financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated 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 auditors' report is CPA Eshak Adam Harunani, Practising certificate No. A/0018.

Eshak Harunani

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya) Nairobi
30 April 2024

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