WPP | SCANGROUP

A FUTURE WHERE TECHNOLOGY MEETS CREATIVITY.

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

2023

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ANNUAL REPORT

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ABOUT US

CORPORATE INFORMATION

DIRECTORS	Richard Omwela	Chairman
	Patricia Ithau	Chief Executive Officer
	Jonathan Neil Eggar*	
	Dominic Grainger*	
	Shahid Sadiq*	
	Patricia Kiwanuka	
	Beverley Spencer-Obatoyinbo*	
	Peter M. Kimurwa	
	Federico de Nardis**	
	Tebogo Skwambane***	
	Andrew Payne*	Retired on 30th June 2023
	Patricia Helene Nuytemans****	

** British*
*** Italian*
**** South African*
*****Belgian*

SECRETARY

Winniefred Jumba
Certified Public Secretary (Kenya)
Stamford Corporate Services LLP
5th Floor, West Wing, ICEA Lion
Riverside Park, Chiromo Road
P. O. Box 10643 – 00100
Nairobi

REGISTERED OFFICE

The Chancery, 5th Floor
Valley Road, Upper Hill
P. O. Box 34537 – 00100
Nairobi
Telephone: +254 (20) 2710021, 2799000

AUDITORS

Deloitte & Touche LLP
Certified Public Accountant (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
P. O. Box 40092 – 00100
Nairobi

PRINCIPAL BANKER

Stanbic Bank Kenya Limited
Upper Hill Medical Centre Branch
P.O. Box 2492 – 00200
Nairobi

SHARE REGISTRARS

Image Registrars Limited
5th Floor, Absa Towers, Loita Street
P.O. Box 9287- 00100 GPO
Nairobi

CORPORATE INFORMATION CONTINUED

GROUP COMPANIES, BUSINESS ACTIVITIES AND GEOGRAPHIC PRESENCE

Business Activities	Country	Business Activities	Country
Advertising		***Media investment management***	
Scanad Ghana Ltd.	Ghana	GroupM Africa Ltd.	Kenya
Ogilvy Ghana Ltd.	Ghana	MEC Africa Ltd.	Kenya
Scanad Kenya Ltd.	Kenya	Media Compete East Africa Ltd.	Kenya
J. Walter Thompson Kenya Ltd.	Kenya	Mindshare Kenya Ltd.	Kenya
Scanad Africa Ltd.	Kenya	Ogilvy Africa Media Ltd.	Kenya
Grey East Africa Ltd.	Kenya	Scangroup (Malawi) Ltd.	Malawi
Ogilvy & Mather (Eastern Africa) Ltd.	Kenya	Scangroup (Mauritius) Ltd.	Mauritius
Geometry Global Ltd.	Kenya	Scangroup Mozambique Limitada	Mozambique
Ogilvy Africa Ltd.	Kenya	Scangroup (Zambia) Ltd.	Zambia
Ogilvy Kenya Ltd.	Kenya		
Scanad Nigeria Ltd.	Nigeria		
Scanad Rwanda Ltd.	Rwanda	***Public relations***	
O&M Africa B.V. (Branch Office)	South Africa	Hill & Knowlton East Africa Ltd.	Kenya
Scanad Tanzania Ltd.	Tanzania	Ogilvy Public Relations Ltd.	Kenya
J.Walter Thompson Tanzania Ltd.	Tanzania	Hill & Knowlton Strategies Nigeria Ltd.	Nigeria
Ogilvy Tanzania Ltd.	Tanzania	Hill & Knowlton Strategies Uganda Ltd.	Uganda
Scanad Uganda Ltd.	Uganda	Hill + Knowlton Strategies SA Pty Ltd.	South Africa
JWT Uganda Ltd.	Uganda	WPP Team Gabon SARL	Gabon
Ogilvy & Mather Zambia Ltd.	Zambia		
		Digital advertising	
Speciality communication		Squad Digital Ltd.	Kenya
Roundtrip Ltd.	Kenya	Squad Digital Nigeria Ltd.	Nigeria

Note: The above list of companies does not include a number of dormant legal entities.

ABOUT US

WHAT WE DO

We are the creative transformation Company.

Our work spans the full marketing spectrum, from advertising campaigns, social media management and influencer marketing to commerce solutions, marketing automation, and more

- Creative Services
- Experience (including Technology)
- Digital Media (Including Social & Performance)
- Shopper/ Activation
- Media Planning & Buying (Mass Media)
- Consulting

OUR AGENCIES

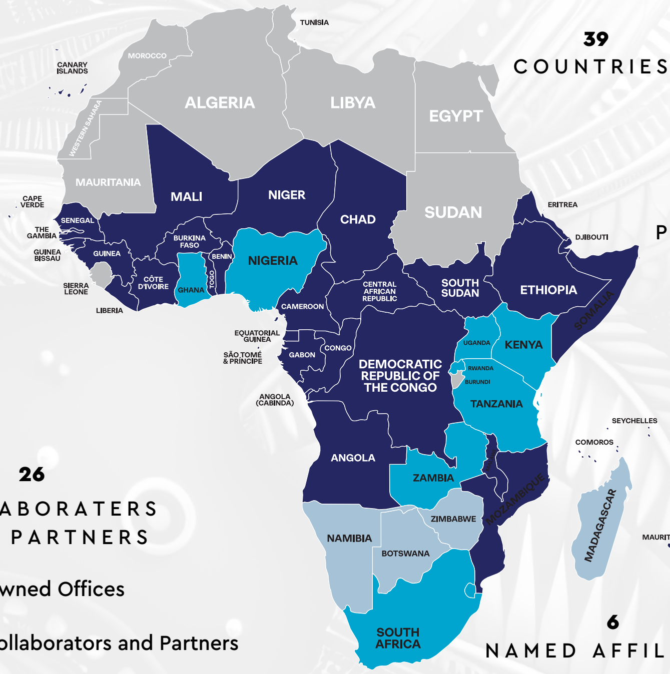
4 Key networks

Ogilvy | SCANAD | groupm | Hill & Knowlton

7 OWNED OFFICES

39 COUNTRIES

452 PEOPLE



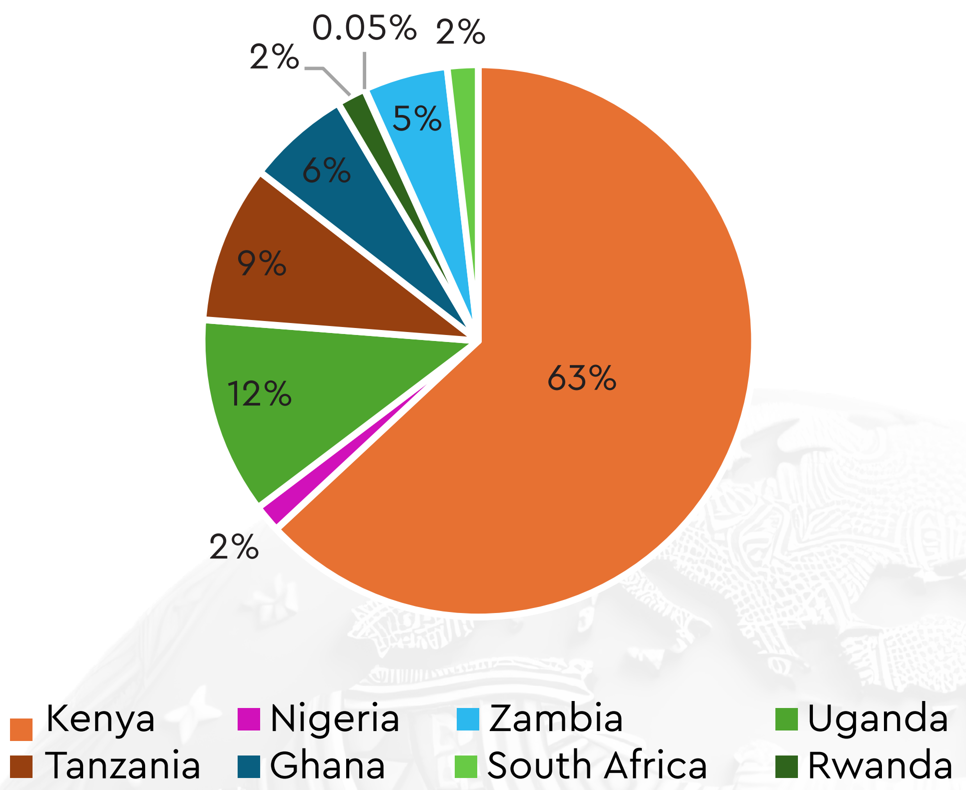
26 COLLABORATERS AND PARTNERS

6 NAMED AFFILIATES

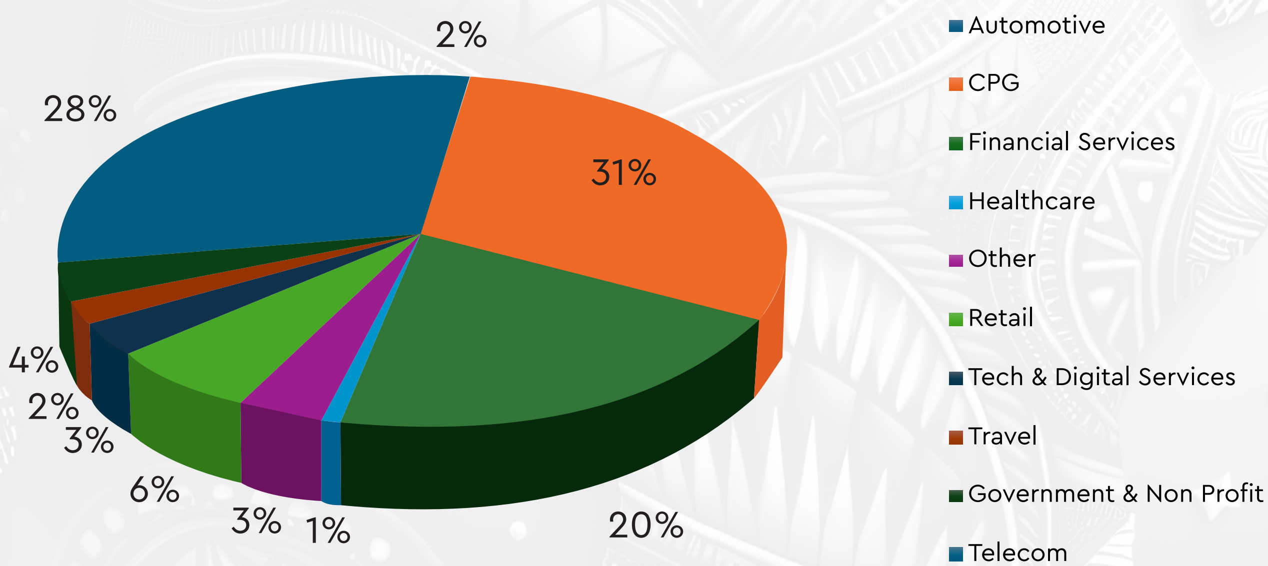
- Owned Offices
- Collaborators and Partners
- Named Affiliates

ABOUT US
CONTINUED

2023 REVENUE BY COUNTRIES



CLIENT SECTOR DISTRIBUTION OF REVENUE LESS PASS-THROUGH COSTS 2023



MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

2023 was a year where the company continued to make progress towards its goals of setting new ways of working, creating value for our shareholders and building better futures for our clients, people and planet under the leadership of our CEO, Patricia Ithau.

The focus for the year continued to be delivering innovative solutions for our clients' brands and streamlining internal structures for better efficiencies and collaboration to ensure a more agile and future-fit organization.

Sustainability is now firmly embedded within our corporate strategy. Towards this end, we continued along our sustainability journey, partnering with clients & other organisations, sometimes lending our expertise pro-bono, to address social issues affecting the communities where we operate. I am particularly proud of our efforts towards promoting the wellbeing of our employees & promoting gender balance across all levels of our organization.

Economic activity continued to be slow due to both macro and micro economic drivers including inflation, currency depreciation in many of the markets we operate in and reduced marketing budgets from several of our clients. However, even with the tough economic environment and reduced revenue growth, the company showed a profit after tax of Ksh 130m from a loss of Ksh 146m (restated) in 2022.

Consolidated results for 2023

Group gross profit for the year ended 31 December 2023 amounted to Ksh 2,225m, an increase of 1% compared to the previous year. Operating and administrative expenses of the Group increased by Ksh 143m, or 6%. The increase in operating costs was mainly due to one-off severance costs undertaken for a comprehensive restructuring scheme that was done to right size the cost base and reshape the staff structure, to better deliver against client needs. The profit before tax for the group amounted to Ksh 378m compared to Ksh 64m (restated) in 2022, this was mainly driven by Ksh 238m capital gains related to a deferred purchase consideration for sale of Kantar which was previously held for legal contingencies. This was however slightly offset by Ksh 28m capital loss related to the sale of net assets of Hill & Knowlton Strategies Nigeria Limited.

Outlook for 2024

Looking forward, I am optimistic following some momentum in the last quarter of 2023 and the focus that the company has taken on evaluating non-profitable client accounts. These actions should springboard growth and margin in 2024. The Company has also undergone a fit for purpose exercise in the first half of 2024. The exercise has included both a voluntary exit and redundancy which will result in an organization that is more nimble and agile, with lower staff costs. The full impact of the exercise will be realized in 2025.

This outlook is adversely tampered by the continued rise in both the cost of living and cost of doing business due to inflation and increased taxes in several markets that we operate in which are likely to negatively impact the marketing budgets of our clients.

I am confident that the business with its continued focus on innovative growth, driving efficiencies, backed by an integrated offering and strong regional footprint will be able to overcome the challenges and deliver a stronger performance to its shareholders this coming year.

Proposed Dividend

The directors have not declared a dividend for the financial year ended 31 December 2023.

Appreciation

Finally, I would like to thank our clients in all our markets for their continued support, our shareholders for their confidence in the management and the leadership of the Group and our hard-working staff and management for their excellent work and finally to my fellow directors for their support.

Richard Omwela

Chairman

14th June 2024

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

WPP Scangroup boasts a robust presence across the region with a fully integrated offering spanning 39 countries, achieved through a combination of owned offices, collaborators, and strategic partners and a portfolio of agencies namely:

- Creative both on and offline through our agencies Ogilvy Africa and Scanad;
- Experience including tech through Ogilyy Africa and Squad;
- PR & Influence through OgilvyPR and H&K,
- Digital media including social and performance through Ogilvy Africa and GroupM
- Media planning and buying through GroupM entities EseenceMediacom, Mindshare and Wavemaker

All of which form an unrivaled integrated service offering.

This network allowed us to rebuild the business, and start to turn around our fortunes, recording a nominal gross revenue growth of 1% despite a tough and unstable economic environment plagued with aggressive tax policies and elevated inflation in many of the markets we operate. We took advantage of the positive market trends such as agency consolidation, investment in new skills, digital transformation and productization and indeed AI to bring to life our strategy of transforming the business to make it future fit, agile and true to a future where technology meets creativity.

Within our portfolio of business, we were encouraged that we were on the right track with 67% of the business namely Ogily Africa, H&K Kenya and GroupM recording significant growth in revenue and operating profit margins. We will continue to focus on rebuilding and establishing collaborative models that support the turnaround of the underperforming businesses, including continually reviewing our working model and organization's talent to make sure we remain efficient and effective.

We are proud to share some of our success in the year, borne of the execution of our 5 strategic imperatives namely

1. Returning the business to growth,
2. Creativity meeting technology
3. Creating an agile and collaborative organization
4. Buidling an unrivaled Africa footprint
5. Making sustainability a core part of who we are and what we do.

The company's success extended to its retention of the Airtel account, encompassing creative, digital, and media mandates for 12 African markets across East and Francophone clusters. This includes the establishment of a new Franco Hub based in the Democratic Republic of Congo. We were also proud to welcome Safaricom back into the fold by winning their integrated media business. This win cemented the fact that GroupM, through their lead in-market agency EssenceMediacom, had it in them to aid the fast growing and evolving telecommunication company to achieve their 2030 Mission of being a purpose led tech company.

Innovation is a key driver at WPP Scangroup in line with the market trends of major agencies investing heavily in digital transformation, building their own MarTech products and platforms to cater to the specific needs of African markets. We internally developed and deployed Optimus Software as a Service (SAAS) platform. This platform empowers businesses to optimize their lead generation and marketing efforts through a user-friendly interface, modern programming language, and robust database, prioritizing scalability, security, and ease of use.

Ogilvy Africa also introduced InfluenceO an end-to-end digitally enabled solution for effective Influencer Marketing in Africa. The agency leveraging its expansive reach and network is exemplified by Ogilvy Africa PR&I's recent successes. In 2023, the agency collaborated with our network partners to secure a global engagement with the Saadiyat Cultural District, in Abu Dhabi crafting a strategy to connect this cultural hub with audiences in the global south. This impactful work is now being implemented across key markets in sub-Saharan Africa and beyond.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Further demonstrating their commitment to positive change, Ogilvy Africa PR&I partnered with the Fortified Whole Grain Alliance to design a behavior change program. This integrated campaign, spanning paid, owned, and earned media, aims to encourage the adoption of healthier ingredients, and combat the obesity and diabetes epidemics, starting in Rwanda with the potential for continent-wide implementation.

Ogilvy Africa PR&I's dedication to impactful work was recognized at The Loeries, where their "Harmacy" campaign for Gertrude's Children's Hospital received an award for its innovative use of a physical installation to raise awareness about discarded pharmaceuticals.

Hill and Knowlton's work with BasiGo, an electric vehicle startup, has positioned the company as a thought leader in the e-mobility space in both Kenya and Rwanda.

BasiGo aims to revolutionize the public bus sector by introducing electric buses that reduce carbon emissions and reliance on fossil fuels. Their lease-to-own model offers an affordable and environmentally friendly alternative for bus operators. H&K's strategic support, encompassing reputation management, media relations, and public affairs, has been pivotal in building awareness of BasiGo's advocacy for e-mobility adoption in the mass transit sector and in navigating policy challenges faced by startups. As a result of sustained campaigns and stakeholder engagements, BasiGo has been invited to provide insights and opinions on policies impacting the e-mobility sector. Additionally, the Government of Kenya has showcased BasiGo's model as an example of the country's adoption of e-mobility.

Every disaster is a reminder that everyone needs insurance. APA Insurance together with SCANAD created a collection of stories that answer the question we have all asked, "Why do I need insurance?". The 'Mementos of Past Disasters' award-winning campaign at the 2023 MSK awards (2nd Runner Up, Brand communication campaign) and the 13th Kalasha International Film and TV awards (Best TV advertisement) was anchored on real stories and a reminder that indeed it is possible to remember your disaster when you insure your happiness.

A commitment to making sustainability and impact a part of who we are was further exemplified through the work we did with the Bill and Melinda Gates foundation, who have been in the fore of championing the rights of women. They came to one of our media agencies, EssenceMediacom with a request that was quite different. They wanted to find out more about adolescent young girls and women with the aim of using these insights to guide their social impact initiatives to policy makers for the benefit of this audience. Through the Data fueled and strategic work that was presented by the EssenceMediacom team, the scope expanded to cover not only Kenya but also Ethiopia and Nigeria, impacting millions of Adolescent Young Girls and Women.

Our resoluteness remains to focus on client and product offerings supported by investment in technology and talent. We will do this through the operations that leverage agility, technology and a compliance and controls conscious environment.

We believe focusing on this will help us deliver on our medium objectives of turning the business back to profitable and sustainable growth.

Patricia Ithau

CEO

OUR STRATEGY

OUR AMBITION

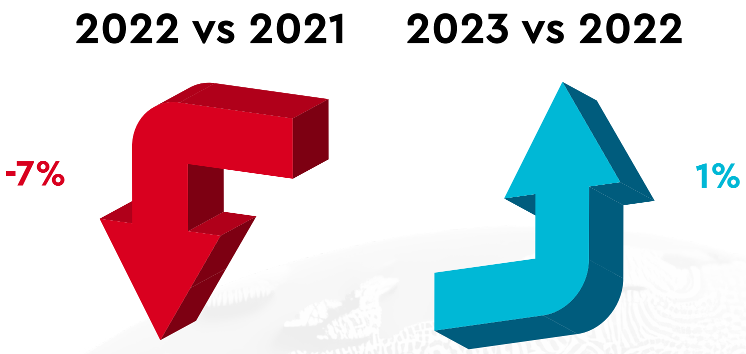
Transform the business to make it future fit, agile and be true to a future where technology meets creativity

OUR IMPACT GOAL

To be an organisation fit for the future, boasting the strongest regional network committed to doing good.

OUR STRATEGIC IMPERATIVES

1. Go back to growth



After 7 years of declining growth, in 2023 we turned the corner.

2. Creativity meets technology

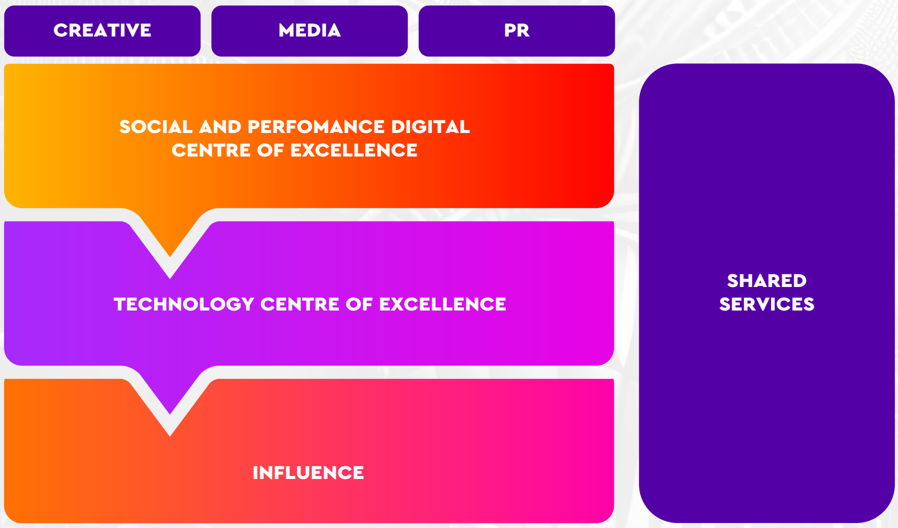
FEED 2.0 from Ogilvy Africa

Influence By Ogilvy.africa

optimus™

We have the technology and expertise to develop innovative products and address the decline of traditional advertising. We have built a strong technology stack to support innovation-led growth for our agencies.

3. Agile & Collaborative Organisation



We are creating an organisation that is future fit through streamlining our structures and simplifying the number of entities.

OUR STRATEGY CONTINUED

4. Footprint via partnerships

6 NAMED AFFILIATES

7 OWNED OFFICES

26 COLLABORATERS AND PARTNERS

39 COUNTRIES

Broadening and deepening our partner relationships.

5. Sustainability

We continue focusing on our 5 pillars:

1. People
2. Partnerships
3. Governance
4. Planet
5. Communities

PRINCIPAL RISKS

The Board Audit & Risk Committee assesses the risks against two dimensions: impact & likelihood. The Board has carried out an assessment of the principal risks and uncertainties affecting the Group and the markets we operate in, and strategic decisions taken by the Board as of 31 December 2023 and up to the date of this report.

