

WHEN CREATIVITY MEETS TECHNOLOGY, TRUE TRANSFORMATION HAPPENS.

Continuing to integrate technology with communications, experience and purpose of doing good for the society and winning.

LESSO LESSONS

TURNING TRADITION INTO LESSONS IN MOTHERHOOD



#StainNotShame



Ogilvy Africa breaks new ground in creative excellence to put Africa on the world-map

**D&AD
Yellow Pencil in 2022**

The only yellow pencil awarded in all of Africa this year

**Cannes Lions
Gold in 2022**

The first-ever gold for any company in West, Central and East Africa



WPP

SCANGROUP

The Creative Transformation Company

PUBLICATION OF THE 2022 FINANCIAL RESULTS

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

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

All figures in Ksh'000	2022	2021
Revenue	7,317,541	7,596,164
Gross profit	2,195,805	2,352,241
Interest income	220,035	224,380
Interest expense	(18,360)	(18,833)
Other income	368,246	16,885
Share of profit in associates	18,967	5,337
Operating and administrative expenses	(2,545,206)	(2,464,381)
Impairment of investment in associates	(21,392)	(29,921)
Allowance for expected credit loss net of reversals	11,562	20,975
Foreign exchange gains	145,870	27,400
Profit before tax	375,527	134,083
Tax charge	(300,288)	(172,023)
Profit / (loss) for the year	75,239	(37,940)
Exchange difference on translating foreign operations	(81,097)	(4,458)
Total comprehensive loss for the year	(5,858)	(42,398)
Profit / (loss) attributable to:		
Shareholders of the holding company	61,453	(19,372)
Non-controlling interests	13,786	(18,568)
	75,239	(37,940)
Total comprehensive (loss) / income attributable to:		
Shareholders of the holding company	(9,486)	(26,988)
Non-controlling interests	3,628	(15,410)
	(5,858)	(42,398)
Earnings / (loss) per share		
Basic and diluted (Ksh)	0.14	(0.04)
Number of shares (in thousands)	432,156	432,156

RESULTS

Group gross profit for the year ended 31 December 2022 amounted to Ksh 2,196m, decrease of 7% compared to the previous year. Operating and administrative expenses of the Group increased by Ksh 80m, or 3%, mainly due to provision against old Value Added Tax receivables deemed not recoverable. The profit before tax for the group amounted to Ksh 375m compared to Ksh 134m in 2021, the increase is mainly because of one off reversals of old outstanding accruals and other liabilities. The high tax charge in the current year relating to profits is mainly due to provision against old withholding tax recoverable and expenses not deductible for tax purposes.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

All figures in Ksh'000	31 December 2022	31 December 2021
ASSETS		
Non-current assets	823,006	844,806
Other current assets	3,898,460	4,648,508
Fixed deposits with bank (maturing after 3 months)*	2,523,089	2,634,082
Cash, bank and deposit balances*	970,074	1,317,387
TOTAL ASSETS	8,214,629	9,444,783
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	432,156	432,156
Share premium	4,436,532	4,436,532
Merger reserve	1,457,248	1,457,248
Accumulated deficit	(722,677)	(784,130)
Translation deficit	(413,954)	(343,015)
Equity attributable to shareholders of the holding company	5,189,305	5,198,791
Non-controlling interests	(16,165)	1,606
Total equity	5,173,140	5,200,397
Non-current liabilities	63,876	98,217
Current liabilities	2,977,613	4,146,169
TOTAL EQUITY AND LIABILITIES	8,214,629	9,444,783

*A reclassification was made for cash, bank and deposit balances whose maturity is more than three months from the date of placement (hence not meeting the criteria of cash and cash equivalents), which were previously combined in one line on the summary consolidated statement of the financial position as cash, cash equivalents and deposits.

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

All figures in Ksh'000	Share capital	Share premium	Merger reserve	Accumulated deficit	Translation deficit	Non-controlling interests	Total
At 1 January 2021	432,156	9,155,166	-	(4,026,144)	(335,399)	41,742	5,267,521
Transfer to Merger Reserve	-	(4,718,634)	4,718,634	-	-	-	-
Loss for the year	-	-	-	(19,372)	-	(18,568)	(37,940)
Other comprehensive loss	-	-	-	-	(7,616)	3,158	(4,458)
Transfer to accumulated deficit from Merger Reserve	-	-	(3,261,386)	3,261,386	-	-	-
Dividend declared - 2021	-	-	-	-	-	(24,726)	(24,726)
At 31 December 2021	432,156	4,436,532	1,457,248	(784,130)	(343,015)	1,606	5,200,397
At 1 January 2022	432,156	4,436,532	1,457,248	(784,130)	(343,015)	1,606	5,200,397
Profit for the year	-	-	-	61,453	-	13,786	75,239
Other comprehensive loss	-	-	-	-	(70,939)	(10,158)	(81,097)
Dividend declared - 2022	-	-	-	-	-	(21,399)	(21,399)
At 31 December 2022	432,156	4,436,532	1,457,248	(722,677)	(413,954)	(16,165)	5,173,140

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

All figures in Ksh'000	2022	2021
Cash generated from operating activities before working capital changes	263,097	30,522
Working capital changes	(385,874)	229,901
Tax paid on operating income	(350,941)	(204,416)
Net cash (used in) / generated from operating activities	(473,718)	56,007
Net cash generated from / (used in) investing activities	291,970	(495,388)
Net cash used in financing activities	(137,813)	(68,081)
Net decrease in cash and cash equivalents	(319,561)	(507,462)
Cash and cash equivalents at the beginning of the year	1,334,344	1,854,860
Net decrease during the year	(319,561)	(507,462)
Effect of fluctuations in exchange rates	(68,595)	(13,054)
Cash and cash equivalents at end of the year	946,188	1,334,344



The above summary consolidated financial statements are derived from the Group's financial statements which have been audited by Deloitte & Touche LLP and were approved by the Board on 27 April 2023. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on WPP Scangroup's website.

ACCOUNTING POLICIES

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 2021 annual financial statements.

OUTLOOK FOR 2023

Despite the continued inflation and increase in cost of living in several of our markets, we expect to see some momentum and are optimistic about growth in 2023 driven predominantly by technology backed solutions across our businesses. We will also be taking a holistic look at redesigning the organization into one that is future fit, look at how we optimise our organisation structures taking into consideration new ways of working and technology developments and most importantly build a leadership and organisation culture that is open, collaborative and innovative.

PROPOSED DIVIDEND

The directors did not declare a dividend for the financial year ended 31 December 2022 (2021: Nil).

EVENTS AFTER THE REPORTING DATE

Ms Miriam Kaggwa was appointed as Chief Finance Officer of the company on 1 February 2023.

By Order of the Board

Winnie Jumba

Company Secretary

27 April 2023

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

Opinion

The summary consolidated financial statements which comprise the summary consolidated statement of financial position as at 31 December 2022, the summary consolidated statement of profit or loss and other comprehensive income, the summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of WPP Scangroup PLC for the year ended 31 December 2022.

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

Other matter

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

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 April 2023. That report also includes the communication of a key audit matter as reported in the auditors' report on the audited consolidated financial statements. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' Responsibility for the Summary Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Eshak Adam Harunani, Practising certificate No. A/0018.

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya) Nairobi
27 April 2023

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