Principal Risk	ESG pillar	Trend in criticality	How it is managed	Corresponding ESG materiality aspect
Failure or delay in returning to growth (revenue & operational profitability)	NA	⇔	Our account teams work proactively with our clients to understand the challenges they are facing, determine general trends in marketing spend and develop plans to help us prepare, redeploy resources and manage costs accordingly. We completed a restructuring in April 2024 to reduce costs & enhance efficiency.	NA
Loss of key clients	Partnerships	⇔	The Board is focused on the importance of a positive and inclusive culture across our business to attract and retain talent and clients. Accordingly, work continues on diversity and inclusion across the company. There is continuous improvement of our creative capability and reputation. We conduct business reviews at every Board meeting and have regular engagement at executive level with our clients. There are monthly updates to the executive management team on the status of the company's major clients and upcoming pitches for potential clients.	Ensuring best-in-class quality of service
Internal controls	NA	⇔	Management is committed to maintaining a strong internal control environment, with appropriate oversight from the controls committee as a sub-committee of the risk committee of management that meets quarterly, and from our Board Audit & Risk Committee. Our controls function continually reviews and as needed, enhances controls across the Group, under the direction of our Director of Risk and Controls.	NA
Complex statutory structure	NA	⇔	We are in the process of rationalizing our legal entities & plan to significantly reduce the number by the end of 2025.	NA
Taxation	Governance	⇔	We actively monitor any proposed regulatory or statutory changes and consult with government agencies and regulatory bodies, where possible, on such proposed changes. There are quarterly briefings to the Board Audit & Risk Committee of significant tax exposures. We engage advisors and legal counsel to obtain opinions on tax legislation and principles.	Regulatory compliance and tax obligations in our different operational geographies
Credit risk	NA	⇔	The risk management committee reviews risk profiles of our key clients on an as part of the annual workplan. We continuously & closely monitor intercompany balances to ensure timely settlement.	NA
Non-compliance with anti-bribery and/or anti-corruption provisions (including advisers and business partners)	Governance	⇔	Online and in-country ethics, anti-bribery, anti-corruption, anti-fraud and antitrust training on a Group-wide basis to raise awareness and seek compliance with our Code of Conduct and ABC and Fraud Policy. We continuously take steps to reiterate the importance of the "Right-to-speak" within our organization & also encourage the use of other speak up channels across the business. We conduct regular training on vendor due diligence, client due diligence and conflict of interest. We have a robust process around gifts & hospitality. We have implemented restrictions on the use of intermediaries and consultants to win or retain business. We have an internal controls framework that includes monitoring and actions by the Company's Risk Committee of management.	Business integrity, anti-bribery and corruptions
Litigation risk	NA	↑	We review higher-risk business relationships through the client business acceptance process & we continuously remind our people, through various forums, on the importance of escalating such relationships. We regularly review our procurement process to ensure vendors identification & selection reduces the exposure to litigation risk. Additionally, we regularly train our people on client & vendor due diligence processes on a bi-annual basis. Our legal team have a disciplined case management. A rigorous early case evaluation is instituted to improve case resolution and reduce expenses. We pursue alternative dispute resolution mechanisms, where fit, to avoid unnecessary court proceedings.	• Sustainable & ethical culture in our client relationships & brand strategy • Fair treatment of our suppliers • Workplace culture
Reputation	Partnerships	↑	We promote a culture of collaboration to promptly address any potential issues before they escalate and become public. This proactive approach ensures that the company maintains a positive image and reputation. Additionally, there is a dedicated inhouse Public Relations support to monitor and manage negative publicity & offer guidance on the most appropriate actions to take. We have continuous engagement with regulators, including the Capital Markets Authority, to ensure compliance and maintain a positive relationship with regulatory bodies.	• Sustainable & ethical culture in our client relationships & brand strategy • Fair treatment of our suppliers • Ensuring best-in-class quality of services
Health & Safety (HS&E) exposure	People	↑	To enhance the HS&E capabilities across the group, fire and first aid training is conducted on an annual basis. We have staff security response solution being tested to ensure staff are safe whilst attending events.	• Employee wellbeing, health & safety • Workplace culture
Impact of regulations and sanction requirements	Governance	↑	To minimize on regulatory exposure for the Company, we are significantly reducing the number of companies by end of 2025. This strategic move aims to streamline operations ensuring compliance with regulations. We regularly review our groupwide regulatory compliance checklist, director and shareholding registers.	Regulatory compliance and tax obligations in our different operational geographies
Governance (including third-party governance)	Governance	↓	We have a well-documented system of governance to guide operating companies.	Regulatory compliance and tax obligations in our different operational geographies

PRINCIPAL RISKS CONTINUED

Principal Risk	ESG pillar	Trend in criticality	How it is managed	Corresponding ESG materiality aspect
Behaviour & Ethics	Governance / People	↔	All our people and freelancers engaged for 4-weeks or longer, are required to complete a mandatory training on 'how-we-behave & belonging' which is crucial in maintaining a positive and respectful work environment. In conjunction with WPP's Business integrity function, to promote a culture of respect and integrity, we have mandatory training sessions on 'respect in the workplace', 'ethics and integrity', and 'anti-sexual harassment' in 2024. We have taken steps to reiterate the importance of the "Right-to-speak" within our organization. This has been done through email communications and office posters, highlighting the significance of speaking up and addressing any concerns. We shall continue to take steps to reiterate the importance of the "Right-to-speak" within our organization & also encourage the use of other speak up channels across the business.	• Business integrity, anti-bribery, and corruptions • Workplace culture
Data privacy and protection regulations (e.g., General Data Protection Regulation)	Partnerships	↔	We have developed principles on privacy and data protection and compliance with local laws. We monitor pending changes to regulations and identify changes to our processes and policies that would need to be implemented. We have extensive training on data protection regulations. Our group Data Protection Officer is supported by WPP's chief data privacy officer & a network of a Data Protection Champions across the business identify & respond to privacy & data risks across the company. Data privacy activities across are governed by the Data Privacy & Security Charter and follow the WPP's Privacy Management Framework. Our people must take WPP's Privacy & Data Security Awareness training, when joining and on an annual basis; and understand the WPP Data Code of Conduct and WPP policies on data privacy and security. The Data Health Checker survey is performed annually to understand the scale and breadth of data we collect so the level of risk associated with this can be assessed.	• Sustainable & ethical culture in our client relationships & brand strategy
Risk of intellectual property infringement	Governance	↔	We review all open-source licences & products used to support our technology teams. We train & remind our teams on generative AI principles, that have been developed by our major shareholder, WPP. We encourage a culture of collaboration between our technology and legal teams for all generative AI projects.	• Sustainable & ethical culture in our client relationships & brand strategy • Fair treatment of our suppliers • Workplace culture

ESG

OUR APPROACH TO SUSTAINABILITY

At WPP Scangroup, we aim to make a positive, long-term contribution to the communities where we live and work and use our expertise to have a positive network effect with our stakeholders. We actively consider sustainability risks and opportunities with the support of our governance procedures and policies.

OUR SUSTAINABILITY GOVERNANCE FRAMEWORK

The Board

The Board is accountable for the overall, sustained performance of the Company and for establishing the organization's mission, core values, culture, and strategic orientation, which includes sustainability.

The Board Audit & Risk committee:

1. Reviews environmental, social and community issues that may affect the future development, performance, and position of the Company.
2. Puts in place environmental, social and governance (ESG) frameworks and public disclosure of ESG performance in annual reports.
3. Reviews and recommend changes as appropriate to the Company's Sustainability strategy and policy considering the Company's strategy, purpose, and culture, and ensuring standards of business behaviour are up to date and reflect the best practices of business in this area.
4. Ensures the required actions to affect this strategy are appropriately resourced by Management.
5. Assesses the Company's performance in implementing the Sustainability strategy and policy, by receiving and considering updates from the Company's businesses, and internal and external experts.
6. Reviews the Group's Health & Safety policy arrangements, to ensure that key risks are being identified and that appropriate control measures are put in place by management.
7. Monitors and reviews changes in the Company's reputation and its stakeholders' expectations on sustainability, and ensures the Board is kept appropriately informed.
8. Brings best practice thinking and ongoing awareness of global developments in sustainability.
9. Reviews the ESG reporting process.
10. Provides oversight of internal controls and risk management, including our ESG controls.

The Chief Executive Officer (CEO)

The CEO provides overall executive sponsorship for the Company's ESG programme.

The Sustainability Manager

The main point of contact and focus point for the ESG activities is the Sustainability Manager. The sustainability manager oversees the activities, reporting procedure, schedule, and scope. He reports to the CEO & provides regular updates to the Board Audit & Risk committee on ESG matters.

Governance audit

As part of the Code of Corporate Governance for Issuers of Securities to the Public, 2015, we conducted a governance audit for 2023. The auditor's opinion is on the next page.

OUR APPROACH TO SUSTAINABILITY CONTINUED

DORION Associates

The Governance people

THE GOVERNANCE AUDITOR'S REPORT

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code"), requires the Board of a listed Company to subject the Company to an annual Governance Audit to check the level of compliance with sound governance practices.

The Code specifically requires the Annual Governance Audit to be conducted by a competent and recognized professional accredited for that purpose by the Institute of Certified Secretaries (ICS). In compliance with the Code, WPP Scangroup Plc. retained Ms. Catherine Musakali of Dorion Associates ("the Auditor") to conduct a Governance Audit of the governance structures, procedures and processes of the Company in order to assure the Board that its goals, structure and operations are consistent with the law, the Code, as well as the latest developments in Corporate Governance; and that the Company has adopted best practices in Corporate Governance as a means of ensuring sustainability. The Code further requires that after undergoing the Governance Audit, the Board should provide an explicit statement on the level of compliance.

The scope of the Audit is derived from the Code, the Companies Act, 2015 and the Governance Audit Tool developed by the ICS. More specifically, the Audit covers the following broad areas.

1. Leadership and strategic management.
2. Transparency and disclosure.
3. Compliance with laws and regulations.
4. Communication with stakeholders.
5. Board independence and governance.
6. Board systems and procedures.
7. Consistent shareholder and stakeholders' value enhancement.
8. Corporate social responsibility and investment.
9. Sustainability.

Governance Auditor's Responsibility

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in the Company in accordance with best governance practices as envisaged within the legal and regulatory framework. We conducted our Audit in accordance with the Institute of Certified Secretaries' Governance Audit Standards and Guidelines, which conform to global Standards. These standards require that we plan and perform the Governance Audit to obtain reasonable assurance on the adequacy and effectiveness of the Company's policies, systems, practices and processes. The Audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place a satisfactory governance framework in compliance with the legal and regulatory requirements, and in this regard, we issue an unqualified opinion. Identified instances of non-compliance have been reported to the Board.

Catherine Musakali

FCS. Catherine Musakali, ICPSK GA. No 006

Dorion Associates

Green Shade Apartments, Arwings Kodhek Rd., House 1C Nairobi. Tel No.: +254 202 353 383/+254 722 616 119

25th April 2024

OUR MATERIALITY PROCESS

Prioritising our time and resources to projects that will have the greatest potential impact, such as how we manage and invest in our people, client work, and our own operations, is made possible by identifying the most material topics. The relative impact of our ongoing activities and their relative significance to our stakeholders are shown in the chart below.

In 2022, we conducted a materiality assessment to identify the areas of focus.

OUR ESG STRATEGY

Following the materiality assessment, we identified 5 pillars. Our ESG strategy is to make a positive, long-term contribution to the communities where we live and work and use our expertise to have a positive network effect with our stakeholders

People:	Partnerships:	Governance:	Planet:	Communities:
Be an employer of choice in the markets that we operate in.	We seek partners who uphold high standards of ethical business conduct, employment practices, human rights, and environmental stewardship.	Good corporate governance as directed by our governance framework.	Maximise our positive impact on the planet.	Use the power of our creativity and voice to support healthy, vibrant communities.

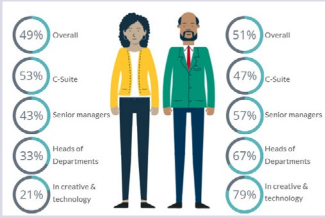
Defining our ESG 'swords and shields'

We refer to material topics that give us a competitive edge, as 'swords' while those that are vital to how we operate, we refer to as 'shields'.

Competitive edge 'Swords'	Vital 'Shields'
People • Attracting, retaining, and developing talent • Employee wellbeing, health, and safety • Employee benefits, remuneration and employment practices • Inclusivity and diversity	**People** • Workplace culture
Partnerships • Best-in-class quality of service to our clients • Fair treatment of our suppliers	**Partnerships** • Sustainable and ethical culture in our client relationships and brand strategy • Integration of social data privacy and cybersecurity
Governance • Regulatory compliance and tax obligations in our different operational geographies	**Governance** • Business integrity, anti-bribery and corruption

PEOPLE

<table>
<tr><th>Material topic</th><th>Goals & metrics</th><th>How we are doing</th><th>Supported SDG goals and SASB standard</th></tr>
<tr>
<td>Workplace culture</td>
<td>• Employee participation rates in the annual All-In survey
• Employee engagement rates in the annual All-In survey</td>
<td>75% Participation +15% from 2022
67% Engagement -8% from 2022

Our All-In survey helps us better support employees, hold ourselves accountable, and create a culture that is inclusive and empowering for all. A high participation gives us a better understanding of the experience of our employees & gives us actionable insights. To measure engagement, we assess approximately 40 core questions designed to help us understand the experience of our employees. The identified areas of concern are discussed at the Board remuneration & nominations committee & action points executed by the executive committee of management.</td>
<td>8 DECENT WORK AND ECONOMIC GROWTH</td>
</tr>
<tr>
<td>Attracting, retaining, and developing talent</td>
<td>• Hours of training undertaken during the reporting period
• Cost spent in training & cost spent per employee in training
• Percentage of total employees who received a regular performance and career development review during the reporting period</td>
<td>
<table>
<tr><th></th><th>2023</th><th>2022</th></tr>
<tr><td>Total hours of training</td><td>7,000</td><td>5,496</td></tr>
<tr><td>Average training spends per employee</td><td>Sh. 36,000</td><td>Sh. 29,000</td></tr>
<tr><td>Overall training spends</td><td>Sh.3.7m</td><td>Sh.4.4m</td></tr>
<tr><td>Internal mobility (positions filled internally)</td><td>1/5</td><td>1/7</td></tr>
<tr><td>% age of staff evaluated on performance</td><td>97%</td><td>95%</td></tr>
</table>
</td>
<td>4 QUALITY EDUCATION</td>
</tr>
<tr>
<td>Inclusivity & diversity</td>
<td>• Gender balance across the business
• Gender balance in executive leadership & their direct reports
• Proportion of women in creative & technology
• Ratio of the basic salary and remuneration of women to men by significant location of operation</td>
<td>We continue to entrench gender diversity and inclusivity, throughout the business.


Increasing the number of women in our creative departments has been one of our priorities since 2022. We appointed our first female Chief Creative Officer in 2023 & increased the proportion of women leaders in our creative & technology functions from 11% in 2022 to 13% in 2023.
<u>Gender Pay Equity ratio (women: men)</u>
Generally, there is gender pay equity across the Company
<table>
<tr><th></th><th>2023</th></tr>
<tr><td>Kenya</td><td>1:1.18</td></tr>
<tr><td>Ghana</td><td>1:0.96</td></tr>
<tr><td>Rwanda</td><td>1:1.01</td></tr>
<tr><td>South Africa</td><td>1:0.91</td></tr>
<tr><td>Tanzania</td><td>1:1.19</td></tr>
<tr><td>Uganda</td><td>1:1.38</td></tr>
<tr><td>Rwanda</td><td>1:0.86</td></tr>
</table>
In Uganda, the pay equity gap is triggered by creative talent who are scarce skills in the market.</td>
<td>5 GENDER EQUALITY

SASB reference:
SV-AD-330a.1.
Percentage of gender and racial/ ethnic group representation for (1) management,
(2) professionals, and (3) all other employees</td>
</tr>
<tr>
<td>Employee wellbeing, health, and safety</td>
<td>• The number/rate of work-related injury
• The number/rate of work-related deaths
• Number & distribution of employee safety ambassadors</td>
<td>Our health & safety ambassadors programme continues to thrive with the number of health & safety ambassadors increasing from 25 in 2022 to 34 in 2023. Following the implementation of these procedures and a consistent monitoring system, we recorded 3 health & safety incidents that were of a personal nature across the Company in 2023. The incidents were effectively addressed.
<table>
<tr><th></th><th>2023</th><th>2022</th></tr>
<tr><td>Work-related injuries or deaths</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Days lost to sickness</td><td>721</td><td>984</td></tr>
<tr><td>Participation of employees in wellness programs</td><td>100%</td><td>100%</td></tr>
<tr><td>Number of mental health allies</td><td>1</td><td>2</td></tr>
</table>
</td>
<td>3 GOOD HEALTH AND WELL-BEING</td>
</tr>
<tr>
<td>Employee benefits, remuneration and employment practices</td>
<td>• Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations.</td>
<td>Our employee benefits are elaborated on section 4.11 under the summary of our material accounting policies and include retirement savings plans, health and wellness programmes, employee assistance schemes and life assurance.
Note 10 of our financial statements show the trend in employee benefits from 2022 to 2023.</td>
<td>8 DECENT WORK AND ECONOMIC GROWTH</td>
</tr>
</table>

PARTNERSHIPS

Material topic	Goals & metrics	How we are doing	Supported SDG goals and SASB standard
Sustainable and ethical culture in our client relationships and brand strategy	• Client retention	Our client retention rate is a crucial business metric that impacts our entire organization. In 2023, we achieved a client retention rate of 72% (2022: 77%).	**SASB reference:** SV-AD-220a.1. Discussion of policies and practices relating to behavioural advertising and consumer privacy. SV-AD-220a.3 Total amount of monetary losses because of legal proceedings associated. with consumer privacy 8 DECENT WORK AND ECONOMIC GROWTH
Integration of social data privacy & cybersecurity	• Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization. ii. complaints from regulatory bodies.	In 2023, there have been no substantiated complaints received from outside parties and substantiated by the organization nor from regulatory bodies around breaches to customer privacy (2022: Nil)	
Best-in-class quality of service to our clients	• Number of awards/recognitions	See our 2023 awards below	
Fair treatment of our suppliers	• Rate of vendors who have completed vendor due diligence in 2022 • Rate of vendors who have signed the vendor code of conduct in 2022	Contracted suppliers are required to sign our Business Code of Conduct – Supplier Version, confirming they will comply with our standards or adequately demonstrate to the Company that they have the equivalent standards in place within their own business.	

	2023	2022
Vendors who have completed vendor due diligence	100%	100%
Vendors who have signed or confirmed equivalence with the vendor code of conduct	100%	100%

Our 2023 Awards

4 CANNES

2 CLIO

OGILVY REMAINED #1 AGENCY

1 ONE CLUB

5 SABRE

3 PITCHER

1 LOERIES

4 MMA

5 PRSK

3 DMA

5 MSK

GOVERNANCE

<table>
<tr><th>Material topic</th><th>Goals & metrics</th><th colspan="3">How we are doing</th><th>Supported SDG goals and SASB standard</th></tr>
<tr><td>Business integrity, anti-bribery, and corruption.</td><td>• Total number and percentage of governance body members, employees, and business partners that have signed the Company's anti-corruption policies and procedures</td><td colspan="3">On an annual basis, all board members & senior managers confirm their compliance with the Code of Conduct. Further all employees completed the 'How We Behave and Belonging' mandatory training in 2023. The 'How We Behave and Belonging' training designed to help employees understand the ethical and business objectives set out in WPP's Code of Business Conduct (which is also the Company's Code of Business Conduct).

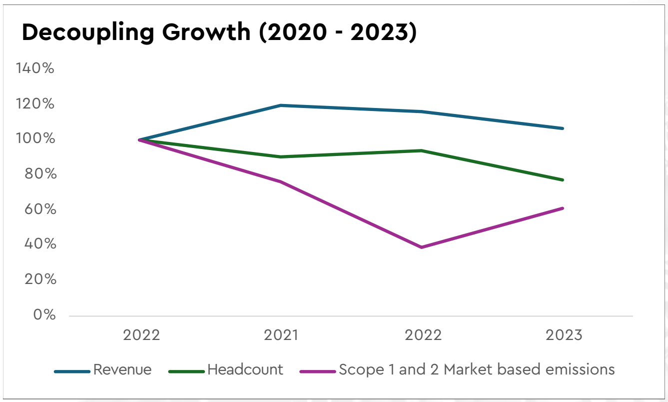
WPP, the major shareholder, has a mandatory online training programme, 'How We Behave and Belonging', that all our people (including freelancers working for more than four weeks) are required to complete on an annual basis.</td><td rowspan="6">SASB reference:
SV-AD-220a.1.
Discussion of policies and practices relating to behavioural advertising and consumer privacy.
SV-AD-220a.3
Total amount of monetary losses because of legal proceedings associated. with consumer privacy</td></tr>
<tr><td rowspan="5">Regulatory compliance and tax obligations in our different operational geographies</td><td rowspan="5">• Fines, penalties and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area</td><td colspan="3">The Company faces complex regulatory & tax requirements. We maintain a regulatory register & track our tax compliance across markets. Our board audit & risk committee is regularly updated on regulatory compliance issues including tax compliance. This risk management committee regularly reviews and monitors our data ethics, privacy and security risk, as well as our approach to regulatory and legal compliance.</td></tr>
<tr><td></td><td>2023</td><td>2022</td></tr>
<tr><td>Fines & penalties</td><td>Shs 16.6m</td><td>Shs 15.9m</td></tr>
<tr><td>As a percentage of revenue</td><td><1%</td><td><1%</td></tr>
<tr><td colspan="3">We endeavour to minimize the impact of fines and penalties.</td></tr>
</table>

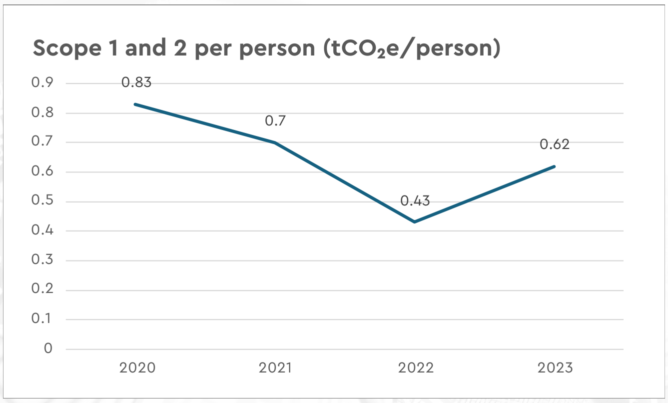
PLANET

Material topic	Goals & metrics	How we are doing	Supported SDG goals and SASB standard
Climate crisis and carbon footprint reduction	• Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent • Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent • GHG emissions intensity ratio for the organization	See below on our emissions data	13 CLIMATE ACTION

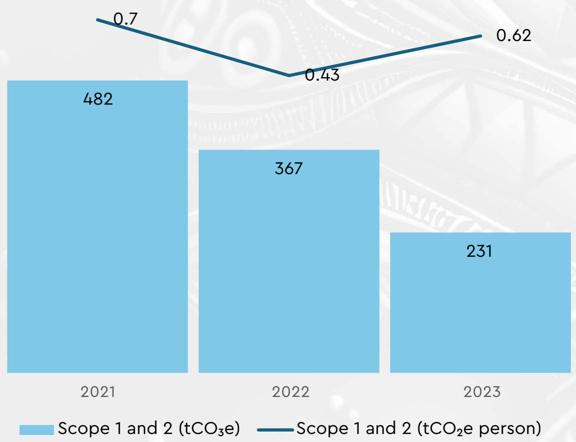
Our Emissions data

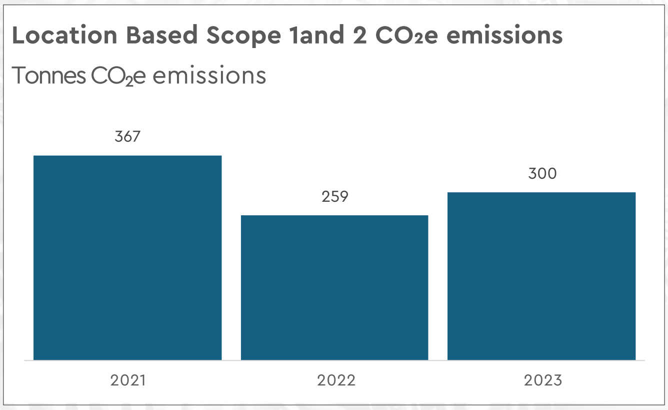
Our scope 1 & 2 per person emissions surged from 2022 due to the increased use of generators in 2023 especially in Nigeria where we experienced more frequent power outages in 2023 compared to 2022. Nigeria contributed 72% of the total scope 1 & 2 emissions in 2023 (74% in 2022) due to its reliance on diesel generators for electricity generation. The scope 1 & 2 per person emissions also increased due to reduced headcount. Total headcount decreased by 17% from 2022.





Market based scope 1 and Carbon 2 Emissions Progress





Our Emissions Reduction Plan

The Company is committing to purchasing 100% renewable electricity by 2025 (in all markets where this is available). WPP, the majority shareholder, has set near term science-based emissions reduction targets validated by the Science Based Targets initiative. These are to reduce scope 1& 2 emissions by 84% by 2025 and scope 3 emissions by 50% by 2030 (from a 2019 baseline), including emissions from media and production that we deliver on behalf of clients. As a part of the WPP group of companies, the Company also plays a role in achieving this target.

COMMUNITIES

Material topic	Goals & metrics	How we are doing	Supported SDG goals and SASB standard
Creativity for social change & action in our local communities	• Operations with significant actual and potential negative impacts on local communities, including locations and description of significant impacts • Total social contribution through investment in pro bono work, corporate giving, and free media space	Our operations have not had any significant actual & potential negative impact on local communities. The impact of our social contribution through investment in pro bono work as well as work done for our clients impacting communities is shown in subsequent pages.	17 PARTNERSHIPS FOR THE GOALS SASB reference: SV-AD-220a.1. Discussion of policies and practices relating to behavioural advertising and consumer privacy. SV-AD-220a.2 Percentage of online advertising impressions that are targeted to custom audiences

STAIN NOT SHAME

AGENCY

Scanad Kenya

CLIENT

Zeva

ABOUT

From senators to schoolgirls, one in every three Kenyan women has faced period shaming. The consequences of this have, at times, been as drastic as suicide.

To push forward a Bill that would provide free and unlimited feminine hygiene products to women, nominated Kenyan Senator, Gloria Orwoba, walked to the Kenyan Senate Chambers with 'blood' stained white trousers. The result was that the Senate gave a notice of motion on free sanitary towels to end period poverty. She was, however, thrown out of the Senate after her actions caused 'uneasiness' in the Chambers.

On International Women's Day, Zeva – a fashion brand in Kenya – launched Stain Not Shame, a limited collection of beautifully crafted dresses using blood-red designs placed boldly to challenge people to look at period stains differently.

Support for the campaign led to corporations and government taking immediate action.

IMPACT

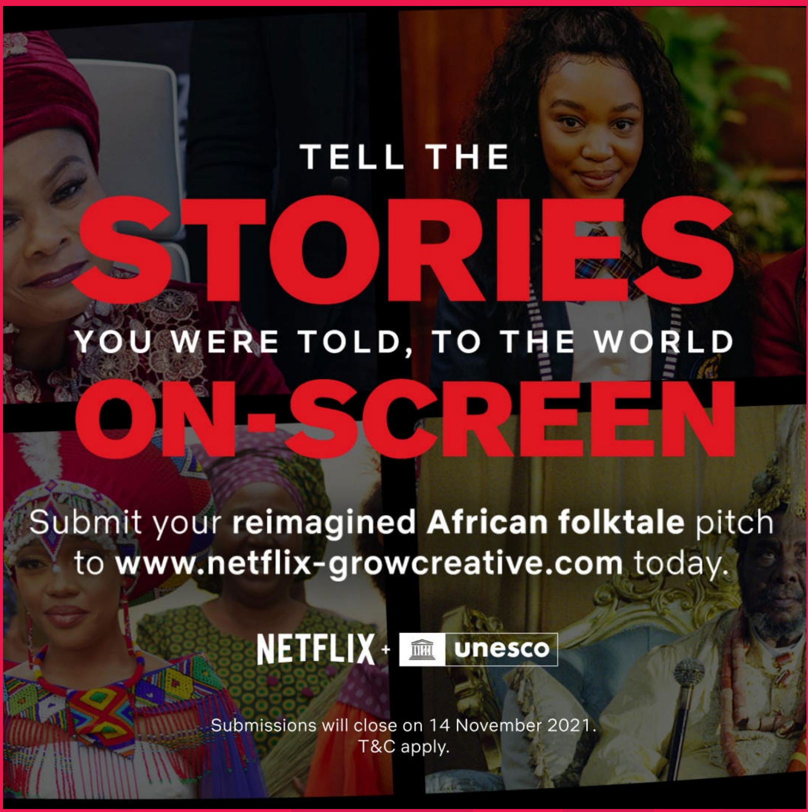
In the first three weeks of the campaign, the designs were worn by influential Kenyans, and Kotex soon joined the campaign. The Government of Kenya announced that it would put forward a policy linking period shaming a punishable offence.

Sales from the Stain Not Shame collection saw an increase in sales for Zeva of

280%

https://www.wpp.com/en/featured/work/2023/06/scanad-zeva-fashions-stain-not-shame

AFRICAN FOLKTALES REIMAGINED



AGENCY

Hill & Knowlton Nigeria

CLIENT

Netflix

ABOUT

Africa has a rich history of storytelling with folklore tales passed down from one generation to another preserving the heritage and cultures of Africa. Yet, this has not been reflected on screen globally. Netflix believes that great stories can come from anywhere and be loved everywhere. This inspired the brand to launch the African Folktales Reimagined project in partnership with UNESCO. The project sought to search for and unveil emerging filmmaking talents in sub-Saharan Africa to bring African folktales to life on screen.

We utilised a 360º integrated communications strategy to distribute communications across the phases of the project while monitoring and measuring backend data which provided insights that influenced our communications approach, messaging and channels. This was supported with stakeholder engagement including film institutes and theatre schools, and content to maintain the public's interest in the project and sustain media interest in the short film projects. We managed communications to bring out the practicality of film productions leveraging industry experts who coached the young talents to produce their own short films.

Our campaign gathered media interest which led to earned and organic interviews and profiling in local, pan-African, and international media outlets with key Netflix executives, the six filmmakers selected from the competition, and their respective mentors. We also co-produced a CNN Africa Avant Garde production on the art of filmmaking in Africa featuring the mentors, the young filmmakers and Netflix executives about the African film industry.

IMPACT

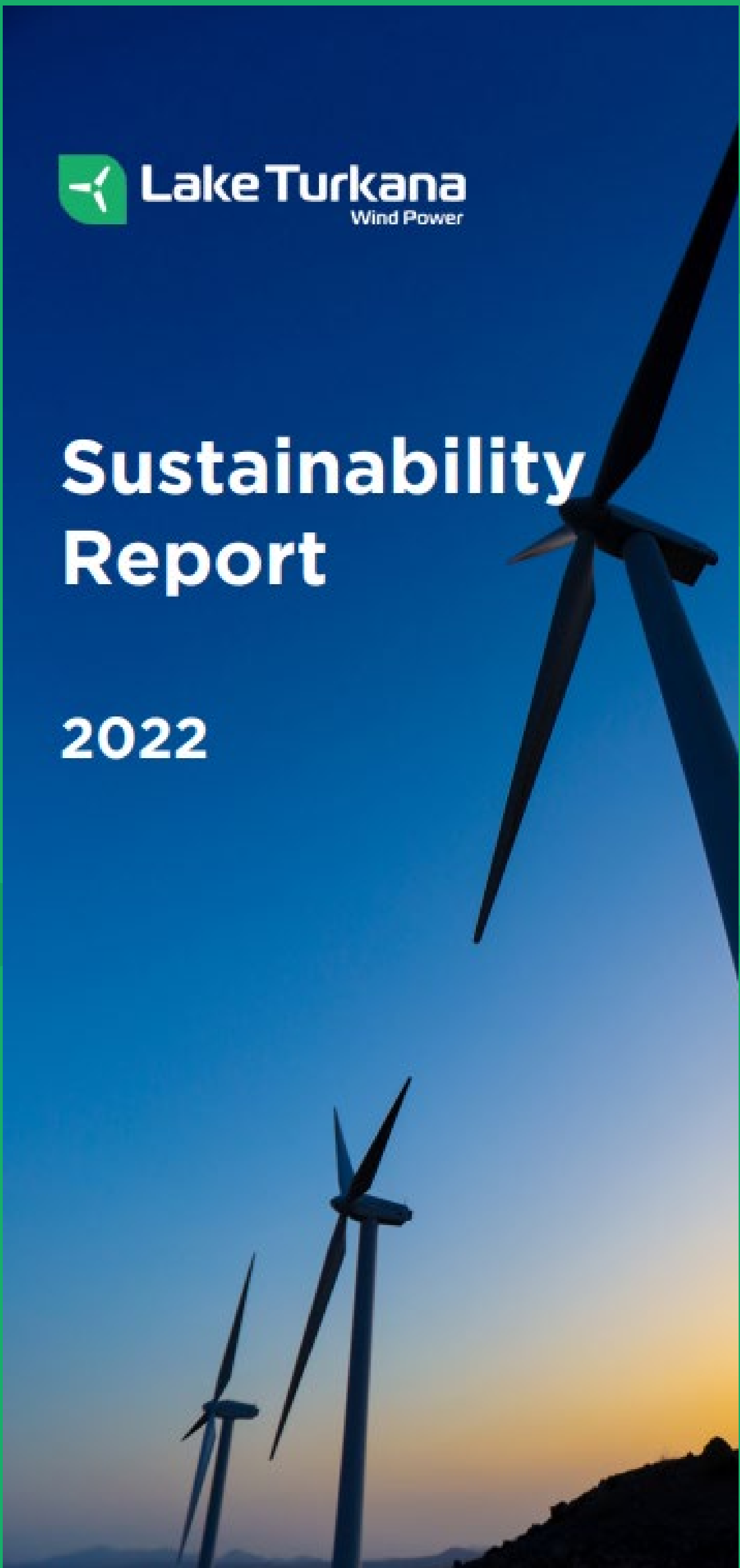
The competition reached thousands of filmmakers across sub-Saharan Africa receiving over 2000 applications from 13 countries in the region. Of the number of applications, six exceptional young filmmakers (one each) from Nigeria, Kenya, South Africa, Tanzania, Mauritania, and Uganda emerged as winners.

2000

applications from 13 countries in the region

After a year of production, the six winners had their short films premiere on the Netflix platform globally. The completed short films were also screened at the Kalasha Film Festival in Kenya to support the launch of the collection onto Netflix with visuals taken from the event for publicity across the region.

SUSTAINABILITY REPORT



AGENCY

Hill & Knowlton Kenya

CLIENT

Lake Turkana Wind Power

ABOUT

Crafting, reviewing, and designing the 2022 Sustainability Report for Lake Turkana Wind Power (LTWP)

IMPACT

Winner, Corporate Publication of the Year by the PR Society of Kenya Awards for Excellence.

https://ltwp.co.ke/ltwp-2022-sustainability-report/

THE HARMACY

AGENCY

Ogilvy Africa

CLIENT

Gertrude's Children's Hospital

ABOUT

Kenyan households dispose of an estimated 1,800,000 kilograms of expired medicines every year by throwing them in garbage bins or flushing them down toilets. This improper disposal of expired medicines causes serious environmental and health consequences as they can leach hazardous chemicals into our soil and water tables, contaminating the environment. The more immediate and more dangerous problem that occurs when these medicines end up in landfills, is that they are often collected by waste pickers and redistributed and sold to underserved communities who are desperate for affordable treatment. Unfortunately, the consumption of expired medicines leads to antibiotic resistance, worsening illness, and even death.

To raise awareness among the public on safe disposal methods of pharmaceutical waste, we constructed The Harmacy: a replica of local unlicensed pharmacies stocked entirely with discarded medicine, and located in the country's largest landfill.

The Harmacy became Africa's first public awareness and action campaign that educated the public on the correct disposal methods of expired pharmaceutical waste, launching DispoSafely, a non-profit program to provide valuable information to the public as well as facilitate the collection and safe disposal of unused and expired medicine through Gertrude's Children's Hospital branches countrywide

IMPACT

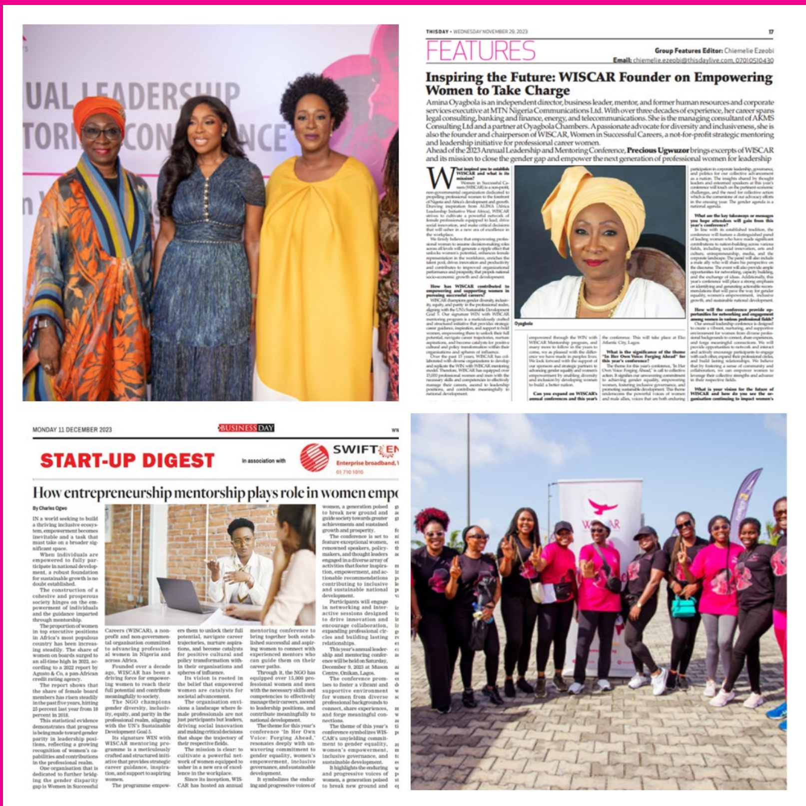
Within just 3 weeks:

28.795million

Kenyans reached, Kes 19.5 million in earned media value. 8/10 of surveyed Kenyans agreed they would #Disposafely

https://www.theharmacy.com/

WOMEN IN SUCCESSFUL CAREERS (WISCAR)



AGENCY

Hill & Knowlton Nigeria

CLIENT

Women in Successful Careers (WISCAR)

Pro-bono

ABOUT

Women In Successful Careers (WISCAR) is a non-profit organization dedicated to empowering professional women across Nigeria and the continent of Africa. WISCAR focuses on enhancing women's capabilities to establish developmental enterprises and excel in their respective fields. In December 2023, WISCAR hosted its highly anticipated Annual Leadership and Mentoring Conference. The conference was themed "In Her Own Voice: Forging Ahead," reflecting WISCAR's commitment to amplifying the voices of women and empowering them to take charge of their careers and aspirations. As WISCAR's trusted PR partner, Hill +Knowlton Strategies, Nigeria was tasked with developing a comprehensive communications framework for the event. This included strategic content management and extensive publicity efforts aimed at maximizing the event's reach and impact.

To achieve these objectives, we executed a 3-phased strategic campaign that included the hosting of a media parley with top-tier media platforms, facilitating the production the development and publishing of three press releases and three blog posts, and the facilitation of a radio interview and two print/online interviews. At the end of the campaign, which spanned three months, we were able to achieve significant positive media coverage for the NGO across both traditional and digital platforms, enhancing engagement with key stakeholders, and amplifying conversations around the WISCAR brand and its mission of empowering women in successful careers.

IMPACT

34 media mentions, of which 61% were on tier-1 platforms, **21%** on tier-2 platforms, and **18%** on tier-3 platforms distributed as:

85%
Online

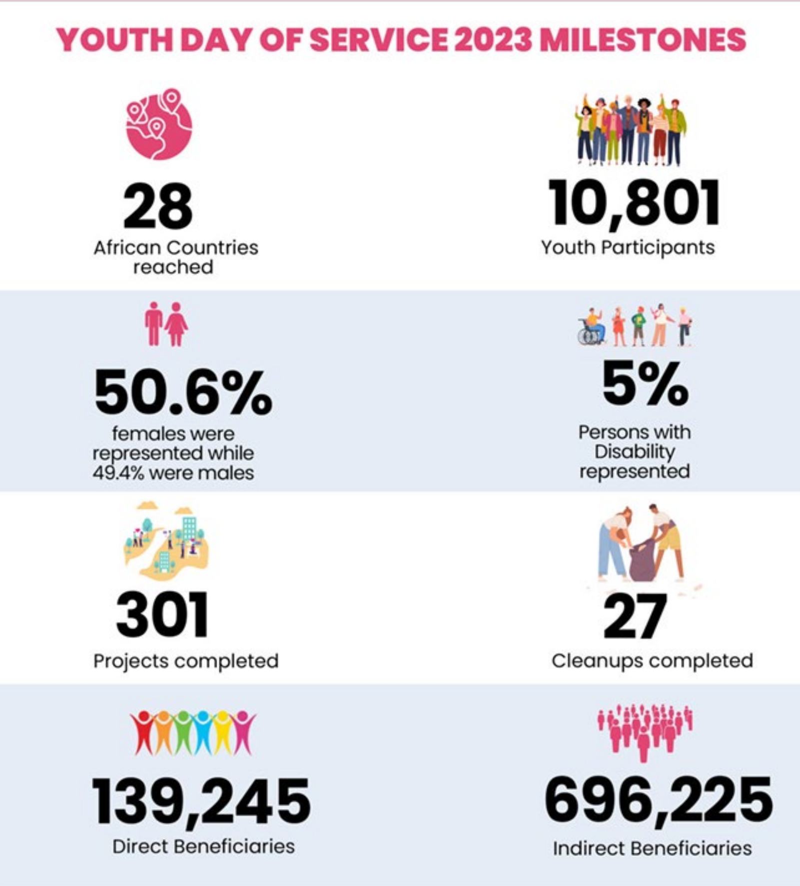
15%
Print

2%
Radio

The campaign was able to reach an estimated **71,322,360** people across Nigeria and West Africa, with an approximate PR Value of **$150,681.042**

Work equivalent to **N4,662,000** in agency fees.

YOUTH DAY OF SERVICE 2023



AGENCY

Hill & Knowlton (H+K) Nigeria

CLIENT

Dow Africa

ABOUT

In 2023, Dow Africa continued its partnership with LEAP Africa for the annual Youth Day of Service (YDoS) social impact campaign, as a headline sponsor. H+K's efforts for the project focused on delivering high-level communications and strategic support to amplify the campaign, strengthen Dow's positioning in the media, and ensure efficient execution of all deliverables. H+K also coordinated with LEAP Africa on the execution of volunteer projects by Dow employees in key markets.

To kickstart the campaign, H+K developed an overarching messaging framework which communicated Dow's commitment to sustainability and youth empowerment, as a guide for all content and deliverables executed during the campaign. H+K also utilized a strategic approach, delivering and amplifying communication materials including press releases, messaging guides and briefing documents for spokespersons across various activities, thought leadership, an internal blog release, and continuous media management. The press announcements, in support with media partners, were syndicated across the continent to ensure pan-African media coverage.

IMPACT

335 media mentions across online, broadcast, and social media platforms

The content and associated multimedia content reached an estimated **124,915,620** people across the continent with an approximate PR Value of **$12,593,900**.

The campaign also achieved exceptional milestones including getting **10,801 youth** from **28 African countries** to volunteer and complete over **300 projects** which impacted **139,245** direct beneficiaries and **696,225** indirect beneficiaries.

FINANCIAL STATEMENTS

HISTORICAL FINANCIAL TRENDS

SUMMARISED STATEMENT OF PROFIT OR LOSS FOR THE YEAR

All figures in Ksh'000	2023	2022 restated	2021	2020	2019
Revenue	6,612,362	7,317,541	7,596,164	6,341,145	9,282,328
Gross profit	2,225,460	2,195,805	2,352,241	2,238,979	2,872,837
Interest income	237,729	220,035	224,380	181,261	165,620
Profit before taxation	377,960	64,007	134,083	(1,454,493)	290,682
Tax charge	(247,822)	(209,552)	(172,023)	(278,035)	(131,890)
Profit and gains from discontinued operations	–	–	–	2,115,346	332,617
Profit after tax	130,138	(145,545)	(37,940)	382,818	491,409
Non controlling interests	3,162	(2,403)	18,568	86,440	(59,438)
Profit available to WPP SCANGROUP PLC Shareholders	133,300	(147,948)	(19,372)	469,258	431,971
Basic earnings per share (EPS) (Sh')	0.31	(0.34)	(0.04)	1.09	1.00
Weighted average number of shares (million)	432.16	432.16	432.16	432.16	432.16

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

All figures in Ksh'000	2023	2022 restated	2021	2020	2019
ASSETS					
Non – current assets	924,775	820,540	844,806	995,252	2,093,430
Current assets	7,090,026	7,379,062	8,599,977	7,746,631	10,709,743
Total Assets	**8,014,801**	**8,199,602**	**9,444,783**	**8,741,883**	**12,803,173**
LIABILITIES					
Non – current liabilities	70,035	63,876	98,217	143,419	255,475
Current liabilities	2,670,291	2,926,816	4,146,169	3,330,943	5,355,126
Equity	5,274,475	5,208,910	5,200,397	5,267,521	7,192,572
Total Equity and Liabilities	**8,014,801**	**8,199,602**	**9,444,783**	**8,741,883**	**12,803,173**

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of WPP Scangroup PLC (the "Company") and its subsidiaries (together – the "Group") for the year ended 31 December 2023, which disclose its state of affairs.

PRINCIPAL ACTIVITY

WPP Scangroup PLC is a group of marketing services companies whose offerings include Advertising, Branding and Communication (brand strategy, creative and content across digital and mass-media platforms); Consulting; Marketing Technology solutions; Managing Media Investments (including performance marketing), Public Relations and Influence, and Return on investment (ROI) measurement. The group includes both locally grown companies (Scanad, Squad) and global agency networks (Group M, Hill & Knowlton Strategies and Ogilvy) who partner with some of the world's leading brands on the continent as well as Africa's largest corporate companies to develop cohesive marketing strategies for their products and services.

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

	CONSOLIDATED		COMPANY	
All figures in Sh'000	**2023**	**2022 restated**	**2023**	**2022 restated**
Profit before tax	377,960	64,007	305,014	1,646
Tax charge	(247,822)	(209,552)	(111,249)	(42,273)
Profit / (loss) for the year	130,138	(145,545)	193,765	(40,627)
Other comprehensive loss	(24,932)	(81,097)	–	–
Total comprehensive income / (loss) for the year	105,206	(226,642)	193,765	(40,627)

The detailed results of the Group and the Company are included on page 61.

FINANCIAL REVIEW

REVIEW OF RESULTS

Group results:

Gross profit in 2023 was Sh 2,225m an increase of Sh 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 Sh 2,688m, an increase of Sh 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 Sh 130m compared to a restated loss after tax of Sh 146m in 2022. This was mainly driven by Sh 238m capital gains related to a deferred purchase consideration for sale of Kantar which was previously held for legal contingencies. This was however slightly offset by Sh 28m capital loss related to the sale of net assets of Hill & Knowlton Strategies Nigeria Limited.

Company results:

The profit of the company after tax amounted to Sh 194m for the year ended 31 December 2023. This compares to a restated loss after tax of Sh 41m in the prior year.

DIVIDENDS

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

REPORT OF THE DIRECTORS CONTINUED

ENHANCED BUSINESS REVIEW

OVERVIEW

WPP Scangroup Plc is an integrated marketing services company that uses technology, and creativity to build/enhance our clients' brands. With a broad footprint in 39 markets, we use our scale, the power of our integrated offering and vast network to transform our clients' businesses.

In 2023, our agencies continued to create impactful work on behalf of our clients. Essence Mediacom, our media agency, run "The Coke With Meals" campaign which effectively engaged the target audience through strategic influencer partnerships, featuring 19 influencers in April. Scanad, our creative agency, run memorable campaigns for KCB, APA Insurance, GA Insurance. Ogilvy, our Creative Agency led a campaign for Airtel's 5G launch which marked the beginning of a new era in telecommunications, not just for the country but as a beacon for the technological revolution set to sweep across Africa.

The quality of our work and the talent of our people continued to be recognised not only by our clients, but by the industry resulting in us winning multiple awards. Ogilvy won the Cannes Sub-Sahara Network of the year, Loeries Africa and Middle East Network of the year, WARC Global Effectiveness (Lions) Gold – the only win from Africa.

Essence Mediacom won a Marketing Society of Kenya (MSK) award with The Coke With Meals campaign. Hill & Knowlton, Our PR Agency, won several awards during the Annual PRSK awards. We saw momentum on the business front including major wins by Essence Mediacom of the Safaricom Integrated Media Pitch and the retention of Airtel by Ogilvy Africa.

OPERATIONS

In 2023, we continued to progress towards our goal of building a future fit organization by streamlining the workforce and investing in new talent and skills. We exited 15% of the workforce via a redundancy in May as a result of the exercise.

As part of our technology strategy, our Technology Centre of Excellence was launched bringing together all the technology assets in one place. The Technology Centre of Excellence will be the launch pad for all technology driven products as we continue towards our journey of technology driving creativity. We took a significant leap forward by upgrading our proprietary platform, Optimus. This platform is specifically designed to enhance Lead Management and Marketing Automation processes. Optimus successfully onboarded 8 clients who are operating across various regions in Africa. Our constant innovation and commitment to excellence have made Optimus an indispensable tool for businesses seeking to refine their customer engagement and outreach strategies. In a stride toward advancing artificial intelligence applications, we crafted an innovative AI tool with unparalleled capabilities. The tool uniquely allows the generation of both textual and visual content while firmly adhering to the stringent requirements of data privacy and AI safety protocols. We also augmented our suite of AI-driven solutions by introducing a cutting-edge AI Chatbot. This sophisticated Chatbot seamlessly integrates with a client's existing digital infrastructure, such as websites and document repositories, enabling it to produce tailored AI responses to customer inquiries. Clients can incorporate it into platforms like Facebook Messenger, WhatsApp, websites, and Instagram messages, among others—thus significantly enhancing the customer service experience across multiple touchpoints. We also unveiled the VOICE dashboard, an advanced media analytics platform. The VOICE dashboard is engineered to centralize and simplify the reporting for Above-The-Line (ATL) marketing, digital engagements, social media analytics, and various other digital assets.

Against a challenging environment in most of the countries that we operate in, our performance was notable, with like-for-like growth in gross profit of 1.4%. We grew our gross profit in 2023 by continuing to invest in talent and technology. GroupM, our media investment business, saw strong growth driven by the win of the Safaricom Integrated Media Business and Ogilvy, our Creative Business– supported by the growth of Feed and new client engagements – also performed well. Scanad, our local creative business saw some loss of momentum in the second half of the year driven by a tough new business environment in Kenya.

REPORT OF THE DIRECTORS CONTINUED

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 Hill & Knowlton Kenya.

STRATEGIC GOALS & KEY PRIORITIES FOR 2024

Our top priority for 2024 will continue to be profitable growth as we continue to evolve in line with the changing needs of our clients. Internally, we will continue to find more effective ways to collaborate so as to achieve our goal of being more agile and nimble.

We will also continue to leverage the best of the WPP's global network for training and technology including AI application to marketing.

Externally, we will continue to build and deepen our relationships with our external partners to extend our geographical reach and deepen our capabilities so we can meet the evolving needs of our clients. Sustainability continues to be a strong pillar of our strategic initiatives. In 2023, we published a roadmap of our ESG strategy which centres on our people, good governance, sustainable partnerships, and our planet. In 2024, we will continue to execute against our ESG roadmap.

RISK MANAGEMENT

We use a 'three lines of defence' model in relation to risk management. Risk appetite is the level of risk the group is willing to take to achieve strategic objectives. The board looks at the appetite for risk across several areas including Strategy and execution, People, Technology, Legal & Regulatory.

1. COMPANY REVIEWS

The company undertakes monthly and quarterly procedures and day-to-day management activities to review its operations and business risks, supported by our policies, training and guidance on required internal controls over financial reporting and monitoring controls and reviews. In addition, the company maintains and updates documentation on their internal controls and processes. This documentation incorporates an analysis of business risks, detailed control activities and monitoring, together with IT and financial controls and controls over security of data and the provision of timely and reliable information to management. The information collated feeds up to the Risk Committee which uses it to assess and monitor current risk exposures, identify new risk types and set future risk strategy as well as to compile it into reporting and insights for the Board Audit & Risk committee.

Lines of defence

First line of defence	Functions that own and manage risk
Second line of defence	Functions that oversee or specialise in risk management and business integrity
Third line of defence	Functions that provide independent assurance. Above all, internal audit

2. EXECUTIVE MANAGEMENT & BOARD REVIEWS

The company reviews are formally communicated to executive management in quarterly review meetings and, in turn, to the Board. At each Board meeting, the management team presents a business review of each of the operations, including an assessment of the risks and details of any change in the risk profile since the last Board meeting. The business review includes: the possibility of winning or losing major business; succession and the addition or loss of a key employee; regulatory changes; sustainability, including risks relating to marketing ethics, privacy, diversity and employment; political instability; and changes in accounting or corporate governance practice.

In addition, the Risk and Controls department drives continuous improvement in the company's internal control environment, looking at the design and implementation of internal financial controls as well as controls that support the company's risk framework and transformation programmes.

REPORT OF THE DIRECTORS CONTINUED

3. INTERNAL AUDIT AND AUDIT COMMITTEE OVERSIGHT

The internal audit function, with Audit Committee oversight and external resource as required, provides an independent review of risk management and internal control via internal audits and management of the testing programme for Internal Controls over Financial Reporting (ICFR).

EMPLOYEE STATISTICS

The tables below summarise the number and composition of employees in terms of gender:

I) Categorisation by employment contract

	31 December 2023	31 December 2022
Permanent	388	404
Contracted	64	150
	452	554

II) Categorisation by gender

	31 December 2023		31 December 2022	
	Male	Female	Male	Female
Senior leadership	47%	53%	50%	50%
Heads of Departments	67%	33%	42%	58%
Senior managers	57%	43%	44%	56%
Overall	51%	49%	50%	50%

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.

DIRECTORS' STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

AUDITORS

Deloitte & Touche LLP retire due to rotation as auditor of the Group and company at the forthcoming Annual General Meeting. A recommendation will be made by the board of directors to the shareholders at the Annual General Meeting to appoint a new auditor, subject to regulatory approval, in accordance with the provisions of the Kenyan Companies Act, 2015.

By Order of the Board

W Njumba

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Winniefred Jumba
Company Secretary
29 April 2024
Nairobi

CORPORATE GOVERNANCE STATEMENT

OVERVIEW

The Board and all levels of management of WPP Scangroup Plc ("the Company") and its subsidiaries are committed to promoting and maintaining the highest standards of corporate governance. The Board recognizes that good corporate governance augments good performance of the company. The Company's corporate values and ethics are entrenched in the strategic and business objectives which are aimed towards achieving sustainable and profitable growth for the Company.

The Company supports the intent and purpose of the provisions of the Capital Markets Authority (CMA) Code of Corporate Governance practices for Issuers of Securities to the Public 2015 (the CMA Code). In addition, WPP Scangroup Plc abides by the tenets of the Constitution of Kenya and all other laws as a law-abiding corporate citizen.

The Company's corporate governance policies are available in the Investor Relations section of the Company's website. The Board regularly reviews these policies and the Company's corporate governance practices against the requirements of both the Companies Act 2015, the CMA Code and best practice.

THE BOARD OF DIRECTORS

The Role and Responsibilities of the Board

The primary roles and key responsibilities of the Board include:

- Providing effective leadership in collaboration with the executive management team.
- Facilitating set up of appropriate corporate governance structures for the management of the business operations.
- Establishing Board Committees, policies and procedures that shall facilitate the most effective discharge of the Board's roles and responsibilities.
- Reviewing and approving the Company's annual budget proposed by the Executive management team including the Company's financial objectives, plans, and actions, including significant capital allocations and expenditures.
- Facilitating Board accountability through effective Board evaluation and succession planning.
- Reviewing and approving management's strategic and business plans, including developing a depth of knowledge of the WPP Scangroup Plc's business, understanding and questioning the assumptions upon which such plans are based, and reaching an independent judgment as to the probability that the plans can be realized.
- Ensuring that the key strategic risks of the Company are identified, evaluated and mitigation plans set up, and their on-going status and management effectively monitored.
- Ensuring that appropriate and effective risk management and internal control processes operate in the Company.
- Monitoring corporate performance against the strategic and business plans, including overseeing the operating results on a regular basis to evaluate whether the Company is being properly managed.
- Ensuring ethical behaviour and compliance with laws and regulations, auditing and accounting principles, and the Company's own governing documents.
- Assess its own effectiveness in fulfilling these and other Board responsibilities.
- Perform such other functions as are prescribed by law or assigned to the Board in the Company's Articles of Association.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Division of responsibilities

The Chairman and the Chief Executive Officer (CEO) have distinct and clearly defined duties and responsibilities. The separation of the functions of the Chairman (a Non-Executive Director) and the CEO (Executive Director) supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles. The Board is assisted by a qualified and competent Company Secretary who is a member, in good standing, of the Institute of Certified Secretaries (ICS).

A summary of each role is provided below:

Chairman	Chief Executive Officer
• Providing leadership to the Board and chairing Board Meetings, which involves determining the agenda and ensuring that the Directors receive accurate, timely and clear information, and ensuring that the Board has an effective decision-making framework. • Chairing meetings of shareholders, including the annual general meeting. • Keeping track of the contribution of individual Directors and ensuring visible participation. • Monitoring the activities of Board Committees. • Engaging the Board in assessing and improving its performance and that of the Chief Executive Officer. • In consultation with the Chief Executive Officer, approve or delegate authority for the approval of all material releases to be submitted to the Capital Markets Authority and other investor releases. • Acting as the primary channel of communication and point of contact between the Board and the Chief Executive Officer; and to provide guidance and mentoring to the Chief Executive Officer.	• Developing and recommending to the Board annual business plans and budgets that support the Company's long-term strategy. • Fostering a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility. • Developing and recommending to the Board a long-term strategy and vision for the Company that leads to the creation of shareholder value. • Ensuring that the day-to-day business affairs of the Company are appropriately managed. • Ensuring continuous improvement in the quality and value of the products and services provided by the Company. • Ensuring that the Company achieves and maintains a satisfactory competitive position within the Consumer industry locally, regionally and internationally. • Ensuring that the Company has an effective executive management team below the level of the Chief Executive Officer and has an active plan for its development and succession. • Formulating and overseeing the implementation of fundamental corporate policies. • Serving as the official spokesperson for the Company. • Overseeing the induction of new Board members.

Company Secretary

The Company Secretary, Ms Winniefred Jumba is a member in good standing with the Institute of Certified Secretaries (ICS), Reg No 1468. Her role includes:

- Providing a central source of guidance and advice to the Board on matters of ethics, statutory compliance, compliance with the regulators and good governance.
- Providing the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company.

CORPORATE GOVERNANCE STATEMENT CONTINUED

- Facilitating the induction training for new Directors and assist with Directors' professional development as required. This includes identifying and facilitating on-going Board education.
- In consultation with the Chief Executive Officer, ensure effective information flows within the Board and its committees and between senior management and non-executive Directors. This includes setting the timeliness of compilation and distribution of Board papers and minutes and communication of resolutions from Board meetings.
- Seeing to the proper development of Board meetings and providing directors with clear advice and information.
- Assisting the Chairman in ensuring that regular assessments on the effectiveness of the Board and its committees, as well as the contribution of individual Directors, are carried out.
- Guiding the Company in taking the initiative to not only disclose corporate governance matters as required by law and Codes of Corporate Governance, but also those of material importance to the decision-making of institutional investors, shareholders, customers and other stakeholders.

Board size, composition, independence and appointments

The Board is comprised of eleven (11) members. 10 of whom are non-executive with varied experience and expertise aligned to the needs of the business. The current members of the Board are as follows:

Name	Designation	Date of Appointment
Mr. Richard Omwela	Chairman, Non- Executive Director	14/11/2005
Ms. Patricia Ithau	Chief Executive Officer, Executive Director	14/03/2022
Mr. Jonathan Eggar	Non-Executive Director	29/05/2015
Mr. Shahid Sadiq	Non- Executive Director	08/02/2021
Mr. Dominic Grainger	Non- Executive Director	26/07/2018
Ms. Patricia Kiwanuka	Independent Non-executive Director	31/03/2022
Ms. Beverly Spencer-Obatoyinbo	Independent Non-executive Director	31/03/2022
Mr. Peter Kimurwa	Independent Non-executive Director	31/03/2022
Mr. Federico De Nardis	Non-executive Director	31/03/2022
Ms. Tebogo Skwambane	Non-executive Director	31/03/2022
Ms. Patricia (Patou) Helene Nuytemans	Non-executive Director	30/06/2023

The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter, relevant policies, applicable law and best practices. The Board must comprise of a majority of independent non-executive directors. The Board should consist of directors with a broad range of skills, experience and expertise and be from a diverse range of backgrounds. The nomination and appointment process of a director to the Board is set out in the Board Selection Procedure Manual. The Manual provides that the Nominations and Remunerations Committee is responsible for the selection and appointment of board directors. Prior to any appointment, the Nominations and Remunerations Committee defines the functions and core competencies for each vacant directorship role and develops suitable selection criteria for potential candidates, screens and interviews them. The Committee then puts the short-listed candidate forward for consideration by the full board. Upon consideration of the Board, a successful candidate is appointed to the Board. New Directors are issued with letters of appointment, with clear terms and conditions regarding the discharge of their duties. A Director appointed by the Board to fill a casual vacancy must seek election at the next Annual General Meeting after their appointment.

At every AGM, and as may be applicable, at least one-third of the nonexecutive Directors must retire from the Board and where eligible, stand for re-election. In accordance with the Articles of Association of the Company, all Non-Executive Directors offer themselves for re-election at regular intervals, subject to

CORPORATE GOVERNANCE STATEMENT CONTINUED

continued satisfactory performance and commitment. All new non-executive appointments are subject to election by shareholders at the first Annual General Meeting after their appointment. During the AGM held on 30 June 2023, Mr. Richard Omwela and Mr. Dominic Grainger retired and being eligible offered themselves for re-election and were each re-elected by the shareholders to continue serving as Directors on the Board.

Annual Board Work Plan

The Board has in place an annual work plan that sets out the Board activities in a year. The Work Plan is designed to enable the Board to drive strategy forward across all the elements of the Company's business model. The Board workplan for the year ended 31 December 2023 was approved by the Board at its meeting held on 17 February 2023.

During the year ended 31 December 2023, the Board held five Board meetings; a strategic planning session was held in August 2023. The Company held its Annual General Meeting in June 2023. Attendance by the Directors to the Board and AGM meetings in 2023 is outlined below:

Name	17.02.23	27.04.23	30.06.23 (AGM)	12.07.23 (Sp Board)	24.08.23 (strategy session)	24.11.23
Mr. Richard Omwela	√	√	√	√	√	√
Ms. Patricia Ithau	√	√	√	√	√	√
Mr. Jonathan Eggar	√	√	√	√	√	√
Mr. Shahid Sadiq	√	√	√	√	√	(a)
Mr. Dominic Grainger	√	√	√	√	(a)	√
Ms. Patricia Kiwanuka	√	√	√	√	√	(a)
Ms. Beverly Spencer-Obatoyinbo	√	√	√	√	√	√
Mr. Peter Kimurwa	√	√	√	√	√	√
Mr. Federico De Nardis	√	√	√	√	√	(a)
Ms. Tebogo Skwambane	√	(a)	√	√	√	√
Ms. Patricia Helene Nuytemans	n/a	n/a	n/a	√	√	(a)
Mr. Andrew Payne	√	√	n/a	n/a	n/a	n/a

** (a) = absent with apology; n/a = was not on the Board.*

**Mr. Andrew Payne Retired as a director with effect from 30 June 2023.*

**Ms Patricia Hellen Nuytemans was appointed as a director with effect from 30 June 2023.*

Activities of the Board in 2023

During the year, the key areas of focus for the Board's activities and topics discussed were on the following matters:

- Review and approval of the fit for purpose five-year strategic plan (2024 -2028) and the Key Performance Indicators; and ensuring necessary financial and human resources are in place to meet agreed objectives.
- Approval of the half-year results as well as the end-of-year results, press release and commentary, and issuance of a profit warning.
- Oversight of the Group and subsidiaries' performance and carried out a subsidiary rationalization process.
- Review of the reports from the deliberations of the various Committees.
- Carried out an internal Board evaluation.
- Approved the financial year's budget.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Activities of the Board in 2023 (Continued)

- Approved the Board Work Plan.
- Review of the Company's strategy on the Environmental, Social and Governance (ESG) pillars and reviewed the Draft Sustainability Report prior to its launch in October 2023.
- Reviewed and approved company policies.
- Monitoring the status of the Company's litigation proceedings.

Board skills, experience and diversity

The Board recognizes and acclaims the benefits of diversity and views increasing diversity as an essential element in maintaining a competitive advantage. The Board also recognizes the role of diversity in bringing different perspectives into Board debates and offers better anticipation of the risks that are inherent in the business and the opportunities that the business pursues.

The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise including law, business management, finance, corporate communications, insurance, marketing and advertising. The Directors hold varying lengths of tenure: 7 directors at 0 – 3 years and 4 directors at 3 years and more. Non-executive Directors comprise of 91% of the Board and executive Directors 9%. The gender split is as follows: 6 male (54.5%) directors and 5 female (45.5%) directors. As at the date of this report, three (3) of the Non-Executive Directors were Independent as defined by the Code.

Director induction

Upon appointment to the Board, each director receives an induction pack containing appointment letter, Articles of Association, Board Charter, Committees Terms of reference (ToRs), Directors' guide, organizational structure and information on the overview of the organization and its strategy; and a comprehensive and tailored induction covering the Company's business and operations and their legal and regulatory obligations.

Director training and development

Board members undergo regular training and education to enable them to fulfil their responsibilities. During the financial year under review, the Directors engaged in facilitator-led training from credible sources on area of artificial intelligence and its impact on the business.

Board evaluation

The Board undertook an internal assessment of its performance, Committees, the Chairperson and each individual Director and the Company Secretary. This was aimed at enabling the Board, the Committees and their respective members to gauge their performance and identify areas of improvement.

The evaluation established that the Board and its Committees continue to function and perform well and have a sufficient balance of skills, expertise, knowledge and diversity. The wide range of skills and diverse backgrounds of members is a key strength of the Board, as is the effective leadership from the Chairperson. The Board members have a good understanding of the business and receive the information they need to make informed decisions. Individual feedback was given by the Chairperson to all Board members following the Board evaluation exercise. The Directors, the Board and various Committees continue to implement the recommendations from the board evaluation.

Governance Audit

The CMA Code provides that issuers of securities to the public are required to undertake periodic governance audits. Following extensive stakeholder consultation to consider the frequency, cycle, cost and scope of governance audits, the Capital Markets Authority (CMA) advised all issuers of a revision in the cycle of governance audits to at least once every two years with the option of CMA increasing or decreasing this frequency on a risk-based approach. The Company undertook a governance audit for the financial year ended 31 December 2023, conducted by Dorion Associates LLP and was issued with an unqualified opinion. The Board is committed to implementing the recommendations in the Governance Audit Report which it is in receipt of.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Legal and Compliance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board appointed the firm of RONN Law Advocates LLP to conduct a Legal and Compliance Audit for the period 01 January 2021 up to 31 December 2022 with the objective of ascertaining the level of adherence to applicable laws, regulations and standards in order to deliver long-term value to stakeholders. The findings from the audit confirmed that the Company was largely in compliance with applicable laws and regulations. Implementation of the recommendations from the legal and compliance audit are ongoing.

Corporate Governance Assessment Report

During the year 2023, the Capital Markets Authority assessed the CMA Code's implementation status by the Company for the year ended 31 December 2023. The assessment was based on a review of commitment to good corporate governance; board operations and control; rights of shareholders; stakeholder relations; ethics and social responsibility; accountability, risk management and internal control; and transparency and disclosure.

The overall rating awarded to the Company was a rating of 74% – a testament to the Board's commitment to sound corporate governance practices. The Company continues to implement the recommendations received from the CMA to improve its implementation under the CMA Code.

Conflict of interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest which comes to any Director's attention, whether direct or indirect. The statutory duty to avoid situations in which the Directors have, or may have, interests that conflict with those of the Company has been observed by the Board in the financial year under review. All business transactions with all parties, Directors or their related parties are carried out at arm's length. An acknowledgement that, should it come to the attention of a Director that a matter concerning the Company may result in a conflict of interest, obligates the Director to declare the same and exclude himself/herself from any discussion or decision over the matter in question.

The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary, which are considered at the next Board meeting.

Declaration of conflicts of interest is also a standard agenda item addressed at the onset of each Board and Committee meeting. The Board also requires all Directors to disclose, on appointment and annually, any circumstance which may give rise to an actual or potential conflict of interest with their roles as Directors.

Directors are excluded from the quorum and vote in respect of any matters in which they have an interest. No material conflicts were reported by Directors in the year under review.

Access to independent advice

The Board recognizes that there may be occasions when one or more Directors considers it necessary to take independent advice on various matters such as legal or financial advice, at the Company's expense. This is provided for in the Board Charter and the Terms of Reference of each Committee.

Directors' Shareholding

Directors can purchase or sell shares of the Company in the open market. None of the Directors as at the end of financial year under review held shares in their individual capacity of more than 1% of the Company's total equity.

CORPORATE GOVERNANCE STATEMENT CONTINUED

BOARD COMMITTEES

The Board has two standing committees: an Audit and Risk Committee and a Nominations and Remuneration Committee. Each committee has formal and approved terms of reference. The Board periodically reviews the terms of reference for each of the committees to ensure they are in line with current legislation and best practice.

Audit and Risk Committee

The Audit and Risk Committee ensures the integrity of the Company's financial statements, reviews the internal control systems, the risk management framework, monitors and reviews the effectiveness of the internal audit function, monitors and reviews the performance, independence and objectivity of the external auditors, makes recommendations to the Board on the appointment of the external auditor, and ensures compliance with legal and regulatory requirements.

The Audit and Risk Committee is comprised of six (6) non-executive directors. The Committee is chaired by an independent director and reports to the Board after every committee meeting. The composition is inclusive of members who hold relevant qualification including in the area of accounting and audit.

During the year under review, the Committee discussed the following matters:

- Risk assessment reports and consolidated risk reports.
- Management accounts and financial results.
- Internal audit reports and plans.
- Risk and compliance reports.
- Policy Reviews.
- External audit plans.
- Litigation updates.
- Review of the ESG mandate of the Committee as approved by the Board.
- Reviewed the Draft Sustainability Report prior to its launch in October 2023.

Attendance of meetings for 2023

A summary of the attendance of the members is summarized below:

Name	14.02.23	24.04.23	11.07.23	21.08.23	21.11.23
Mr. Peter Kimurwa	√	√	√	√	√
Mr. Jonathan Eggar	(a)	√	(a)	√	√
Mr. Shahid Sadiq	√	√	√	√	√
Ms. Patricia Kiwanuka	√	√	√	√	√
Ms. Beverly Spencer-Obatoyinbo	√	√	√	√	√
Mr. Federico De Nardis	√	√	(a)	√	√

** (a) = absent with apology.*

Risk management and internal control

The Board, with advice from its Audit and Risk Committee, has completed its annual review of the effectiveness of the risk management framework and internal controls for the year under review. No significant failings or weaknesses were identified, and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken, and that progress is monitored.

CORPORATE GOVERNANCE STATEMENT CONTINUED

External auditor

Messrs Deloitte & Touche LLP were the company's external auditor for the reporting period. The Audit and Risk Committee considers that its relationship with the auditor worked well during the period and was satisfied with their effectiveness.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee is mandated with setting out an appropriate formal and documented selection, interview and recruitment criteria for directors and senior management. It ensures succession planning and Board and committees continuity. Further, it is also mandated to ensure that principles of good governance are adhered to at all times, and these include accountability, efficiency, effectiveness, integrity and fairness, responsibility and accountability.

The Nominations and Remuneration Committee is comprised of six (6) non-executive directors. The Committee is chaired by an independent director and reports to the Board after every committee meeting.

During the year under review, the Committee discussed the following matters:

- Monitored implementation of the requirements of the CMA Code.
- Human Resource Reports.
- Review of the proposed Training calendar for the Board as part of continuous board development.
- Directors' annual appointment and re-election at the AGM, including renewal of the appointment of various Directors.
- Reviewing the effectiveness of the Board and its Committees following the Board Evaluation exercise and making recommendations to the Board on actions to be adopted towards improvement.
- Human Resource and Board Governance Policies.
- Governance Audit and Board Evaluation findings and implementation of recommendations.
- Oversight of CMA Corporate Governance Compliance Reporting requirements.
- Setting of targets applicable to the Company's performance-based variable reward schemes and determining achievement against those targets, exercising discretion where appropriate and as provided by the applicable scheme rules and policy.
- Reviewing and setting targets for the organisational design of the Company.
- Continued to track the progress made in implementing the Legal and Compliance audit recommendations.

Attendance of meetings for 2023

A summary of the Nominations and Remuneration Committee meetings held in the year under review include:

Name	14.02.23	17.03.23 (Sp)	24.04.23	21.08.23	6.09.23 (sub)	6.09.23 (sub)
Ms. Beverly Spencer-Obatoyinbo (Committee chairperson)	√	√	√	√	√	√
Mr. Richard Omwela	√	√	√	√	-	√
Mr. Peter Kimurwa	√	√	√	√	-	√
Mr. Shahid Sadiq	√	(a)	√	√	√	(a)
Mr. Dominic Grainger	√	(a)	√	(a)	-	√
Ms. Patricia Kiwanuka	√	√	√	√	√	(a)

**(a) = absent with apology; – = not required*

CORPORATE GOVERNANCE STATEMENT CONTINUED

GOVERNANCE POLICIES

WPP Scangroup Plc as part of implementation of best corporate governance practices and in compliance with the regulatory requirements, has in place policies and practices to promote a culture of compliance, honesty and ethical behavior. The policies stipulate the obligations of the organization to different stakeholders and apply to all employees, directors, contractors and consultants.

The Board in carrying out its mandate is also guided by the policies in place which include but are not limited to the following:

Board Charter

The Board Charter provides guidance on various matters including the separation of the roles, functions, responsibilities and powers of the Board and its individual members; powers delegated to the Board committees; matters reserved for final decision-making and approval by the Board; policies and practices of the Board on matters of corporate governance, Directors' declarations and conflict of interest, conduct of Board and Board committee meetings; and nomination, appointment, induction, ongoing training and performance evaluation of the Board and its committees.

The Charter is periodically reviewed.

Board Remuneration Policy

The Board remuneration policy guides the criteria for payment of compensation to non-executive directors. The remuneration of the Executive Director is guided by the Reward Policy which is applicable to all employees of the organization.

Code of Business Conduct

The Code of Business Conduct is available on the Company's website and applies to everyone at the Company. It sets out our responsibilities to our people, partners and shareholders to act ethically, legally and with integrity and covers areas of transparency, accountability, confidentiality, equitable and fair treatment fairness, misuse of position and information and prevention of corruption. It is underpinned by more detailed policies on these topics. The Company has adopted a zero-tolerance approach to corruption, bribery, and unethical business practices. To support this, part of the code is making sure that everyone at the Company has the confidence to speak up and knows how to raise concerns through various channels without fear of retaliation. The Company's approach to this is described under Whistleblowing below.

Conflict of interest policy

Directors are obligated to fully disclose to the Board any real or potential conflict of interest which come to their attention, whether direct or indirect. All business transactions with all parties, Directors or their related parties are carried out at arm's-length.

Insider trading policy

The Company has a policy on insider trading. Directors and staff are made aware that they ought not to trade in the Company's shares while in possession of any material insider information that is not available to the public or during a closed period.

Whistle blowing

WPP Scangroup Plc directors, employees and stakeholders are expected to carry out their duties as required and conduct themselves in a professional manner at all times and in ways that bring credit to themselves and the company. Employees are required to observe high standards of business and personal ethics, honesty and with integrity in fulfilling our responsibilities within all applicable laws and regulations as set out in the Company's Code of Business Conduct.

We want to encourage a culture of integrity and transparency where our people make the right decisions automatically and instinctively. Part of this culture is making sure that all employees have confidence and know how to speak up and raise concerns with their managers or supporting teams, through their employee forums, with the Company's General Counsel & Group Data Protection Officer or by calling a Right to Speak

CORPORATE GOVERNANCE STATEMENT CONTINUED

Whistle blowing (Continued)

hotline (which is confidential and allows for anonymity) if they experience or hear about behaviour which is at odds with the principles stated in the Company's Code of Business Conduct.

Every report received from a whistleblower whether through the Right to Speak hotline or directly to the Company's General Counsel & Group Data Protection Officer is logged, investigated and tracked through to a conclusion including any remediation or follow-up action that might be required. Recommended remediation can include disciplinary action, changes to systems, controls and processes or wider review and monitoring for a particular time period.

Corporate social responsibility

The Company recognizes the importance of corporate social responsibility in carrying out its business. We ensure that we carry out our business consciously of the wider society. We also encourage our employees to participate in CSR activities aimed at improving the communities from which they come from.

Related party policy

The purpose of this policy is to define dealings within the WPP Scangroup Plc between the related parties. The policy defines and identifies the related parties and related party transaction. It also provides for the necessary controls to ensure that related party transactions are purely at arms-length basis.

Operational Policies

There are broad operational policies that guide Management in execution of the operations in an efficient manner.

RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

Shareholding

The authorized and issued share capital of WPP Scangroup Plc consists of 500,000,000 authorised and 432,155,985 issued ordinary shares as disclosed on Note 25 in the financial statements. The holders of the ordinary shares are entitled to attend the Company's General Meetings in person or through proxies.

Directors' Shareholding

Directors can purchase or sell shares of the Company in the open market. None of the Directors as at the end of financial year under review held shares in their individual capacity of more than 1% of the Company's total equity.

The ten largest shareholders as at 31st December 2023 are:

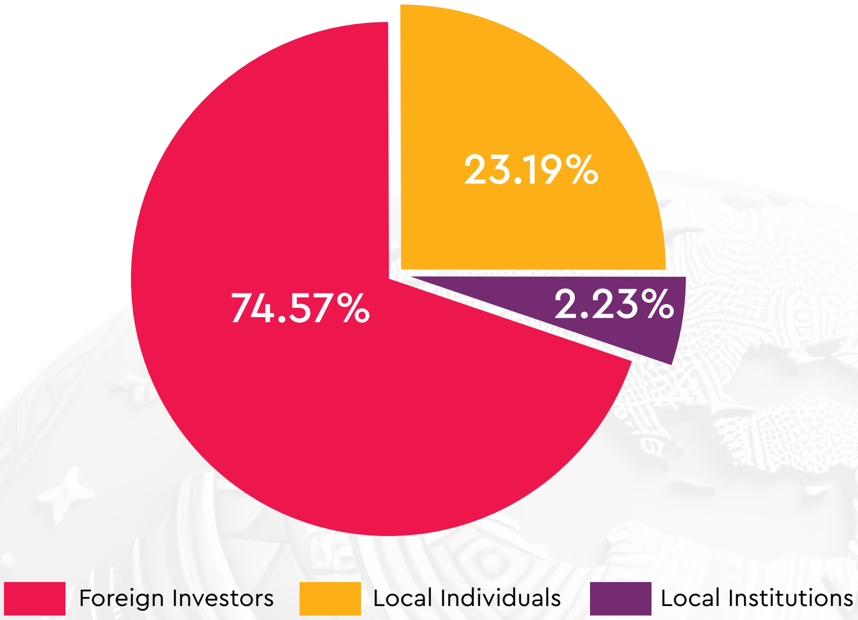
RANK	NAMES	DOMICILE	TOTAL SHARES	%
1.	Cavendish Square Holding B.V *	Netherlands	176,903,560	40.94 %
2.	Russel Square Holdings B.V *	Netherlands	53,290,883	12.33 %
3.	Standard Chartered Kenya Ltd	Kenya	51,813,561	11.99 %
4.	Thakkar Bharat Kumar KJ Thakkar	Kenya	42,302,860	9.79 %
5.	Standard Chartered Nominees Ltd	Kenya	22,674,843	5.25 %
6.	Ogilvy and Mather South Africa (Pty) *	South Africa	12.907,856	2.99 %
7.	Thakkar Bharat Kumar Thakkar	Kenya	3,000,000	0.69 %
8.	Bora Services Limited-Sers1	Kenya	2,393,267	0.55 %
9.	Shah Shutul Mansukh	Kenya	2,077,900	0.48 %
10.	Kotak Bella Naresh	Kenya	2,024,000	0.47 %
11.	Others		62,767,255	14.52%
	Total		432,155,985	100%

*WPP Plc subsidiaries (total shareholdings 56.26%)

CORPORATE GOVERNANCE STATEMENT CONTINUED

By category of shareholders

DOMICILE	SHARES	%	HOLDERS
FOREIGN INVESTORS	322,278,170	74.57%	293
LOCAL INSTITUTIONS	9,652,982	2.23%	837
LOCAL INDIVIDUALS	100,224,833	23.19%	23,888
TOTAL	432,155,985	100%	25,018



Communication with Stakeholders

WPP Scangroup PLC is committed to ensuring regular interaction and communication with its stakeholders, including shareholders, investors the financial markets, among others. The Board has mapped all its stakeholders and ensures they receive full and timely information about the Company's performance. This is achieved by releasing the half-year and annual results in the local press, distributing annual reports and holding investor briefings as appropriate. In 2023, the investor briefing session was held on 28 April 2023.

The Annual General Meeting provides a useful opportunity for shareholder engagement, particularly for the Chairman to articulate the Company's progress and receive and answer questions from investors. The Board believes there is an active and regular interaction with all its stakeholders. In addition to information on the Company's activities, the various documents and policies are readily available to stakeholders on the Company's website https://wpp-scangroup.com/.

Going Concern

The Board confirms that the financial statements are prepared on a going concern basis and is satisfied that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the directors consider a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital and other resources.

This corporate Governance Statement is current as at 29 April 2024 and has been approved by the Board of WPP Scangroup PLC.

Mr. Richard Omwela
Chairman

DIRECTORS' REMUNERATION REPORT

WPP Scangroup PLC is pleased to present the Directors' remuneration report for the year ended 31 December 2023. This report is compiled in accordance with company policy, relevant provisions of both the CMA Code of Corporate Governance guidelines on Directors' remuneration and the Kenyan Companies Act, 2015.

Remuneration policy

The Remuneration Policy and Remuneration Report for the Executive Director and the Non-Executive Directors applicable in 2023 were approved by shareholders at the 2022 Annual General Meeting held on 30 June 2023.

The policy and its implementation drive the behaviours that support the Company's strategy and business objectives, a "pay for performance" approach to remuneration which ensures our incentive plans only deliver significant rewards when they are justified by business performance is maintained, the interests of our senior management team with those of shareholders are aligned by developing an approach to share ownership that helps to maintain commitment over the long-term and competitive and fair rates of pay and benefits are offered.

As at 31 December 2023, the WPP Scangroup PLC Board of Directors consisted of:

- 1 Executive Director: Ms Patricia Ithau
- 7 Non-Executive Directors: Mr. Richard Omwela, Mr. Jonathan Eggar, Mr. Shahid Sadiq, Ms. Tebogo Skwambane, Mr. Dominic Grainger, Mr. Federico de Nardis and Ms. Patricia Nuytemans.
- 3 Independent Non-Executive Directors: Ms Patricia Kiwanuka, Mr. Peter Kimurwa and Ms. Beverly Spencer-Obatoyinbo

Executive Director

The remuneration for the Executive Directors is based on the Reward Policy which was revised and adopted on 18 November 2022. As per the Reward Policy, Executive Directors are paid as per negotiated employment contracts and are eligible for staff benefits. They also participate in the Company's performance schemes. They do not receive board sitting allowances.

According to the Reward Policy, salary increments are based on the achievement of Key Performance Indicators agreed at the beginning of every year between the Company and the employee. Salary reviews are therefore performance based and are also adjusted for inflation. The Company also ensures that remuneration is aligned to the market and are competitive to attract and retain skilled staff.

There is a performance-based bonus which is paid from the Company's profit. A percentage of the Company's profit is shared amongst employees according to their individual performance. The bonus pool is approved by the Board upon recommendation by the Board Nominations and Remuneration Committee.

There was only one Executive Director during the year under review.

Non-Executive Directors

The Company's Non-Executive Directors are compensated in the form of fees but are not entitled to any pension, bonus or long-term incentives such as performance share plans. The package covers a director's role in the Board, any Board Committee(s) and any other activities as identified in the approved compensation schedule and in line with the Non-Executive Directors' Remuneration policy.

There was no change to the non-executive Directors remuneration policy since its approval at the Annual General Meeting held on 30 June 2023. Non – Executive Directors who hold executive roles within the wider WPP Global are paid as negotiated employment contracts with WPP. They do not receive Board remuneration in the Company.

Service contracts and policy on payment for loss of office

Executives have rolling employment contracts. The contracts provide for payment of outstanding pay and bonus, or termination following changes in the Company.

DIRECTORS' REMUNERATION REPORT CONTINUED

PAYMENTS TO PAST DIRECTORS

There was no payment of Directors' fees to past directors during the year.

Directors Remuneration Summary 2023

All figures in Sh'000

Board member	Position	Salary	Allowances	Fees	non cash benefits	Total
Patricia Ithau	Executive Director	39,130	6,436	–	2,753	48,319
Richard Omwela	Chair NED	–	3,000	2,000	–	5,000
Patricia Kiwanuka	NED	–	1,800	800	–	2,600
Peter M. Kimurwa	NED	–	2,500	800	–	3,300
Beverley Spencer-Obatoyinbo	NED	–	2,000	800	–	2,800
Jonathan Eggar	NED	–	–	–	–	NIL
Shahid Sadiq	NED	–	–	–	–	NIL
Dominic Grainger	NED	–	–	–	–	NIL
Federico De Nardis	NED	–	–	–	–	NIL
Andrew Payne	NED	–	–	–	–	NIL
Tebogo Skwambane	NED	–	–	–	–	NIL
Total		39,130	15,736	4,400	2,753	62,019

*Mr. Jonathan Eggar, Mr. Shahid Sadiq, Mr. Dominic Grainger, Ms. Tebogo Skwambane, Mr. Federico de Nardis and Ms. Patricia Nuytemans hold executive roles within the wider WPP Global. As a result, these directors did not earn any fees for sitting on the Board of WPP Scangroup PLC.

*ED – Executive Director

INED – Independent Non-Executive Director

NED – Non-Executive Director

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors Remuneration Summary 2022

All figures in Sh'000

Board member	Position	Salary	Allowances	Fees	non cash benefits	Total
Patricia Ithau	Executive Director	31,304	8,703	–	2,295	42,302
Richard Omwela	Chair NED	–	–	4,300	–	4,300
Pratul Hemraj Shah	NED	–	–	500	–	500
Patricia Kiwanuka	NED	–	–	1,500	–	1,500
Peter M. Kimurwa	NED	–	–	1,700	–	1,700
Beverley Spencer-Obatoyinbo	NED	–	–	1,500	–	1,500
Jonathan Eggar	NED	–	–	–	–	NIL
Shahid Sadiq	NED	–	–	–	–	NIL
Dominic Grainger	NED	–	–	–	–	NIL
Federico De Nardis	NED	–	–	–	–	NIL
Andrew Payne	NED	–	–	–	–	NIL
Tebogo Skwambane	NED	–	–	–	–	NIL
Total		31,304	8,703	9,500	2,295	51,802

Approval by shareholders

The Annual Remuneration Report will be put forward for your consideration and approval by vote at the Annual General Meeting to be held on 21 June 2024 as per section 681 (4) of the Kenyan Companies Act, 2015.

We highly value the engagement from our shareholders and look forward to welcoming you and receiving your support again at the AGM this year.

Mr. Richard Omwela,

Chairman

29 April 2024

THE BOARD OF DIRECTORS

Mr Richard Omwela

Non-Executive Director and Group Chairman

Age: 68

Nationality: Kenyan

Appointed: 14/11/2005

Skills and experience

Richard, an advocate of the High Court of Kenya, holds a bachelor's degree in law (LLB, Hons) from the University of Nairobi. Richard is the Senior Partner of Dentons Hamilton Harrison and Mathews Advocates. He is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.

He has more than 40 years of experience and a record of accomplishment that includes managing complex and high value transactions with a focus on local, multinational and cross-border transactions. He is recognized as a leading lawyer by IFLR 1000, Legal 500 and Chambers Global (all internationally recognized legal directories).

He holds a number of board positions such as Monarch Insurance Limited, Nairobi Airport Services Limited (NAS), ABC BANK Group, and Octagon Africa Financial Services Limited. He is a Past District Governor, Rotary International District, Charter member and active member, Rotary Club of Westlands Nairobi, Kenya Football, Caretaker committee and Past President, The Kenya Rugby Union.

Ms. Patricia Ithau

CEO, Executive Director

Age: 59

Nationality: Kenyan

Appointed: 14/03/2022

Skills and experience:

Patricia brings more than 30 years of experience in senior leadership roles overseeing the expansion of leading consumer brands in Africa, at companies including Unilever, Diageo/East African Breweries Ltd and L'Oréal. She also has extensive experience supporting enterprise building and transformation of the small and medium enterprise ecosystem across sub-Sahara Africa through her role at the Stanford Institute for Innovation in Developing Economies – Seed.

She holds a number of board positions at organisations such as ABSA Bank Kenya PLC, Jambojet Ltd, British Chamber of Commerce and Industry, Vivo Activewear Ltd and is a Trustee on the Boards of Vodafone Foundation UK and M-Pesa Foundation Kenya.

THE BOARD OF DIRECTORS
CONTINUED

Mr Jonathan Eggar

Non-executive director

Age: 49

Nationality: British

Appointed: 29/05/2015

Skills and experience:

Jon is a qualified ACA from the Institute of Chartered Accountants of England and Wales and joined WPP Scangroup in January 2014. Prior to this he had spent 12 years with the WPP Group in various capacities, the most recent being CFO – International Specialist Communications. This role allowed him to develop relationships within many parts of the WPP Group and this knowledge and experience is being utilised by WPP Scangroup as we expand our operations with various WPP partners. Jon is a qualified ACA from the Institute of Chartered Accountants of England and Wales and joined WPP Scangroup in January 2014.

Mr Shahid Sadiq

Non-executive director

Age: 49

Nationality: Kenyan

Appointed: 08/02/2021

Skills and experience:

Shahid is a Chartered Accountant with 20 years of experience in the marketing communications industry.In his current role as Global CFO of WPP Specialist Communications and PR, Shahid is responsible for developing and managing the strategic financial and operational objectives of a diverse and complex portfolio of companies. Prior to this, Shahid served as CFO and Chief Operating Officer EMEA at Geometry Global.

Before his time at WPP, Shahid spent 10 years at McCann Worldgroup EMEA moving through a variety of progressively senior finance roles, up to Regional CFO. As CFO of a region of both developed and emerging markets, he is adept at navigating the complexity, varying cultures, and high-growth potential that characterised the region.

THE BOARD OF DIRECTORS
CONTINUED

Mr Dominic Grainger

Non-executive director

Age: 58

Nationality: British

Appointed: 26/07/2018

Skills and experience:

Dominic is Chief Executive Officer of WPP's Specialist Communications & PR group of companies. This portfolio of companies comprises various individual businesses with distinct marketing expertise which operate independently within the group working closely with WPP clients and global agencies.

Prior to 2019 Dominic was CEO of GroupM, Europe, Middle East and Africa. GroupM is the leading media investment company in the world and comprises all WPP's media businesses. Dominic was President of the European Association of Communications Agencies from 2016 to 2020.

Dominic leads WPP's Sports practice, the global entry point to WPP's sports marketing services and solutions.

He also currently serves on a number of boards including the supervisory boards of public companies, Syzygy AG and HighCo SA.

Ms Patricia Kiwanuka

Independent non-executive director

Age: 48

Nationality: Kenyan

Appointed: 31/03/2023

Skills and experience:

Ms. Kiwanuka is an accomplished financial services and management expert, currently Managing Director of Revenu Stream Limited. She has worked for more than 20 years in Eastern Africa at leading financial institutions including Old Mutual Group, Sanlam (formerly AIG Investments) and Zamara (Alexander Forbes) Financial Services. She is a CFA(R) Charter holder and member of the CFA Institute – USA, a Council member of the Institute of Certified Financial Analysts, ICIFA – Kenya. She holds a Master of Business Administration (Finance), Masters in Counselling Psychology and a Bachelor of Science Degree (Actuarial Science/Statistics) and attended executive management course at INSEAD Business School.

Ms. Kiwanuka holds board positions at NSE Clear Ltd and AAR Insurance Kenya. She is a trustee on the board of Banki Kuu (CBK) Scheme and Council Member United States International University – Africa.

THE BOARD OF DIRECTORS CONTINUED

Ms Beverley Spencer-Obatoyinbo

Independent, non-executive director

Age: 58

Nationality: British & Nigerian

Appointed: 31/03/2022

Skills and experience:

Ms. Spencer-Obatoyinbo is a highly experienced business leader with an extensive background working in emerging market environments and across diverse sectors including FMCG, pharmaceutical manufacturing and healthcare. She delivered business transformation and growth during her 25-year career at British American Tobacco where she oversaw business units in Nigeria, Egypt, Switzerland, and more recently, Kenya, where she is permanently based. Ms. Spencer-Obatoyinbo joined BAT from GSK and previously worked in the UK's National Health Service. She holds a Customer-Focused Innovation Diploma from Stanford University Graduate School of Business, an Advanced Strategic Management Diploma from IMD Business School and a Marketing Diploma from The Chartered Institute of Marketing.

She is the chairperson of the Board Nominations and Remunerations Committee of the WPP Scangroup PLC Board.

Mr Peter Kimurwa

Independent non-executive director

Age: 53

Nationality: Kenyan

Appointed: 31/03/2022

Skills and experience:

Mr. Kimurwa is currently the Chief Executive Officer at Arc Skills Kenya, and brings a wealth of experience in finance, business development and strategy, having held senior leadership positions at some of Kenya's leading companies; The Industrial & Commercial Development Corporation (ICDC), Linksoft Communications Systems Limited (LCS), East African Breweries Limited (EABL), BOC Kenya Limited, British American Tobacco Eastern Africa (BATEA) and PricewaterhouseCoopers. He holds board positions at Old Mutual Investment Group (OMIG) and UAP Insurance South Sudan. He is the chair of the Audit and Risk Management Committee of the WPP Scangroup Board. Mr. Kimurwa is a Certified Public Accountant and received a Bachelor of Commerce degree from Kenyatta University and an MBA from INSEAD.

He is the chairperson of the Board Audit and Risk Committee of the WPP Scangroup PLC Board.

THE BOARD OF DIRECTORS CONTINUED

Mr Federico De Nardis

Non-executive director

Age: 63

Nationality: Italian

Appointed: 31/03//2022

Skills and experience:

Federico has spent more than 30 years in the communications and marketing industry working in agencies including Saatchi & Saatchi, Maxus (now Wavemaker) and GroupM, where he is currently Chief Executive Officer for Sub-Saharan Africa, based in South Africa. In his current role he has been sponsoring the launch of the GradX Africa Academy to train graduates in Media at 360 in all major markets in Sub-Saharan Africa.

He understands the needs of clients, having also worked at Fiat Group, and is an entrepreneurial leader; he founded Alchera, one of Italy's first digital agencies, and during his time at Maxus, helped the agency to expand, open new offices and achieve double-digit growth. He received his BA from the University of Rome, studied in New York as a postgraduate at Pace University and holds a Masters in Management from Isvor Fiat, Fiat Group's training institution.

Ms Patricia Helene Nuytemans

Non-executive Director

Age: 54

Nationality: Belgian

Appointed: 30/06/2023

Skills and experience:

Patricia has over 30 years' experience spanning public relations, consulting, advertising and health across Africa, Europe and the Middle East. She has had close interactions with Scangroup since 2021. She is currently the Chief Executive Officer EMEA of Ogilvy, since September 2021, and is responsible for driving all aspects of Ogilvy's business across Africa, Europe and Middle East.

Prior to this, she held the positions of Global Chief Growth Officer of Ogilvy Growth and Innovation, CEO of Memac Ogilvy and Chief Digital Officer Ogilvy & Social Lab Brussels

THE BOARD OF DIRECTORS CONTINUED

Ms Tebogo Skwambane

Non-executive director

Age: 54

Nationality: South African

Appointed: 31/03//2022

Skills and experience:

Ms. Skwambane is WPP's Country Manager for South Africa and Chief Strategy Officer at Smollan. Ms. Skwambane has more than 20 years' experience as a strategy and management consultant serving major clients in the public and private sectors across the Eastern Europe, Middle East and Africa regions.

She started her career at Bain & Company and founded North Road Consulting, before moving into global partner roles at Monitor Consulting and McKinsey & Company. Ms. Skwambane has also worked at International Finance Corporation, World Bank in Washington D.C. and Brown Brothers Harriman and Company in Boston and completed her MBA at Harvard Business School and her BA at Dartmouth College.

She has been an African Leadership Institute and Aspen Global Leadership Fellow and was selected as a World Economic Forum Young Global Leader in 2011. She has extensive board experience and is currently a non-executive director at Sphere Holdings and African Parks Network.

Ms Winniefred Jumba

Company Secretary

Age: 52

Nationality: Kenyan

Appointed: 23/04/2021

Skills and experience:

Winnie has over twenty-five years of experience as a practicing Certified Public Secretary and a Corporate Governance expert. She is an experienced and dedicated Company Secretary with additional specializations in Corporate Governance services, Legal and Governance audits and Bond Trustee/ Security agency services and general compliance matters.

She is a holder of a Bachelor of Commerce and a Masters in Business Administration from University of Nairobi. She is a Certified Public Secretary and an Accredited Governance Auditor.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the group and the company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the company and its subsidiaries maintain proper accounting records that are sufficient to show and explain the transactions of the company and its subsidiaries and disclose, with reasonable accuracy, the financial position of the group and the company. The directors are also responsible for safeguarding the assets of the group, and for taking reasonable steps for the prevention and detection of fraud and error.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards as issued by the Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(ii) selecting suitable accounting policies and applying them consistently; and

(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the group's and company's ability to continue as going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the group's and company's ability to continue as going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 29 April 2024 and signed on its behalf by:

Richard Omwela
Director

Patricia Ithau
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WPP SCANGROUP PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and company financial statements of WPP Scangroup Plc ("the group") set out on pages 61 to 111, which comprise the consolidated and company statements of financial position as at 31 December 2023, the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity, and consolidated and company statements of cash flows for the year then ended, and notes, including a summary of material accounting policies and other explanatory information.

In our opinion, the consolidated and company financial statements give a true and fair view of the financial position of the group and of the company as at 31 December 2023 and of their consolidated and company financial performance and consolidated and company cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WPP SCANGROUP PLC CONTINUED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment in Subsidiaries As disclosed in note 16 of the of the consolidated and company financial statements, as at 31 December 2023, investment in subsidiaries was Sh 1,343,563,000 (2022: Sh 1,415,897,000) representing 84% (2022: 88%) of the non-current assets of the company and 19% (2022: 20%) of the total assets of the company. During the year an impairment provision of Sh 72,334,000 (2022: Sh 137.723,000) was made against these investments. The company assesses the recoverable amount of its investment in subsidiaries against the carrying value to determine if any impairment has occurred. Where this indicates that an investment may be impaired, the company applies the requirements of IAS 36: Impairment of Assets in assessing the carrying amount of the investment. This process includes comparing the recoverable amount of the investment to its carrying value. Due to the level of judgement and estimation relating to the impairment assessment of investment in subsidiaries, the valuation of investment in subsidiaries is considered to be a key audit matter. The directors conduct annual impairment tests to assess the recoverability of the carrying value of investments in subsidiaries using discounted cash flow models. As disclosed in note 6 and note 16 to the consolidated and company financial statements, there are a number of critical accounting judgements made and key sources of estimation in determining the inputs into these models which include: • Estimation of the future cash flows expected to be generated by the subsidiaries, • The discount rates applied to the projected future cash flows to arrive at the present value, and • Growth rates applicable to the subsidiaries based on directors' view of future business prospects. Accordingly, the determination of the recoverable amount of investments in subsidiaries requires the directors' use of significant judgement and estimations and we therefore considered it to be a key audit matter.	Our procedures included challenging the directors on the reasonableness of the discounted cash flow model and other qualitative considerations and assumptions used to determine the charges to profit or loss through performing the following audit procedures: • We engaged our internal fair value specialists to assist with: o Assessing the methodology used in preparing the impairment testing model; o Critically evaluating whether the model used by the directors to calculate the recoverable values of the subsidiaries and whether it complies with the requirements of IAS 36, Impairment of Assets; and o Reviewing the assumptions used to calculate the growth and discount rates and assessing these rates for reasonableness. • Analysed the projected cash flows and the key assumptions used in projecting the cash flows. The key assumptions are annual growth rates, long-term growth rates and discount rates. • Subjected the annual growth rates to sensitivity analyses. • Tested the integrity and mathematical accuracy of the impairment model and agreeing relevant input data to independent sources (where applicable). Based on our audit, the judgements made by directors are appropriate and the disclosure is in terms of IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WPP SCANGROUP PLC CONTINUED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONTINUED)

Other Information

The other information comprises the corporate information, report of the directors, corporate governance statement, directors' remuneration report, The board of directors information and statement of directors' responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the Consolidated and Company Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and company financial statements in accordance with IFRS Accounting Standards as issued by the Accounting Standard Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WPP SCANGROUP PLC CONTINUED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements (Continued)

- Evaluate the appropriateness of material accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and / or company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

Report of the Directors

In our opinion the information given in the Report of the Directors on pages 32 to 35 is consistent with the consolidated and company financial statements.

Directors' Remuneration Report

In our opinion the auditable part of the Directors' Remuneration report presented on pages 47 to 49 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's 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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

All figures in Sh'000	Notes	CONSOLIDATED		COMPANY	
		2023	2022 restated	2023	2022 restated
Revenue	7	6,612,362	7,317,541	155,835	1,422,113
Direct costs		(4,386,902)	(5,121,736)	(142,175)	(1,356,973)
Gross profit		2,225,460	2,195,805	13,660	65,140
Interest income	8	237,729	220,035	218,857	195,707
Interest expense	8	(22,765)	(18,360)	(25,365)	(11,653)
Other income*	9 (a)	41,068	56,726	25,392	27,882
Other gains or losses	9 (b)	210,115	–	238,248	–
Share of profit in associates	17	23,387	18,967	14,316	18,967
Operating and administrative expenses		(2,687,924)	(2,545,206)	(260,467)	(196,064)
Impairment of investment in subsidiaries	16	–	–	(72,334)	(137,723)
Impairment of investment in associates	17	(14,316)	(21,392)	(14,316)	(18,967)
Impairment of goodwill	20	(23,367)	–	–	–
Allowance for expected credit loss	10	100,137	11,562	7,359	22,122
Foreign exchange gains		288,436	145,870	159,664	36,235
Profit before tax	10	377,960	64,007	305,014	1,646
Tax charge*	11	(247,822)	(209,552)	(111,249)	(42,273)
Profit / (loss) for the year		130,138	(145,545)	193,765	(40,627)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translating foreign operations		(24,932)	(81,097)	–	–
Total comprehensive income / (loss) for the year		105,206	(226,642)	193,765	(40,627)
Profit / (loss) attributable to:					
Shareholders of the holding company		133,300	(147,948)	193,765	(40,627)
Non-controlling interests		(3,162)	2,403	–	–
		130,138	(145,545)	193,765	(40,627)
Total comprehensive income / (loss) attributable to:					
Shareholders of the holding company		113,821	(218,887)	193,765	(40,627)
Non-controlling interests		(8,615)	(7,755)	–	–
		105,206	(226,642)	193,765	(40,627)
Earnings / (loss) per share					
Basic (Sh) *	13	0.31	(0.34)	0.45	(0.09)
Diluted (Sh) *	13	0.31	(0.34)	0.45	(0.09)

*Refer to note 36 for restatement of other income, tax charge and earnings / (loss) per share

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

All figures in Sh'000	Notes	CONSOLIDATED			COMPANY		
		31 December 2023	31 December 2022 restated	31 December 2021 restated	31 December 2023	31 December 2022 restated	31 December 2021 restated
ASSETS							
Non-current assets							
Equipment	14	142,391	141,294	151,858	45,039	55,691	56,720
Right-of-use assets	15	109,900	117,164	132,303	8,128	34,934	59,870
Investment in subsidiaries	16	–	–	–	1,343,563	1,415,897	1,553,620
Investments in associates and other equity investment	17	19,345	7,688	9,923	–	–	–
Long term loans to related companies	18	172,606	24,604	24,577	172,606	24,604	24,577
Deferred tax asset*	19	480,533	506,423	481,150	38,641	78,324	86,872
Goodwill	20	–	23,367	23,367	–	–	–
		924,775	820,540	823,178	1,607,977	1,609,450	1,781,659
Current assets							
Trade and other receivables	21	2,210,143	2,514,817	3,291,057	97,478	295,802	429,278
Work-in-progress	22	8,560	25,204	21,079	–	–	–
Receivable from related parties	18	444,520	380,273	376,653	2,884,349	2,634,538	2,138,299
Tax recoverable*	11.3	1,099,511	965,605	875,584	78,334	66,048	36,295
Fixed deposits with bank (maturing after 3 months)	23 (c)	2,073,770	2,523,089	2,634,082	2,064,462	2,451,589	2,563,940
Cash, bank and deposits balances	23 (b)	1,253,522	970,074	1,317,387	440,847	790	340,223
		7,090,026	7,379,062	8,515,842	5,565,470	5,448,767	5,508,035
TOTAL ASSETS		8,014,801	8,199,602	9,339,020	7,173,447	7,058,217	7,289,694
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	25	432,156	432,156	432,156	432,156	432,156	432,156
Share premium	26	4,436,532	4,436,532	4,436,532	4,436,532	4,436,532	4,436,532
Merger reserve	27	1,457,248	1,457,248	1,457,248	1,420,617	1,492,951	1,615,674
Accumulated deficit*		(556,587)	(689,887)	(541,939)	146,881	(119,218)	(201,314)
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	6,436,186	6,242,421	6,283,048
Non-controlling interests		(61,441)	(13,185)	15,969	–	–	–
Total equity		5,274,475	5,208,910	5,456,951	6,436,186	6,242,421	6,283,048
Non-current liabilities							
Deferred tax liability	19	2,440	188	2,591	–	–	–
Lease liabilities	28	67,595	63,688	95,626	–	7,577	40,902
		70,035	63,876	98,217	–	7,577	40,902
Current liabilities	29						
Trade and other payables*	11.3	2,337,519	2,565,291	3,323,993	210,295	305,240	543,654
Tax payable	18	101,478	95,754	151,008	–	–	–
Payable to related parties	28	80,870	139,078	194,968	409,327	403,271	328,493
Lease liabilities	23 (b)	36,791	58,140	47,052	4,006	31,155	26,766
Bank overdraft	30	71,882	26,574	–	71,882	26,574	–
Dividends payable		41,751	41,979	66,831	41,751	41,979	66,831
		2,670,291	2,926,816	3,783,852	737,261	808,219	965,744
TOTAL EQUITY AND LIABILITIES		8,014,801	8,199,602	9,339,020	7,173,447	7,058,217	7,289,694

*Refer to note 36 for restatement of deferred tax asset, tax recoverable, trade and other payables and accumulated deficit.

The financial statements on pages 61 to 111 were approved and authorised for issue by the Board of Directors on 29 April 2024 and were signed on its behalf by:

Richard Omwela
Director

Patricia Ithau
Director

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

All figures in Sh'000	Note	Share capital	Share premium	Merger reserve	Accumulated deficit	Translation deficit	Attributable to share holders of the holding company	Non-controlling interests	Total
At 1 January 2022 as previously reported		432,156	4,436,532	1,457,248	(784,130)	(343,015)	5,198,791	1,606	5,200,397
Prior year adjustment*	36	–	–	–	242,191	–	242,191	14,363	256,554
At 1 January 2022 as restated		432,156	4,436,532	1,457,248	(541,939)	(343,015)	5,440,982	15,969	5,456,951
Loss for the year		–	–	–	(147,948)	–	(147,948)	2,403	(145,545)
Other comprehensive loss		–	–	–	–	(70,939)	(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)	5,222,095	(13,185)	5,208,910
At 1 January 2023		432,156	4,436,532	1,457,248	(689,887)	(413,954)	5,222,095	(13,185)	5,208,910
Profit for the year		–	–	–	133,300	–	133,300	(3,162)	130,138
Other comprehensive loss		–	–	–	–	(19,479)	(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)	5,335,916	(61,441)	5,274,475

The reserve accounts included in the Statement of Changes in Equity are explained below:

- Accumulated deficit represents accumulated profits or loss retained by the company after payment of dividend to the shareholders.
- The translation deficit represents the cumulative position of translation gains or losses arising from conversion of net assets of foreign subsidiary companies to the reporting currency.
- Merger reserve relates to merger relief on prior period acquisition transactions transferred from the Share Premium account in accordance with Section 388 of the Kenya Companies Act, 2015.

*Refer to note 36 for details on prior year adjustment

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

All figures in Sh'000	Note	Share capital	Share premium	Merger reserve	Accumulated (deficit) / Suplus	Total
At 1 January 2022 as previously reported	36	432,156	4,436,532	1,615,674	(261,938)	6,222,424
Prior year adjustment*		–	–	–	60,624	60,624
At 1 January 2022 as restated		432,156	4,436,532	1,615,674	(201,314)	6,283,048
Transfer to Merger Reserve	27	–		(122,723)	122,723	–
Loss for the year		–	–	–	(40,627)	(40,627)
At 31 December 2022		432,156	4,436,532	1,492,951	(119,218)	6,242,421
At 1 January 2023		432,156	4,436,532	1,492,951	(119,218)	6,242,421
Profit for the year		–	–	–	193,765	193,765
Transfer to Merger Reserve	27	–	–	(72,334)	72,334	–
At 31 December 2023		432,156	4,436,532	1,420,617	146,881	6,436,186

The reserve accounts included in the Statement of Changes in Equity are explained below:

- Accumulated deficit represent accumulated profits or loss retained by the company after payment of dividend to the shareholders.
- Merger reserve relates to merger relief on prior period acquisition transactions transferred from the Share Premium account in accordance with Section 388 of the Kenya Companies Act, 2015.

*Refer to note 36 for details on prior year adjustment.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

All figures in Sh'000	Notes	CONSOLIDATED		COMPANY	
		2023	2022	2023	2022
Cash generated from / (used in) operating activities after working capital changes	24	260,970	(122,777)	58,920	(576,030)
Tax paid on operating income		(289,090)	(350,941)	(52,497)	(31,931)
Net cash (used in) / generated from operating activities		(28,120)	(473,718)	6,423	(607,961)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	14	(40,118)	(33,332)	(2,698)	(14,540)
Proceeds from sale of equipment		5,772	4,824	737	969
Fixed deposits placed (maturing after 3 months)		(2,013,829)	(2,450,992)	(2,001,650)	(2,382,931)
Fixed deposits matured (maturing after 3 months)		2,450,992	2,574,133	2,382,931	2,506,185
Dividend received		–	–	25,254	26,822
Interest received net of tax		204,433	197,337	185,064	178,798
Net cash generated from investing activities		607,250	291,970	589,638	315,303
CASH FLOWS FROM FINANCING ACTIVITIES					
Loan advanced to a related company	18	(156,742)	–	(156,742)	–
Dividends paid including tax on dividend		(45,759)	(48,497)	(228)	(24,852)
Repayment of lease liabilities	28	(82,408)	(82,757)	(36,471)	(33,025)
Interest paid	8	(14,948)	(6,559)	(23,620)	(7,564)
Net cash used in financing activities		(299,857)	(137,813)	(217,061)	(65,441)
Net increase / (decrease) in cash and cash equivalents		279,273	(319,561)	379,000	(358,099)
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At the beginning of the year		946,188	1,334,344	(25,784)	332,315
Net increase / (decrease) during the year		279,273	(319,561)	379,000	(358,099)
Effect of fluctuations in exchange rates		(60,498)	(68,595)	–	–
Cash and cash equivalents at end of the year	23 (a)	1,164,963	946,188	353,216	(25,784)

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The consolidated and the company financial statements of WPP Scangroup PLC for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. For the purposes of the Kenyan Companies Act, 2015, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

2. BASIS OF PREPARATION

The consolidated and the company financial statements have been prepared under the historical cost basis of accounting, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and the company financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies adopted remain unchanged from the previous year unless mentioned otherwise. The consolidated and the company financial statements are presented in Kenya Shillings and all values are rounded to the nearest thousand (Sh'000), except when otherwise indicated. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

3. BASIS OF CONSOLIDATION (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Material accounting policies refer to information that, when considered together with other information in an entity's financial statements, can reasonably be expected to influence decisions made by users of those financial statements.

4.1. Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Transactions with entities under common control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interest are also recorded in equity.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.2. Investments in associates

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the company's interest in that associate (which includes any long-term interests that, in substance, form part of the company's net investment in the associate) are not recognised, unless the company has incurred legal or constructive obligations or made payments on behalf of the associate.

Where the company transacts with an associate, profits and losses are eliminated to the extent of the company's interest in the relevant associate.

4.3. Revenue recognition

The contracts for the Group often involve multiple agencies offering different services in different countries. As such, the terms of local, regional and global contracts can vary to meet client needs and regulatory requirements. Consistent with the industry, contracts are typically short-term in nature and tend to be cancellable by either party with 90 days notice. The Group is generally entitled to payment for work performed to date.

The Group is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days. Revenue comprises gross proceeds earned in respect of amounts billed and is stated exclusive of VAT, sales taxes and trade discounts. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to customers, predominantly media and data collection costs. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short-term in nature.

In most instances, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation. However, where there are contracts with services that are capable of being distinct, are distinct within the context of the contract, and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on relative standalone selling prices.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

For our retainer arrangements, we have a stand ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements are broad and generally are not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition. The Group is and acts as a principal as it controls the specified good or service prior to transfer. When the Group acts as a principal (such as in-house production services, events, data investment management and branding), the revenue recorded is the gross amount billed. Revenues related to out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense.

Further details on revenue recognition are detailed by sector below:

Advertising and media investment management

Revenue is typically derived from media placements and advertising services. Revenue may consist of various arrangements involving gross of direct costs, commissions, fees, incentive-based revenue or a combination of all, as agreed upon with each client. Revenue for commissions on purchased media is typically recognised at the point in time the media is run.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.3 Revenue recognition (Continued)

The Group receives prompt payment discounts from certain suppliers for transactions entered into on behalf of clients that, based on the terms of the relevant contracts and local law, are either remitted to clients or retained by the Group. If amounts are passed on to clients they are recorded as liabilities until settled or, if retained by the Group, are recorded as revenue when earned.

Variable incentive-based revenue typically comprises both quantitative and qualitative elements. Incentive compensation is estimated using the most likely amount and is included in revenue up to the amount that is highly probable not to result in a significant reversal of cumulative revenue recognised. The Group recognises incentive revenue as the related performance obligation is satisfied.

Public relations & public affairs and brand consulting, health & wellness and specialist communications

Revenue for these services is typically derived from retainer fees and fees for services to be performed subject to specific agreement. Most revenue under these arrangements is earned over time, in accordance with the terms of the contractual arrangement.

Dividend and interest income

Dividend income from investments is recognised when the group's right to receive payment as a shareholder has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

4.4. Work-in-progress

Work in progress is stated at the lower of cost or net realisable value and represents direct recoverable cost chargeable to specific clients. Attributable profits are only recognised once a job is complete and billed out to client.

4.5. Equipment

4.5.1. Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Any gain or loss on disposal of an item of equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

4.5.2. Depreciation

Items of equipment are depreciated from the date the asset is available for use. Depreciation is calculated to write off the cost of items of equipment less their estimated residual value using the written down basis over their estimated useful lives at rates as follows:

Computers and accessories	30%
Motor vehicles	25%
Furniture, fittings and equipment	12.5%

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.5. Equipment (Continued)

4.5.3. Impairment

The Group assesses the carrying value of its equipment to determine if any impairment has occurred. Where this indicates that an asset may be impaired, the Group applies the requirements of IAS 36 Impairment of Assets in assessing the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. Also refer note 4.9

4.6. Taxation

Income tax expense represents the sum of the tax currently payable and net deferred tax charge for the year.

4.6.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated and the company statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.6.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and the company financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.6.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. Also refer note 4.1.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.7. Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loses.

Right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is presented as a separate line in the statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expenses' in the statement of the profit or loss.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.8. Foreign currencies

The group's consolidated and company financial statements are presented in Kenya Shillings, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

4.8.1. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4.8.2. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kenya Shillings at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

4.8.3. Hyperinflation in Ghana

During 2023, Ghana was designated as a hyperinflationary economy. IAS 29 requires that the income statement is adjusted for inflation in the period and translated at the year-end foreign exchange rate and that non-monetary assets and liabilities on the balance sheet are restated to reflect the change in purchasing power caused by inflation from the date of initial recognition. The impact on other non-monetary assets and liabilities and the impact on the Group's income statement in the year were immaterial and therefore not adjusted for.

4.9. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.9. Financial instruments (Continued)

Financial asset (Continued)

(i) De-recognition

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for its trade receivables and bank balances. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other assets include cash and bank balances and deposits which the Group uses counter party external rating equivalent both to determine whether the financial asset has significantly increased in credit risk and to estimate ECLs.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 360 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4.10. Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11. Employee benefits

4.11.1. Retirement benefits costs and termination benefits

The Group in Kenya and Zambia has engaged a third party retirement benefit service provider to provide retirement benefits to its eligible employees. The benefit plans are "Defined Contribution Plans". Payments to defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions. The assets of the scheme are held in a trustee administered fund separate from the retirement benefit service providers.

The Group also contributes to the statutory defined contribution pension schemes, the National Social Security Fund of Kenya, Tanzania, Uganda and Zambia. In Nigeria, Ghana and Rwanda the Group contributes to regional pension funds administered by equivalent government regulatory bodies. Employer's contribution is determined by local statutes. The Group's obligations to retirement benefit schemes are recognised in the profit or loss as they fall due. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

4.11.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4.12. Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

4.13. Comparatives

Where necessary, comparative figures are restated to conform to changes in presentation in the reporting period.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS

The accounting policies adopted are consistent with those followed in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2023 except for new standards, amendments and interpretations effective 1 January 2024. The nature and impact of each new standard/ amendment are described below.

i) Relevant new and amendments to standards and interpretations on the financial statements effective for the year ended 31 December 2023

IFRS 17 Insurance Contracts

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

This standard is not applicable to the group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendment became effective for annual periods beginning on or after 1 January 2023.

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and,
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

Amendments to IAS 8 – Definition of Accounting Estimates

The amendment is effective for annual periods beginning on or after 1 January 2023.

The amendment seeks to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, the amendments clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting-policies. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS (Continued)

i) Relevant new and amendments to standards and interpretations on the financial statements effective for the year ended 31 December 2023 (Continued)

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment is effective for annual periods beginning on or after 1 January 2023.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The changes did not have material impact on the financial statements of the Group.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Amendments to IAS 1- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.

Amendments to IFRS 16-Lease Liability in a Sale and Leaseback

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS (Continued)

ii) Standards amendments and interpretations to existing standards that have not yet been by the group (Continued)

Amendments to IFRS 16-Lease Liability in a Sale and Leaseback (Continued)

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS (Continued)

ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

Amendments to IAS 21 – Lack of Exchangeability

The amendment is effective for annual periods beginning on or after 1 January 2025.

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) which includes presentation and disclosure requirements for all entities applying IFRS Accounting Standards. When effective, IFRS 18 supersedes IAS 1 Presentation of Financial Statements. Entities will continue to apply IAS 7 Statement of Cash Flows, although there are certain limited amendments to IAS 7 as a result of IFRS 18. The standard will not impact the recognition or measurement of items in the financial statements but will impact how companies present and disclose financial performance.

Entities will be required to classify income and expenses in the following categories:

- operating,
- investing,
- financing,
- income taxes and discontinued operations.

These categories apply to all entities, with some modification for entities whose main business activities relate to investments in assets (e.g., insurers and investment entities) or provision of financing to customers (e.g., banks). In addition to these categories, the standard requires two new defined subtotals to be presented in the financial statement, operating profit and profit before financing and income taxes.

Enhanced principles on the aggregation and disaggregation of information have been included in IFRS 18. Supporting application guidance will assist in determining whether information about transactions should be included in the primary financial statements or notes.

Most entities report alternative performance measures. IFRS 18 defines management-defined performance measures (MPMs). Entities are required to present MPMs in a single note to the financial statements and disclose reconciliations between the MPMs and totals or subtotals required by IFRS 18 or other IFRS Accounting Standards.

The requirements will be applied retrospectively. The standard is applicable for period beginning on or after 1 January 2027. Earlier application is permitted.

iii) Early adoption of standards

The Group did not early adopt any new or amended standards and interpretations in 2023.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Recoverability of deferred tax losses

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The significant judgement and estimate include growth rates applicable to the subsidiaries based on directors' view of future business prospects.

Investment in subsidiaries

The Company assesses the carrying value of its investment in subsidiaries undertakings to determine if any impairment has occurred. Where this indicates that an investment may be impaired, the Company applies the requirements of IAS 36 in assessing the carrying amount of the investment. This process includes comparing its recoverable amount with the carrying value. The recoverable amount is defined as the higher of fair value less costs to sell and value in use. The significant accounting judgements and estimates include below:

- Estimation of the future cash flows expected to be generated by the subsidiaries,
- The discount rates applied to the projected future cash flows to arrive at the present value, and
- Growth rates applicable to the subsidiaries based on directors' view of future business prospects.

Expected Credit Loss

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's Expected Credit Losses (ECL) calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Historical default and expected loss rates;
- The Group's criteria for assessing if there has been a significant increase in credit risk; and
- Development of ECL models, including the various formulas and the choice of inputs.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

7. REVENUE

The Group and Company's revenue are derived in the following markets:

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Kenya (including export sales)	4,169,492	4,452,852	155,835	1,422,113
Rest of Africa				
Uganda	763,067	922,644	–	–
Tanzania	612,341	758,566	–	–
South Africa	119,535	180,249	–	–
Ghana	399,047	367,435	–	–
Nigeria	107,621	153,376	–	–
Others	441,259	482,419	–	–
	6,612,362	7,317,541	155,835	1,422,113

8. INTEREST INCOME AND INTEREST EXPENSE

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Interest income				
Interest on bank deposits	230,324	217,699	211,469	195,674
Interest on related party loan	7,388	2,306	7,388	33
Other interest income	17	30	–	–
	237,729	220,035	218,857	195,707
Interest expense				
Interest expense on bank overdraft	14,948	6,559	14,940	7,564
Interest on related party loan	–	–	8,680	–
Interest on lease liabilities	7,817	11,801	1,745	4,089
	22,765	18,360	25,365	11,653

9(a). OTHER INCOME

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 restated	2023	2022 restated
Profit on disposal of assets	585	2,407	69	774
Cash discount	–	679	–	246
Dividend income from subsidiaries	–	–	25,254	26,822
Miscellaneous income*	40,483	53,640	69	40
	41,068	56,726	25,392	27,882

*Relates to long outstanding accruals and other liabilities which management deems not payable. Refer to note 36 for restatement of miscellaneous income.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

9 (b) OTHER GAINS OR LOSSES

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Capital gains *	238,248	–	238,248	–
Capital loss **	(28,133)	–	–	–
	210,115	–	238,248	–

*The Group completed the sale of its interest in Kantar operations on 30 June 2020. The share purchase agreement included a provision for deferred consideration of USD 1,520,000 (Sh 238,248,000) that was withheld in 2020 by the buyer of Kantar business due to some litigation against the sub-group that was being disposed. This deferred consideration was released to the Company during the current financial year.

IFRS 3, Business Combinations, Par 37, 39 and 58 requires the consideration transferred in a business combination to be measured at fair value (inclusive of contingent consideration). The fair value of the contingent consideration was supposed to be reassessed at the end of each subsequent reporting period to determine whether the classification of the case in terms of probability of winning was changing and appropriate adjustment made in the financial statements.

The deferred consideration was released to the Company during the year ended 31 December 2023 and was fully recorded as part of other gains in the financial statements. This treatment was based on the following considerations:

- Pending litigations being settled in Kantar's favour or;
- The fifth anniversary lapsing after completion based on Global Kantar deal in 2018 (even if the relevant litigation for which the consideration was deferred was not yet determined). There is no right under the terms of the global deal for the deferred consideration to be paid back if the case is not settled in Kantar's favour.

** Capital loss related to the sale of net assets of Hill & Knowlton Strategies Nigeria Limited. The sale has impacted all line items to the statement of cash flows to which these balances related to as the entity operated in the financial year ended 31 December 2023.

10. PROFIT BEFORE TAX

The profit before tax is arrived at after charging / (crediting): All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Staff costs				
– Salaries and wages	1,706,782	1,506,883	322,088	261,090
– Social security	67,119	55,552	9,477	7,943
– Medical expenses	89,799	89,828	29,755	26,652
– Leave pay	18,613	9,086	2,664	(398)
– Other staff costs	125,468	199,840	38,365	32,975
	2,007,781	1,861,189	402,349	328,262
Depreciation on equipment	36,131	38,579	12,682	15,374
Depreciation on right-of-use assets	49,492	62,237	26,806	24,936
Allowance for expected credit loss**	(100,137)	(11,562)	(7,359)	(22,122)
Auditors' remuneration	29,872	30,273	6,020	2,659
Directors' remuneration				
– non – executive directors' emoluments	19,661	15,139	4,400	9,500
– executive directors' emoluments	55,975	41,116	55,975	41,116

**Allowance for expected credit loss (ECL) for the group includes a reversal of provision for trade receivables of Sh 91,386,000 (2022: provision of Sh 28,257,000), reversal of provision for bank balances and short-term deposits with banks of Sh 8,751,000 (2022: reversal of provision of Sh 39,819,000). The reversal in 2023 was mainly driven by recovery of Sh 51,715,062 debt due from the Independent Electoral and Boundaries Commission (IEBC). Allowance for expected credit loss (ECL) for the company includes provision for trade receivables of Sh 106,000 (2022: reversal of provision of Sh 4,489,000), reversal of provision for bank balances and short-term deposits with banks of Sh 7,465,000 (2022: reversal of provision of Sh 17,633,000).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

11. TAXATION

11.1. Tax charge

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 restated	2023	2022 restated
Current taxation based on the adjusted profit				
For companies at 30%*	123,548	69,574	69,214	33,412
For companies charged at different rates*	39,670	59,606	–	–
Corporate tax recoverable provided **	49,172	114,428	2,352	313
Prior year over provision	1,138	(4,657)	–	–
	213,528	238,951	71,566	33,725
Deferred tax				
- current year (credit) / charge (Note 19)*	27,186	(20,712)	70,376	8,548
- deferred tax on tax losses derecognised	45,273	6,171	–	–
- recognition of deferred tax asset on losses previously derecognised	(30,693)	(1,377)	(30,693)	–
- prior year over provision	(7,472)	(13,481)	–	–
	34,294	(29,399)	39,683	8,548
	247,822	209,552	111,249	42,273

* Refer to note 36 for restatement

**Relates to provision for withholding taxes deemed no longer recoverable.

11.2. Reconciliation of expected tax based on accounting profit to tax charge

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 restated	2023	2022 restated
Accounting profit before taxation*	377,960	64,007	305,014	1,646
Tax at the applicable rate of 30%*	113,388	19,202	91,504	494
Effect of expenses not deductible for tax purposes	99,387	101,576	55,662	49,513
Effect of companies charged at different rates*	(28,261)	(14,556)	–	–
Effect of income not taxable	–	–	(7,576)	(8,047)
Corporate tax recoverable provided	49,172	114,428	2,352	313
Deferred tax on tax losses derecognised	45,273	6,171	–	–
Recognition of deferred tax asset on losses previously derecognised	(30,693)	(1,377)	(30,693)	–
Tax paid on intercompany dividend income	5,890	2,246	–	–
Prior years over provision-deferred tax	(7,472)	(13,481)	–	–
Prior years over provision-income tax	1,138	(4,657)	–	–
	247,822	209,552	111,249	42,273

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

11.3. Movement in net of tax recoverable and tax payable

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 restated	2023	2022 restated
At end of 2021 as previously reported	869,851	808,711	66,048	62,277
Restatement of 2021 tax recoverable*	–	(84,135)	–	(25,982)
At beginning of year as restated*	869,851	724,576	66,048	36,295
Tax paid	314,723	387,599	83,852	63,478
Charge for the year*	(213,528)	(238,951)	(71,566)	(33,725)
Effect of exchange rate difference	26,987	(3,373)	–	–
At the end of the year	998,033	869,851	78,334	66,048
Breakup of net tax recoverable				
Tax recoverable*	1,099,511	965,605	78,334	66,048
Tax payable	(101,478)	(95,754)	–	–
	998,033	869,851	78,334	66,048

* Refer to note 36 for restatement

12. SEGMENTAL REPORTING

Substantially, most of the Group's revenue is from contracts with clients. The Group is organised into two reportable segments based on geographical region – Kenya and Rest of Africa.

IFRS 8 Operating Segments requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Chief Executive Officer. Provided certain quantitative and qualitative criteria are fulfilled, IFRS 8 permits the aggregation of these components into reportable segments for the purposes of disclosure in the Group's financial statements. In assessing the Group's reportable segments, the Directors have had regard to the Gross revenue contribution per region.

Segment revenues and profits

The following is an analysis of the Group's revenue and results by reportable segment in 2023:

Income statement	Segment revenue	Segment operating loss	Share of profit of associates	Interest income	Interest expense	Other gain and losses	Profit before tax	Tax charge	Profit / (loss) after tax
2023									
Kenya	4,169,492	(452,961)	14,316	216,084	(16,549)	525,013	302,452	(120,188)	150,098
Rest of Africa	2,442,870	(9,503)	9,071	21,645	(6,216)	77,060	75,508	(127,634)	(19,960)
	6,612,362	(462,464)	23,387	237,729	(22,765)	602,073	377,960	(247,822)	130,138
2022 restated									
Kenya	4,452,852	(338,987)	18,967	198,898	(16,549)	162,187	(176,847)	(65,972)	(242,819)
Rest of Africa	2,864,689	(10,414)	–	21,137	(1,811)	342,099	240,854	(143,580)	97,274
	7,317,541	(349,401)	18,967	220,035	(18,360)	192,766	64,007	(209,552)	(145,545)

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

12. SEGMENTAL REPORTING (Continued)

Segment revenues and profits (Continued)

All figures in Sh'000 Segment assets	2023	2022 restated
Kenya	6,072,881	5,604,589
Rest of Africa	1,941,920	2,645,811
	8,014,801	8,250,400

All figures in Sh'000	Depreciation and amortisation		Additions to non-current assets	
Segment assets	2023	2022	2023	2022
Kenya	69,241	75,575	28,965	21,838
Rest of Africa	16,382	25,241	58,631	45,923
	85,623	100,816	87,596	67,761

The company operates in Kenya and the revenue and results have been disclosed under Kenya.

13. EARNINGS/ (LOSS) PER SHARE

13.1. Basic earnings / (loss) per share

Basic earnings / (loss) per share is calculated based on the profit attributable to shareholders divided by the weighted average number of ordinary shares in issue in each period as follows:

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Earnings/(loss) per share				
Profit attributable to shareholders of the holding company (Sh'000)*	133,300	(147,948)	193,765	(40,627)
Weighted average number of shares (in thousands)	432,156	432,156	432,156	432,156
Basic earnings per share (Sh)*	0.31	(0.34)	0.45	(0.09)

13.2. Diluted earnings / (loss) per share

Diluted earnings / (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2023 and 31 December 2022 no such instruments were outstanding. Hence diluted earnings / (loss) per share is same as basic earnings / (loss) per share presented in Note 13.1.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

14. EQUIPMENT

14.1. Equipment – Group

All figures in Sh'000	Computers and accessories	Motor vehicles	Furniture, fittings and equipment	Total
COST				
At 1 January 2022	610,605	24,907	348,232	983,744
Additions	14,052	13,235	6,045	33,332
Disposals	(452)	(2,371)	–	(2,823)
Exchange rate adjustment *	(4,468)	(891)	(5,580)	(10,939)
At 31 December 2022	619,737	34,880	348,697	1,003,314
At 1 January 2023	619,737	34,880	348,697	1,003,314
Additions	38,642	–	1,476	40,118
Disposals	(7,701)	(2,555)	(2,838)	(13,094)
Exchange rate adjustment *	10,516	220	14,575	25,311
At 31 December 2023	661,194	32,545	361,910	1,055,649
DEPRECIATION				
At 1 January 2022	545,844	12,807	273,235	831,886
Charge for the year	22,996	4,896	10,687	38,579
Elimination on disposals	(314)	(98)	–	(412)
Exchange rate adjustment *	(2,899)	224	(5,358)	(8,033)
At 31 December 2022	565,627	17,829	278,564	862,020
At 1 January 2023	565,627	17,829	278,564	862,020
Charge for the year	21,971	3,989	10,171	36,131
Elimination on disposals	(4,488)	(637)	(2,671)	(7,796)
Exchange rate adjustment *	9,947	152	12,804	22,903
At 31 December 2023	593,057	21,333	298,868	913,258
NET BOOK VALUE				
At 31 December 2023	68,137	11,212	63,042	142,391
At 31 December 2022	54,110	17,051	70,133	141,294

*Exchange rate adjustments relate to effect of translation of equipment held in foreign subsidiaries.

At 31 December 2023, equipment with a cost of Sh 335,935,000 (2022 – Sh 335,636,000) had been fully depreciated. The annual depreciation charge in respect of these assets would have been Sh 78,365,900 (2022 – Sh 78,291,000).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

14.2. Equipment – Company

All figures in Sh'000	Computers and accessories	Motor vehicles	Furniture, fittings and equipment	Total
COST				
At 1 January 2022	326,263	10,686	75,054	412,003
Additions	3,529	10,722	289	14,540
Disposals	(198)	(970)	–	(1,168)
At 31 December 2022	329,594	20,438	75,343	425,375
At 1 January 2023	329,594	20,438	75,343	425,375
Additions	2,680	–	18	2,698
Disposals	(2,106)	–	–	(2,106)
At 31 December 2023	330,168	20,438	75,361	425,967
DEPRECIATION				
At 1 January 2022	298,439	6,268	50,576	355,283
Charge for the year	9,026	3,314	3,034	15,374
Elimination on disposals	(109)	(864)	–	(973)
At 31 December 2022	307,356	8,718	53,610	369,684
At 1 January 2023	307,356	8,718	53,610	369,684
Charge for the year	7,086	2,927	2,669	12,682
Elimination on disposals	(1,438)	–	–	(1,438)
At 31 December 2023	313,004	11,645	56,279	380,928
NET BOOK VALUE				
At 31 December 2023	17,164	8,793	19,082	45,039
At 31 December 2022	22,238	11,720	21,733	55,691

At 31 December 2023, equipment with a cost of Sh 124,759,000 (2022 – Sh 124,759,000) had been fully depreciated. The annual depreciation charge in respect of these assets would have been Sh 33,681,000 (2022 – Sh 33,465,000).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

15. RIGHT-OF-USE ASSETS

The Group and Company leases office space for its use. Information about the leases in which the Group and Company is a lessee is presented below:

All figures in Sh'000	BUILDINGS			
	CONSOLIDATED		COMPANY	
COST	2023	2022	2023	2022
At 1 January	404,045	362,446	153,392	153,392
Additions/lease asset recognized	47,478	34,429	–	–
Disposals	(115,292)	–	–	–
Modification of lease	–	13,645	–	–
Exchange rate adjustment *	6,189	(6,475)	–	–
At 31 December	342,420	404,045	153,392	153,392
DEPRECIATION				
At 1 January	286,881	230,143	118,458	93,522
Charge for the year	49,492	62,237	26,806	24,936
Disposals	(105,553)	–	–	–
Exchange rate adjustment *	1,700	(5,499)	–	–
At 31 December	232,520	286,881	145,264	118,458
NET BOOK VALUE				
At 31 December	109,900	117,164	8,128	34,934

* Exchange rate adjustments relate to effect of translation of right of use assets held in foreign subsidiaries.

16. INVESTMENT IN SUBSIDIARIES

	2023		2022	
	%	Sh'000	%	Sh'000
Ogilvy Kenya Limited	100%	268,462	100%	268,462
Ogilvy Africa Limited	100%	390,175	100%	462,509
O&M Africa B.V.	100%	309,370	100%	309,370
Scangroup Mauritius Holding Limited	100%	209,934	100%	209,934
Hill & Knowlton East Africa Limited	100%	147,582	100%	147,582
J.Walter Thompson Kenya Limited	90%	18,000	90%	18,000
Grey East Africa Limited	100%	40	100%	40
		1,343,563		1,415,897

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

16. INVESTMENT IN SUBSIDIARIES (Continued)

Movement in investments in subsidiaries

All figures in Sh'000	2023	2022
At the beginning of the year as previously reported	1,415,897	1,553,620
Impaired during the year	(72,334)	(137,723)
At the end of the year as previously reported	1,343,563	1,415,897

During 2023, the Company carried out a detailed review of the carrying value of investment in subsidiaries. As a result of uncertainty regarding the future profitability and future net cash flows resulting from a deterioration in the economic outlook during 2023 for some of the Company's subsidiaries, mainly resulting from economic environment, the Company determined that an impairment provision was required. Accordingly, impairment provisions totalling Sh 72m (investment in Ogilvy Africa Limited) (2022: 138m investment in Ogilvy Kenya Limited and Ogilvy Africa Limited) were made to during the financial year.

Management has projected five years cash flows based on financial budgets for subsidiaries. Due to having a number of subsidiaries, different yearly growth rates were used by management for different units which ranges from 0% to 2% (2022: 0% to 2%) for five years projections. Management has used a post-tax discount rate of 22.5% (2022: 20.5%) to management forecasts for a period of up to five-years followed by an assumed long-term growth rate of 5.7% (2022: 5.7%).

In developing the cash flows, we considered the impact of the economic environment to our businesses and adjusted projected revenue less pass-through costs and operating margins in 2023 and/or 2024 accordingly.

The long-term growth rate is derived from management's best estimate of the likely long-term trading performance with reference to external industry reports and other relevant market trends. As at 31 December 2023, we have assessed long-term industry trends based on recent historical data and assumed a long-term growth rate of 5.7% (2022: 5.7%). Management have made the judgement that the long-term growth rate does not exceed the long-term average growth rate for the industry.

The sensitivity of the inputs to the valuation model as at 31 December 2023 are set out below:

- If the discount rate was 1% higher or lower, the impairment provision for the group would have increased or decreased by approximately Sh 31 million;
- If the long-term growth rate was 0.3% higher or lower, the impairment provision for the group would have increased or decreased by approximately Sh 5.6 million; and
- If the yearly growth rates were 1% higher or lower, the impairment provision for the group would have increased or decreased by approximately Sh 15.6 million.

WPP Scangroup PLC is the ultimate holding company of the following companies which are subsidiaries of Scanad East Africa Limited, a wholly owned subsidiary of WPP Scangroup PLC:

	Shareholding %
Scanad Uganda Limited	100%
Scanad Tanzania Limited	82%
Roundtrip Limited	100%
JWT Tanzania Limited (subsidiary of Scanad Tanzania Limited)	82%

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

16. INVESTMENT IN SUBSIDIARIES (Continued)

Scangroup Mauritius Holding Limited is the holding company of other subsidiaries incorporated outside Kenya as follows:

	Shareholding %
Hill & Knowlton Strategies Nigeria Limited	100%
Hill & Knowlton Strategies Uganda Limited	100%
Scanad Rwanda Limited	100%
JWT Uganda Limited	100%
Scangroup (Malawi) Limited	100%
Scangroup (Zambia) Limited	100%
Scangroup Mozambique Limitada	100%
Scanad Nigeria Limited	100%
Ogilvy Ghana Limited	80%
Scanad Ghana Limited	80%
Squad Digital Nigeria Limited	75%
STE Scanad DRC	100%
Scanad Burundi Limited SPRL	100%

Hill & Knowlton East Africa Limited, (a wholly owned subsidiary of WPP Scangroup PLC) holds 51% equity shares in Hill + Knowlton Strategies South Africa Pty Limited.

MEC Africa Limited, (a wholly owned subsidiary of WPP Scangroup PLC) holds 100% equity shares in WPP Team Gabon SARL.

Ogilvy Africa Limited, (a wholly owned subsidiary of WPP Scangroup PLC) holds 70% equity shares in Ogilvy Mather Zambia Limited.

Ogilvy Kenya Limited is the holding company of other subsidiaries incorporated in Kenya as follows:

	Shareholding %
Ogilvy Africa Media Limited	100%
Ogilvy Public Relations Limited	100%
Mindshare Kenya Limited	100%
Ogilvy & Mather (EA) Limited	100%
Geometry Global Limited	100%

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

16. INVESTMENT IN SUBSIDIARIES (Continued)

Summarised financial information on subsidiaries with material non-controlling interest

The summarised financial information below represents amounts before intragroup eliminations.

All figures in Sh'000	Squad Digital Limited		J W Thompson Kenya Limited	
	2023	2022	2023	2022
As at 31 December				
Assets	229,595	254,312	252,323	238,470
Liabilities	577,904	589,640	44,640	35,975
Equity attributable to the owners of the company	(262,973)	(253,173)	186,915	182,246
Non-controlling interest	24.5%	24.5%	10%	10%
Revenue	109,001	234,851	169,192	107,908
Expenses	(115,763)	(282,283)	(162,684)	(88,757)
(Loss) / profit before tax for the year	(6,762)	(47,432)	6,508	19,151
(Loss) / profit attributable to the owners of the company	(10,236)	(35,729)	4,146	11,613
(Loss) / profit attributable to non-controlling interest	(3,322)	(11,594)	461	1,290
(Loss) / profit after tax for the year	(13,558)	(47,323)	4,607	12,903
Net cash inflow / (outflow) from operating activities	14,255	18,742	(2,849)	(12,506)
Net cash (outflow) / inflow from investing activities	(1,973)	(119)	(452)	(115)
Net cash outflow from financing activities	–	(4)	–	(1)
Net cash inflow / (outflow)	12,282	18,619	(3,301)	(12,622)

17. INVESTMENT IN ASSOCIATES AND OTHER EQUITY INVESTMENTS

17.1 Investments in Associates

At 31 December 2023 WPP Scangroup PLC owned shares in First Primus West Africa Limited and O&M Africa B.V., a 100% subsidiary of WPP Scangroup PLC, owned shares in Ogilvy and Mather Advertising Namibia (Pty) Ltd and Ogilvy Zimbabwe (Private) Limited. Details of shareholdings are given below:

Associate Companies	Country	% shares
First Primus West Africa Limited	Nigeria	24.9%
Ogilvy and Mather Advertising Namibia (Pty) Ltd	Namibia	30.0%
Ogilvy Zimbabwe (Private) Limited	Zimbabwe	25.0%

The results of First Primus West Africa Limited and Ogilvy and Mather Advertising Namibia (Pty) Ltd have been accounted for using the equity method of accounting in the consolidated financial statements. The Group does not consider Ogilvy Zimbabwe (Private) Limited to be material. Accordingly, the results of this company has not been included in the consolidated profit or loss account.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

17. INVESTMENT IN ASSOCIATES AND OTHER EQUITY INVESTMENTS (Continued)

17.1 Investments in Associates (Continued)

The movement in investment in associate companies is as follows:

Associate Companies	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
At the beginning of year	7,688	9,923	–	–
Share of profit in associates	23,387	18,967	14,316	18,967
Impairment of investment in associates	(14,316)	(21,392)	(14,316)	(18,967)
Exchange rate adjustment	2,586	190	–	–
At the end of the year	19,345	7,688	–	–

The impairment of investment in associates relates to Ogilvy and Mather Advertising Namibia (Pty) Ltd of Sh Nil (2022: 2,425,000), and First Primus West Africa Limited of Sh 14,316,000 (2022: Sh 18,967,000). Due to uncertainty regarding the future profitability and future net cash flows resulting from a deterioration in the economic outlook, an impairment provision of Sh 14,316,000 be made during the year ended 31 December 2023. The balance at the end of the year of Sh 19,345,000 relates to Ogilvy and Mather Advertising Namibia (Pty) Ltd.

17.2 Other Equity Investments

O&M Africa B.V. also owns shares in the following companies:

All figures in Sh'000	Country	% shares
Ocean Ogilvy Gabon	Gabon	25.0%
Ocean Central Africa	Cameroon	25.0%
Ocean Burkina Faso	Burkina Faso	25.0%
Ocean Afrique Occidentale	Senegal	25.0%
Ocean Conseil	Cote d'Ivoire	25.0%

The equity investments have been accounted at nil value. The Company was able to ascertain that only Ocean Conseil in Cote d'Ivoire continues to trade. The results of this company are considered immaterial therefore not accounted for equity method.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

18. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Transactions between the company and its subsidiaries which are related parties have been eliminated on consolidation.

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Balances recoverable from related parties				
Due after one year				
Loans recoverable from a related companies *	479,486	331,484	662,233	481,994
Less: Allowance for expected credit loss	(306,880)	(306,880)	(489,627)	(457,390)
	172,606	24,604	172,606	24,604
Due within one year				
Current receivables from various related parties	444,520	380,273	2,884,349	2,634,538
	444,520	380,273	2,884,349	2,634,538
Balances payable to related parties				
Current payables to various related parties	80,870	139,078	409,327	403,271
Transactions with related parties				
Sale of services	253,667	364,983	535,428	520,090
Purchase of services	186,280	116,156	126,087	288,731
Interest on related party loan	7,388	2,306	7,388	33
Remuneration of directors and key management compensation	75,637	56,255	60,376	50,616
Directors' remuneration – Executive directors' emoluments (included in key management compensation above)	55,976	41,116	55,976	41,116

*The long-term loans recoverable are from First Primus West Africa Limited, Sh 15.8million and WPP Group Services SNC, Sh 156,742,000 for both group and company. The First Primus West Africa Limited loan is denominated in Nigeria Naira (NGN) and the equivalent amount at the end of the year 2023 is of NGN 92.27million. It is secured by first priority floating charge over the borrower's properties and attracts interest at 9% per annum. The WPP Group Services SNC loan is denominated in US Dollar (USD) and the equivalent amount at the end of the year 2023 is of USD 1million. The movement in loan receivable from related companies is as follows:

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
At the beginning of year	24,604	24,577	24,604	24,577
Loan advance during the year	156,742	–	156,742	–
Exchange rate adjustment	(8,740)	27	(8,740)	27
At the end of the year	172,606	24,604	172,606	24,604

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

19. DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method using the currently enacted tax rates applicable for the various entities within the Group ranging from 3% to 30%. The net deferred tax asset is attributable to the following items:

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 Restated	2023	2022
Excess depreciation	6,484	6,672	310	198
Unrealised exchange gains	(58,646)	(12,072)	(50,858)	(12,816)
Tax losses carried forward*	267,765	192,470	39,996	75,700
Provisions	277,070	323,959	18,500	15,242
Deferred tax on tax losses derecognised	(45,273)	(6,171)	–	–
Recognition of deferred tax asset on losses previously derecognised	30,693	1,377	30,693	–
	478,093	506,235	38,641	78,324
Movement in deferred tax account is as follows				
At end of 2021 as previously reported	506,235	500,187	78,324	86,872
Restatement of 2021 deferred tax asset*	–	(21,628)	–	–
At beginning of year as restated	506,235	478,559	78,324	86,872
Credit / (charge) for the year*	(27,186)	20,712	(70,376)	(8,548)
Deferred tax on tax losses derecognised	(45,273)	(6,171)	–	–
Recognition of deferred tax asset on losses previously derecognised	30,693	1,377	30,693	–
Prior year under provision	7,472	13,481	–	–
Effect of exchange rates	6,152	(1,723)	–	–
At end of period	478,093	506,235	38,641	78,324
Breakup of deferred tax asset and liability				
Deferred tax asset*	480,533	506,423	38,641	78,324
Deferred tax liability	(2,440)	(188)	–	–
	478,093	506,235	38,641	78,324

*Refer to note 36 for restatement

The Group's deferred tax assets and liabilities are measured at the end of each period in accordance with IAS 12 Income Taxes. The recognition of deferred tax assets is determined by reference to the Group's estimate of recoverability, using models where appropriate to forecast future taxable profits.

Deferred tax assets have only been recognised for territories where the Group considers that it is probable that all or a portion of the deferred tax assets will be realised. The main factors that we consider include:

- the future earnings potential determined through the use of internal forecasts;
- the cumulative losses in recent years;
- the various jurisdictions in which the potential deferred tax assets arise;
- the history of losses carried forward and other tax assets expiring;
- the timing of future reversal of taxable temporary differences;
- the expiry period associated with the deferred tax assets; and
- the nature of the income that can be used to realise the deferred tax asset.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

19. DEFERRED TAX (Continued)

If it is probable that some portion of these assets will not be realised, no asset is recognised in relation to that portion. If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax assets may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate further or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realisable. As a result, all or a portion of the deferred tax assets may need to be reversed.

A deferred taxation asset has been recognized on accumulated tax losses of Sh 842,621,000 (2022: Sh 633,808,000) for the Group and Sh 235,630,000 (2022: Sh 252,334,000) for the Company.

20. GOODWILL

Goodwill represents consideration paid in excess of fair value of net assets acquired. The following table contains the breakdown of the total value by entities to which goodwill relates.

All figures in Sh'000	2023	2022
Cost and carrying value as at the end of		
Hill+Knowlton Strategies (South Africa) Pty Ltd	-	23,367
Total	-	23,367

During the year, impairment loss of Sh 23,367,000 has been recognised (2022: Nil) in the group's financial statements. This was mainly due to reduction in revenue driven by loss of clients. In accordance with the Group's accounting policy, the carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The goodwill impairment review is undertaken annually on 31 December. The review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows, using a post-tax discount rate and management forecasts for a projection period of up to five years, followed by an assumed annual long-term growth rate and no assumed improvement in operating margin. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry.

Management has projected five years cash flows based on financial budgets for subsidiary and growth rate is used 0.1% for five years projections. Management has used a post-tax discount rate of 22.5% (2022: 20.5%) to forecast for a period of up to five-years followed by an assumed long-term growth rate of 5.7% (2022: 5.7%).

In developing the cash flows, we considered the impact of the economic environment to our businesses and adjusted projected revenue less pass-through costs and operating margins in 2023 and/or 2024 accordingly.

The long-term growth rate is derived from management's best estimate of the likely long-term trading performance with reference to external industry reports and other relevant market trends. As at 31 December 2023, we have assessed long-term industry trends based on recent historical data and assumed a long-term growth rate of 5.7%. Management have made the judgement that the long-term growth rate does not exceed the long-term average growth rate for the industry.

Under IFRS, an impairment charge is required for goodwill when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use. Our approach in determining the recoverable amount utilises a discounted cash flow methodology to arrive at value in use, which involves making numerous estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to revenue growth and operating margin. The key assumptions take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit's historical performance and any other circumstances particular to the unit, such as business strategy and client mix. In addition, judgements are applied in determining the level of cash-generating unit identified for impairment testing and the criteria used to determine which assets should be aggregated.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

21. TRADE AND OTHER RECEIVABLES

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 Restated	2023	2022
Trade receivables	2,428,649	2,822,581	7,897	216,007
Less: Allowance for expected credit loss	(796,236)	(968,643)	(106)	–
	1,632,413	1,853,938	7,791	216,007
Value Added Tax recoverable	352,239	501,251	35,913	28,257
Staff recoverable	418	569	–	–
Other receivables and prepayments	225,073	159,059	53,774	51,538
	2,210,143	2,514,817	97,478	295,802
Movement in allowance for expected credit loss				
Balance at the beginning of the year	968,643	953,303	–	4,489
Provision for bad debts for the year	19,245	45,626	106	–
Amounts written off during the year as uncollectible	(99,788)	(1,356)	–	–
Reversal of provision for bad debts	(110,632)	(17,369)	–	(4,489)
Effect of exchange rate movements	18,768	(11,561)	–	–
Balance at the end of the year	796,236	968,643	106	–

The Group and Company uses a provision matrix to measure the ECLs of trade receivables from customers. The loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write off.

22. WORK-IN-PROGRESS

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Work-in-progress	8,560	25,204	–	–

Work in progress relates to direct recoverable costs chargeable to clients not yet billed at the end of the reporting period.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

23. CASH, BANK AND DEPOSITS BALANCES

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 Restated	2023	2022
23 (a) Cash and cash equivalents				
Cash in hand	464	429	461	427
Bank balances	789,390	856,848	50,746	–
Short term deposits				
– Fixed deposits with banks	403,976	76,070	373,501	–
– Call deposits with banks	43,015	39,415	390	363
	1,236,845	972,762	425,098	790
Bank overdraft	(71,882)	(26,574)	(71,882)	(26,574)
Cash and cash equivalents	1,164,963	946,188	353,216	(25,784)
23 (b) Cash, bank and deposits balances				
Cash and cash equivalents	1,164,963	946,188	353,216	(25,784)
Add: Bank overdraft presented separately	71,882	26,574	71,882	26,574
	1,236,845	972,762	425,098	790
Accrued interest	17,667	1,803	15,749	–
	1,254,512	974,565	440,847	790
Less: Allowance for expected credit loss	(990)	(4,491)	–	–
Cash, bank and deposits balances	1,253,522	970,074	440,847	790
23 (c) Fixed deposits with bank (maturing after 3 months)				
Fixed deposits with bank	2,013,829	2,450,992	2,001,650	2,382,931
Accrued interest	66,599	83,937	66,174	79,485
	2,080,428	2,534,929	2,067,824	2,462,416
Less: Allowance for expected credit loss	(6,658)	(11,840)	(3,362)	(10,827)
Fixed deposits with bank (maturing after 3 months)	2,073,770	2,523,089	2,064,462	2,451,589
Movement in allowance for expected credit loss*				
Balance at the beginning of the year	16,331	54,462	10,827	28,460
Impairment of bank balances	106	2,065	–	–
Reversal of impairment of bank balances	(8,857)	(41,884)	(7,465)	(17,633)
Effect of exchange rate movements	68	1,688	–	–
Balance at the end of the year	7,648	16,331	3,362	10,827

*The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA, BB, B and CCC based on third party credit rating agencies. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

The effective interest on the fixed deposits for the year ended 31 December 2023 was 9.64% (2022: 7.88%) while the effective interest rate on the call deposits was 4% (2022: 4%).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

23. CASH, BANK AND DEPOSITS BALANCES (CONTINUED)

The table below shows the analysis of short-term and fixed deposits maturing in more than 3 months by currency for the Group:

	2023 Amounts equivalent to Ksh'000			2022 Amounts equivalent to Ksh'000		
	Fixed deposits	Call deposits	Total	Fixed deposits	Call deposits	Total
Kenya Shilling	2,375,151	390	2,375,541	1,991,854	363	1,992,217
United States Dollar	–	–	–	391,088	–	391,088
South African Rand	–	42,625	42,625	–	39,052	39,052
Malawian Kwacha	3,683	–	3,683	4,559	–	4,559
Zambia Kwacha	38,971	–	38,971	81,674	–	81,674
Mozambique Meticals	–	–	–	57,887	–	57,887
	2,417,805	**43,015**	**2,460,820**	**2,527,062**	**39,415**	**2,566,477**

24. NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES

All figures in Sh'000	Notes	2023 Amounts equivalent to Ksh'000		2022 Amounts equivalent to Ksh'000	
		Fixed deposits	Call deposits	Fixed deposits	Call deposits
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax*		377,960	64,007	305,014	1,646
Depreciation on equipment	10	36,131	38,579	12,682	15,374
Depreciation on Right-of-use assets	10	49,492	62,237	26,806	24,936
Allowance for expected credit loss	10	(100,137)	(11,562)	(7,359)	(22,122)
Interest expense	8	22,765	18,360	25,365	11,653
Impairment of investment in subsidiaries	16	–	–	72,334	137,723
Impairment of investment in associates	17.1	14,316	21,392	14,316	18,967
Share of profit in associates	17.1	(23,387)	(18,967)	(14,316)	(18,967)
Net exchange loss on long term loan to related company	18	8,740	(27)	8,740	(27)
Profit on disposal of assets	9	(585)	(2,407)	(69)	(774)
Loss on disposal of assets		129	–	–	–
Interest income	8	(237,729)	(220,035)	(218,857)	(195,707)
Dividend income	9 (a)	–	–	(25,254)	(26,822)
Working capital adjustments:					
Decrease in trade and other receivables		396,061	747,983	198,218	137,965
Decrease / (increase) in work-in-progress		16,644	(4,125)	–	–
Decrease in trade and other payables*		(176,975)	(758,702)	(94,945)	(238,414)
Movement in related party balances		(122,455)	(59,510)	(243,755)	(421,461)
Cash generated from / (used in) operating activities after working capital changes		260,970	(122,777)	58,920	(576,030)

*Refer to note 36 for restatement

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

25. SHARE CAPITAL

All figures in Sh'000	2023	2022
Authorised share capital:		
Ordinary shares 500,000,000 (2022: 500,000,000) of Sh 1 each	500,000	500,000
Issued and fully paid up shares		
Ordinary shares 432,155,985 (2022: 432,155,985) of Sh 1 each	432,156	432,156

26. SHARE PREMIUM

All figures in Sh'000	2023	2022
At the end of the year	4,436,532	4,436,532

27. MERGER RESERVE

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
At the beginning of year	1,457,248	1,457,248	1,492,951	1,615,674
Transfer to accumulated deficit from Merger Reserve	–	–	(72,334)	(122,723)
At the end of the year	1,457,248	1,457,248	1,420,617	1,492,951

(i) In 2013, the Company acquired remainder of shareholding in Ogilvy Africa Limited, Ogilvy Tanzania Limited, O&M Africa B.V., Ogilvy Mauritius Holdings Limited (amalgamated with Scangroup Mauritius Holdings Limited in 2014), Ogilvy Kenya Limited, Hill + Knowlton Strategies Africa Holding Limited ((amalgamated with Scangroup Mauritius Holdings Limited in 2014), Hill & Knowlton East Africa Limited, Millward Brown Mauritius Limited and Millward Brown East Africa Limited (together the "Acquired Companies") from Cavendish Square Holding B.V. Each of these companies became a 100% subsidiary of the Company for a consideration of 72,720,076 shares with a par value of Sh 1 each in the Company, issued at a price of Sh 66.04 per share (i.e at a premium of Sh 65.04). The premium was credited to Share Premium Account (total Sh 4,729,713,743), less the costs of issuing these shares of Sh 11,079,310, giving rise to a net Share Premium amount of Sh 4,718,634,433.

(ii) Section 388 of the Kenyan Companies Act, 2015, allows that if an acquiring company acquires at least ninety percent (90%) equity in another company or companies (the Acquired Companies) and the consideration includes an issue of the acquirer's shares, then the acquiring company will be eligible for merger relief. Merger relief enables the acquiring company to credit the difference between the issue price of shares and their nominal value to a Merger Reserve instead of crediting share premium to a Share Premium Account.

(iii) Under the transitional arrangements set out in paragraph 16 of the Sixth Schedule to the Kenyan Companies Act, 2015, section 388 of the Companies Act can be applied to prior year transactions and accordingly the Company transferred the sum of Sh 4,718,634,433 from Share Premium Account to the Merger Reserve.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

27. MERGER RESERVE (Continued)

(iv) The Company received legal advice on the appropriation of the merger reserve.

(v) The Shareholders approved the resolution for the appropriation of the merger reserve in the Annual General Meeting held in September 2021.

(vi) The Company informed Capital Market Authority (CMA) regarding this appropriation of the merger reserve.

(vii) The transfer to accumulated deficit relates to:

a. On Consolidated:

In 2013 when the Company acquired the balance of shares not already owned in the companies listed in (i) above (excluding Millward Brown which was sold in 2020), the carrying value of the assets and liabilities of the Acquired Companies were not adjusted to fair value on consolidation and any difference between the value of consideration provided and net assets acquired was not recognised as goodwill but was adjusted directly against reserves, which amounted to Sh 3,261,386,000. This amount was adjusted against Merger Reserve.

b. On the Company:

Following a review of the carrying value of investments in subsidiaries, the Company has made a total impairment provision of Sh 3,599,617,000 in respect of subsidiaries which has been charged to profit and loss account of the Company (2023: 72,334,000, 2022: Sh 137,723,000 and 2021: Sh 140,988,000). Out of the total amount of Sh 3,599,617,000, Sh 3,298,017,000 (2023: Sh 72,334,000 2022: Sh 122,723,000 and 2020: Sh 3,102,960,000) has subsequently been appropriated to Merger Reserve.

28. LEASE LIABILITES

All figures in Sh'000	BUILDINGS			
	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Analysed as:				
Non – Current	67,595	63,688	–	7,577
Current	36,791	58,140	4,006	31,155
At 31 December	104,386	121,828	4,006	38,732
The movement in the lease liabilities is as follows:				
At 1 January	121,828	142,678	38,732	67,668
Additions	47,478	34,429	–	–
Payment of lease liabilities	(82,408)	(82,757)	(36,471)	(33,025)
Interest on lease liabilities	7,817	11,801	1,745	4,089
Modification of lease	–	13,645	–	–
Exchange rate adjustment *	9,671	2,032	–	–
At 31 December	104,386	121,828	4,006	38,732
Lease liabilities maturity analysis				
Year 1	36,791	58,140	4,006	31,155
Year 2	35,806	33,846	–	7,359
Year 3	18,902	23,937	–	218
Year 4	12,887	5,905	–	–
	104,386	121,828	4,006	38,732

* Exchange rate adjustments relate to effect of translation of lease liabilities held in foreign subsidiaries.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

29. TRADE AND OTHER PAYABLES

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022 restated	2023	2022
Trade payables*	1,549,259	1,771,223	52,491	171,129
Other payables **	606,543	587,737	150,208	128,461
Leave pay provision	42,098	41,050	7,596	5,650
Value Added Tax payable	139,619	165,281	–	–
	2,337,519	2,565,291	210,295	305,240
Movement in leave pay provision				
Balance at the beginning of the year	41,050	42,090	5,650	6,301
Provision for leave pay	19,371	13,898	2,664	–
Paid during the year	(19,236)	(9,837)	(718)	(253)
Reversals of provision for leave pay	(758)	(4,813)	–	(398)
Effect of exchange rates	1,671	(288)	–	–
Balance at the end of the year	42,098	41,050	7,596	5,650

*Refer to note 36 for restatement

**Other payables mainly relate to general accruals, provision for professional fees, withholding tax payables and Pay as You Earn (PAYE) accruals.

30. DIVIDENDS PAYABLE

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
At 1 January	41,979	66,831	41,979	66,831
Dividends declared	39,641	21,399	–	–
Dividends paid	(39,869)	(46,251)	(228)	(24,852)
At 31 December	41,751	41,979	41,751	41,979

There were no unclaimed dividends remitted to Unclaimed Financial Assets Authority during the year (2022: Sh 23 Million). Dividend declared and paid in the Group included dividend paid to minority shareholders in respective subsidiaries.

31. BANK OVERDRAFTS

The Company has, for and on behalf of all its Kenyan subsidiaries, availed a general short term banking facility, incorporating overdrafts, letter of credit and / or guarantee of bank facility of Sh500million and forward exchange contract facility of USD12million from Stanbic Bank Kenya Limited. The utilisation of these facilities are monitored at a Group level. The maximum amount of the facilities used was Sh 337million on 8th June 2023 by the Group. Securities offered for the facilities are as follows:

(i) A Joint and several debenture over all the present and future moveable and immovable assets of WPP Scangroup PLC and all the subsidiaries in Kenya for an amount of Sh500million.

(ii) Cross corporate guarantees and indemnities by WPP Scangroup PLC and its subsidiaries in Kenya for an amount of Sh500million.

(iii) Right of set-off.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

32. CAPITAL COMMITMENTS

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Authorised but not contracted	–	–	–	–
Authorised and contracted	9,199	6,379	2,190	1,520
	9,199	6,379	2,190	1,520

Capital commitments relates to purchase of IT equipment and renovation of office.

33. CONTINGENT LIABILITIES

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Pending claims	151,532	211,151	–	–
Guarantees	2,700	40,727	2,700	38,777
	154,232	251,878	2,700	38,777

The pending claims against the Group by various parties, principally relate to procurement disputes. The likely outcome of these claims cannot be determined as at the date of signing these financial statements. The directors' estimate of the maximum liability arising from these pending claims is set out above. However, based on the legal advice received, the directors' do not expect any significant liability to arise from these pending matters.

34. RISK MANAGEMENT POLICIES

The Group's financial risk management objectives and policies are detailed below:

34.1 Capital risk management

The Group manages its capital with an aim to:

- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- allocate capital efficiently to support growth
- safeguard company and its subsidiaries ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- provide an adequate return to shareholders by pricing advertising, media investment management, advertising research, public relations, digital advertising and specialty communications services commensurately with the level of risk.

An important aspect of the Group's overall capital management process is the setting of a target risk- adjusted rate of return which is aligned to performance objectives and ensures that the Group is focused on the creation of value for shareholders.

The Group has a number of sources of capital available to it and seeks to optimise its equity/debt structure in order to ensure that it can consistently maximize returns to shareholders. As at the year-end the Group's borrowing are not in excess of its cash and cash equivalents.

34.2 Financial risk management objectives

The Group's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and interest rates. The Group's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Group does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.3 Credit risk

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns generally, trade receivables are written-off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Board of Directors sets the Group's and Company's treasury policies and objectives and lays down parameters within which the various aspects of treasury risk management are operated. The Board has set limits for investing in specified banks and financial institutions and cash surpluses are maintained with credible institutions.

The carrying amount of financial assets represents the maximum exposure to credit risk:

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Trade receivables	1,632,413	1,853,938	7,791	216,007
Loan to related companies	172,606	24,604	172,606	24,604
Receivable from related parties	444,520	380,273	2,884,349	2,634,538
Bank balances and short term deposits	1,253,522	970,074	425,098	790
Fixed deposits with bank (maturing after 3 months)	2,073,770	2,523,089	2,064,462	2,451,589
	5,576,831	5,751,978	5,570,055	5,327,528

In order to minimise credit risk, the Group has tasked its Risk Management Committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Risk Management Committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12 month Expected Credit Loss (ECL)
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's and Company's financial assets as well as the Group's and Company's maximum exposure to credit risk by credit risk rating grades.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.3 Credit risk (Continued)

Group

2023	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				Sh'000	Sh'000	Sh'000
Trade receivables	N/A	Performing	Lifetime ECL	2,428,649	(796,236)	1,632,413
Loan to related companies	N/A	Performing	Lifetime ECL	479,486	(306,880)	172,606
Receivable from related companies	N/A	Performing	Lifetime ECL	444,520	–	444,520
Bank balances and short term deposits	A, BBB, B+, B-	Performing	12 month ECL	1,254,512	(990)	1,253,522
Fixed deposits with bank (maturing in more than 3 months	A, BBB, B+, B-	Performing	12 month ECL	2,080,428	(6,658)	2,073,770
				6,687,595	(1,110,764)	5,576,831

2022	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				Sh'000	Sh'000	Sh'000
Trade receivables	N/A	Performing	Lifetime ECL	2,822,581	(968,643)	1,853,938
Loan to related companies	N/A	Performing	Lifetime ECL	331,484	(306,880)	24,604
Receivable from related companies	N/A	Performing	Lifetime ECL	380,273	–	380,273
Bank balances and short term deposits	A, BBB, B+, B-	Performing	12 month ECL	974,565	(4,491)	970,074
Fixed deposits with bank (maturing in more than 3 months	A, BBB, B+, B-	Performing	12 month ECL	2,534,929	(11,840)	2,523,089
				7,043,832	(1,291,854)	5,751,978

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.3 Credit risk (Continued)

Company

2023	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				Sh'000	Sh'000	Sh'000
Trade receivables	N/A	Performing	Lifetime ECL	7,897	(106)	7,791
Loan to related companies	N/A	Performing	Lifetime ECL	662,233	(489,627)	172,606
Receivable from related companies	N/A	Performing	Lifetime ECL	2,884,349	-	2,884,349
Bank balances and short term deposits	A, BBB, B+, B-	Performing	12 month ECL	425,098	-	425,098
Fixed deposits with bank (maturing in more than 3 months	A, BBB, B+, B-	Performing	12 month ECL	2,067,824	(3,362)	2,064,462
				6,047,401	(493,095)	5,554,306

2022	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				Sh'000	Sh'000	Sh'000
Trade receivables	N/A	Performing	Lifetime ECL	216,007	-	216,007
Loan to related companies	N/A	Performing	Lifetime ECL	481,994	(457,390)	24,604
Receivable from related companies	N/A	Performing	Lifetime ECL	2,634,538	-	2,634,538
Bank balances and short term deposits	A, BBB, B+, B-	Performing	12 month ECL	790	-	790
Fixed deposits with bank (maturing in more than 3 months	A, BBB, B+, B-	Performing	12 month ECL	2,462,416	(10,827)	2,451,589
				5,795,745	(468,217)	5,327,528

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.3 Credit risk (Continued)

Group							
2023	**< 30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**181-360 days**	**Over 361 days**	**TOTAL**
ECL rate	3%	5%	9%	9%	15%	77%	33%
Expected Gross Carrying Amount (Sh'000)	944,234	237,482	127,691	97,169	72,155	949,919	2,428,649
Lifetime ECL (Sh'000)	26,084	11,354	11,036	8,802	10,579	728,381	796,236
2022	**< 30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**181-360 days**	**Over 361 days**	**TOTAL**
ECL rate	3%	6%	9%	11%	16%	95%	34%
Expected Gross Carrying Amount (Sh'000)	1,362,747	233,549	125,576	95,560	70,960	934,189	2,822,581
Lifetime ECL (Sh'000)	35,382	13,812	10,992	10,708	11,653	886,096	968,643

Company							
2023	**< 30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**181-360 days**	**Over 361 days**	**TOTAL**
ECL rate	-	0.0%	0.0%	0.0%	100.0%	100.0%	1.3%
Expected Gross Carrying Amount (Sh'000)	–	6,790	580	421	12	94	7,897
Lifetime ECL (Sh'000)	–	–	–	–	12	94	106
2022	**< 30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**181-360 days**	**Over 361 days**	**TOTAL**
ECL rate	0%	0%	0%	-	-	0%	0%
Expected Gross Carrying Amount (Sh'000)	118,146	39,469	58,392	–	–	–	216,007
Lifetime ECL (Sh'000)	–	–	–	–	–	–	–

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.3 Credit risk (Continued)

A reconciliation of the impairment loss accounts:

Group	Trade receivables	Loan to related companies	Bank balances and short term deposits	Fixed deposits with bank (maturing in more than 3 months	Total
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
31 December 2022					
At 1 January 2022	953,303	306,880	31,275	23,187	1,314,645
Increase in loss allowance	45,626	–	2,065	–	47,691
Reversal of provision for loss allowance	(17,369)	–	(30,412)	(11,472)	(59,253)
Effect of exchange rate movements	(11,561)	–	1,563	125	(9,873)
At 31 December 2022	968,643	306,880	4,491	11,840	1,293,210
31 December 2023					
At 1 January 2023	968,643	306,880	4,491	11,840	1,291,854
Increase in loss allowance	19,245	–	–	–	19,245
Reversal of provision for loss allowance	(210,420)	–	(3,589)	(5,182)	(219,191)
Effect of exchange rate movements	18,768	–	88	–	18,856
At 31 December 2023	796,236	306,880	990	6,658	1,110,764

Company	Trade receivables	Loan to related companies	Bank balances and short term deposits	Fixed deposits with bank (maturing in more than 3 months	Total
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
31 December 2022					
At 1 January 2022	4,489	457,390	5,366	23,094	490,339
Reversal of provision for loss allowance	(4,489)	–	(5,366)	(12,267)	(22,122)
At 31 December 2022	–	457,390	–	10,827	468,217
31 December 2023					
At 1 January 2023	–	457,390	–	10,827	468,217
Increase in loss allowance	106	32,237	–	(7,465)	24,878
At 31 December 2023	106	489,627	–	3,362	493,095

The Directors believe that the unimpaired amounts that are past due (more than 30 days in arrears) are still collectible in full based on historical payment behaviour and extensive analysis of customer credit risk. Bank balances and bank deposits are not restricted and include deposits held with banks that have high credit ratings. Bank balances and bank deposits are thus considered investment grade.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.4 Liquidity risk management

Liquidity risk is the risk that cash may not be available to settle obligations when due, at a reasonable cost. The primary liquidity risk of the Group is its obligation to pay vendors as they fall due. Management has built an appropriate liquidity risk management framework for the Group's short, medium and long-term needs. The Group manages liquidity risk by monitoring forecast and actual cash flows and by maintaining credit facilities from banks. Refer note 31 for details of bank credit facilities the Group has. The tables below analyses the Group's and Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

For Group:

All figures in Sh'000	Less than 1 month	Between 1 – 3 months	Between 3 – 12 months	Over 1 year	Total
At 31 December 2023					
Payable to related parties	19,642	29,110	32,118	–	80,870
Trade payables	127,692	969,678	451,889	–	1,549,259
Lease liabilities	–	–	22,497	89,333	111,830
Overdraft	71,882	–	–	–	71,882
Dividends payable	41,751	–	–	–	41,751
	260,967	998,788	506,504	89,333	1,855,592
At 31 December 2022					
Payable to related parties	49,635	319	89,124	–	139,078
Trade payables	585,735	333,146	852,342	–	1,771,223
Lease liabilities	–	2,495	17,210	109,940	129,645
Overdraft	26,574	–	–	–	26,574
Dividends payable	41,979	–	–	–	41,979
	703,923	335,960	958,676	109,940	2,108,499

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.4 Liquidity risk management (Continued)

For Company:

All figures in Sh'000	Less than 1 month	Between 1 – 3 months	Between 3 – 12 months	Over 1 year	Total
At 31 December 2023					
Payable to related parties	156,669	112,991	139,667	–	409,327
Trade payables	29,205	1,167	22,119	–	52,491
Lease liabilities	–	–	5,362	–	5,362
Overdraft	71,882	–	–	–	71,882
Dividends payable	41,751	–	–	–	41,751
	299,507	114,158	167,148	–	580,813
At 31 December 2022					
Payable to related parties	347,044	–	56,227	–	403,271
Trade payables	120,828	33,839	16,462	–	171,129
Lease liabilities	–	–	7,718	34,913	42,631
Overdraft	26,574	–	–	–	26,574
Dividends payable	41,979	–	–	–	41,979
	536,425	33,839	80,407	34,913	685,584

34.4.1 Interest rate risk

Interest rate risk arises primarily from bank borrowings. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates. The potential impact of 1% increase or decrease in interest rate on profitability of the company would have been a decrease or increase of Sh0.15million (2022: Sh0.68million) with a corresponding similar impact on retained earnings.

34.4.2 Foreign currency risk

The Group's operations are predominantly in Kenya where the currency has been fluctuating against the major convertible currencies. A portion of the Group's purchases and sales are denominated in foreign currencies principally in US dollars. The Group does not hedge its foreign currency risk.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

At 31 December 2023, if the average exchange rate for the year was 5% higher or lower, the profit before tax would have increased or decreased by approximately Sh 5.9million (2022: Sh17.51million) for the Group and Sh 2.1million (2022: Sh 29million) for the Company.

34.4.3 Price risk

Price risk arises from fluctuations in the prices of equity investments. At 31 December 2023 and 31 December 2022, the group did not hold investments that would be subject to price risk; hence this risk is not applicable.

34.4.4 Concentration risk

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

34. RISK MANAGEMENT POLICIES (CONTINUED)

34.5 Fair value measurement

The directors considered that the carrying amount of financial assets and financial liabilities recognised in consolidated and company financial statements approximate their fair values. The Group does not have any material assets and liabilities that require measurement at fair value on a recurring basis.

35. DIVIDENDS

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

36. RESTATEMENT DUE TO PRIOR PERIOD ERRORS

During the year ended 31 December 2022 long outstanding accruals of Sh 362,317,000 (tax charge Sh 105,763,000) for Group and Sh 86,606,000 (tax charge Sh 25,982,000) for Company were incorrectly written back to profit or loss instead of being written back in the year ended 31 December 2021 and prior i.e. the respective years the amounts should have been deemed not payable. These amounts were incorrectly recognized as part of trade and other payables in the statement of financial position as at 31 December 2021. In addition, similar balances for long outstanding accruals of Sh 50,797,000 (tax charge Sh 15,027,000) for Group were not written back to profit or loss during the year ended 31 December 2022. These amounts were not recognized as part of trade and payables in the statement of financial position as at 31 December 2022.

According to the statute of limitation in Kenya, debts/ claims are legally rendered invalid after 6 years (6 years from the date on which the claim/debt was due and payable) and derecognized in accordance with IFRS 9 Par 3.3.1 on Derecognition of Financial Liabilities which indicates "An entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires." In line with the statute of limitation, the timing in the write back needs to be restated to reflect when these liabilities should have been deemed to have extinguished. A summary of the amounts which were written back is set out below showing the years in which the liability originated. The analysis by year is thus shown to identify in which financial year the liabilities become proscribed i.e., liabilities up to 2015 would fall under limitation statute in 2021 and liabilities in 2016 would fall under limitation statute in 2022.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

36. RESTATEMENT DUE TO PRIOR PERIOD ERRORS (CONTINUED)

The financial statements for the years ended 31 December 2022 and 31 December 2021 have been restated to correct the error. The error has been corrected retrospectively and the effect on individual line items at 31 December 2022 and 31 December 2021 is as shown below:

All figures in Sh'000	Consolidated			Company		
	Balance previously reported	Adjustment for restatement	Restated	Balance previously reported	Adjustment for restatement	Restated
Effect on the Statement of Financial Position As at 31 December 2021						
Accumulated deficit-Shareholders of hoding company	784,130	(242,191)	541,939	261,938	(60,624)	201,314
Accumulated deficit-Non controlling interests	(1,606)	(14,363)	(15,969)	-	-	-
	782,524	**(256,554)**	**525,970**	**261,938**	**(60,624)**	**201,314**
Trade and other payables	(3,686,310)	362,317	(3,323,993)	(630,260)	86,606	(543,654)
Tax recoverable	959,719	(84,135)	875,584	62,277	(25,982)	36,295
Deferred tax asset	502,778	(21,628)	481,150	-	-	-
Effect on the Statement of Profit or loss and the comprehensive income for the year ended 31 December 2022						
Other income	(368,246)	311,520	(56,726)	(114,488)	86,606	(27,882)
Tax charge	300,288	(90,736)	209,552	68,255	(25,982)	42,273
Earnings per share						
Basic (Sh)	0.14	(0.48)	(0.34)	0.05	(0.14)	(0.09)
Diluted (Sh)	0.14	(0.48)	(0.34)	0.05	(0.14)	(0.09)
Effect on the Statement of Financial Position as at 31 December 2022						
Accumulated deficit-Shareholders of hoding company	722,677	(32,790)	689,887	-	-	-
Accumulated deficit-Non controlling interests	16,265	(2,980)	13,285	-	-	-
Tax recoverable	978,166	(12,561)	965,605	-	-	-
Trade and other Payables	(2,616,088)	50,797	(2,565,291)	-	-	-
Deferred tax asset	508,889	(2,466)	506,423	-	-	-
Effect on the Statement of cashflows for the year ended 31 December 2022						
Cash from operating Activities						
Profit before tax	375,527	(311,520)	64,007	88,252	(86,606)	1,646
(Decrease) / increase in trade and other payables	(1,070,222)	311,520	(758,702)	(325,020)	86,606	(238,414)

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

37. HYPERINFLATION

For the financial year ended 31 December 2023, the directors evaluated and determined the economy of Ghana to be hyperinflationary. The standard requires significant judgments to be made by the financial statement preparer considering guidelines provided in IAS 29. The Directors considered the following factors in determining and concluding that the Ghana economy was hyperinflationary:

a) The population's preference to keep wealth in non-monetary assets or a relatively stable foreign currency;

b) Prices for credit transactions being set at levels to compensate for expected loss of purchasing power during the credit period;

c) Interest rates and wages are frequently adjusted to compensate the loss of purchasing power; and

d) The cumulative inflation rate over the past three years exceeding 100%.

The data below represents the Consumer Price Indexes (CPI) used in 2023. The source of the price indexes used was the International Monetary Fund (IMF).

CPI as at 31 December 2021	105.6
CPI as at 31 December 2022	162.8
CPI as at 31 December 2023	200.5
Average CPI in 2021	131.7
Average CPI in 2022	142.0
Average CPI in 2023	183.7

37 (a) LOSS ON MONETARY POSITION

All figures in Sh'000	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Loss in Monetary Position	10,450	11,629	–	–

The application of IAS 29 resulted in loss on the net monetary position of Sh 10m (2022: Sh 12m) which represents the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of comprehensive income items. The consolidated financial statements have not been adjusted for hyperinflation in both Scanad Ghana Limited and Ogilvy Ghana Limited as the resultant loss in monetary position was deemed not material to the Group financial statements.

38. 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.

39. INCORPORATION

The Company is domiciled and incorporated in Kenya as a public limited liability company under the Kenyan Companies Act, 2015. 56.26% shares of the Company are beneficially held by WPP Plc, a company incorporated in Jersey, and ultimate parent company of WPP Scangroup Plc. The financial statements of WPP Plc are available at www.wpp.com.

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