

# CENTUM INVESTMENT COMPANY PLC

## FINANCIAL RESULTS FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2023

The Board of Directors of Centum Investment Company Plc is pleased to announce the unaudited financial results of the Company and Group for the six months period ended 30 September 2023 ("HY 2024") as set out below:



### COMPANY AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTHS PERIOD ENDED 30 SEPTEMBER 2023

KES '000	GROUP		COMPANY	
	SEP '23	SEP '22	SEP '23	SEP '22
<b>Trading business:</b>				
Sales	1,172,909	924,149	-	-
Direct and other operating costs	(1,286,613)	(881,450)	-	-
(Loss)/profit from trading businesses	(113,704)	42,699	-	-
<b>Financial services:</b>				
Income from financial services	3,449,331	3,023,451	-	-
Funding and other costs	(3,247,617)	(2,638,207)	-	-
Profit from financial services	201,714	385,244	-	-
<b>Real Estate:</b>				
Gross profit from residential unit sales	189,492	178,649	-	-
Gain on disposal of investment properties	17,854	46,714	-	-
Other income	70,520	19,230	-	-
Operating costs	(327,578)	(249,918)	-	-
Finance income/(costs)	568,561	(262,667)	-	-
Profit/(Loss) from Centum Real Estate	518,849	(267,992)	-	-
<b>Two Rivers Development:</b>				
Sales and investment income	157,594	117,979	-	-
Direct and other operating costs	(196,578)	(183,291)	-	-
Interest expenses	(331,240)	(477,060)	-	-
Foreign exchange losses	(407,090)	(235,377)	-	-
Share of loss from joint ventures	-	(206,723)	-	-
Loss from Two Rivers Development Group	(777,314)	(984,472)	-	-
<b>Investment operations:</b>				
Investment and other income	466,303	239,647	1,794,730	713,424
Operating and administrative costs	(315,795)	(228,265)	(300,393)	(254,715)
Finance costs	(142,127)	(356,128)	(142,127)	(214,671)
Profit/(loss) from investment operations	8,381	(344,746)	1,352,210	244,038
<b>Total (loss)/profit for the period</b>	<b>(426,368)</b>	<b>(1,290,734)</b>	<b>1,432,769</b>	<b>244,038</b>
Other comprehensive income/(loss), net of tax	632,838	(260,550)	4,816,155	(1,402,413)
<b>Total comprehensive income/(loss) for the period</b>	<b>206,470</b>	<b>(1,551,284)</b>	<b>6,248,924</b>	<b>(1,158,375)</b>
<b>Attributable to:</b>				
Owners of the parent	691,225	(1,042,447)	-	-
Non-controlling interest	(484,755)	(508,837)	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>206,470</b>	<b>(1,551,284)</b>	-	-
Earnings per share-Basic	0.09	(1.18)	-	-

### CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

KES MILLION	GROUP		COMPANY	
	SEP '23	MAR '23	SEP '23	MAR '23
Investment portfolio	7,184	7,826	43,114	36,889
Assets held for sale	44,758	42,665	4,238	4,238
Other assets	63,976	61,706	479	262
Cash and cash equivalents	2,116	542	752	348
<b>Total Assets</b>	<b>118,034</b>	<b>112,739</b>	<b>48,583</b>	<b>41,737</b>
Borrowings	17,780	19,678	2,190	2,248
Other liabilities	22,562	18,641	4,589	3,521
Liabilities directly associated with assets classified as held for sale	39,346	37,314	-	-
<b>Total Liabilities</b>	<b>79,688</b>	<b>75,633</b>	<b>6,779</b>	<b>5,769</b>
<b>Total Equity</b>	<b>38,346</b>	<b>37,106</b>	<b>41,804</b>	<b>35,968</b>
<b>Total Capital and Liabilities</b>	<b>118,034</b>	<b>112,739</b>	<b>48,583</b>	<b>41,737</b>
<b>NAV per share (KES.)</b>			<b>62.82</b>	<b>54.05</b>

### CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE SIX-MONTHS PERIOD ENDED 30 SEPTEMBER 2023

KES MILLION	GROUP		COMPANY	
	SEP '23	SEP '22	SEP '23	SEP '22
<b>Opening cash and cash equivalents</b>	<b>2,909</b>	<b>3,264</b>	<b>(400)</b>	<b>10</b>
Net cash from operations	6,720	2,107	842	160
Net cash used in investing activities	(1,077)	(616)	(167)	(720)
Net cash used in financing activities	(4,776)	(2,516)	(417)	(218)
<b>Closing cash and cash equivalents</b>	<b>3,776</b>	<b>2,239</b>	<b>(142)</b>	<b>(768)</b>
Comprised of:-				
Cash and cash equivalents	2,116	761	752	304
Cash classified as held for sale	2,552	2,553	-	-
Overdraft	(892)	(1,075)	(894)	(1,072)
<b>Closing cash and cash equivalents</b>	<b>3,776</b>	<b>2,239</b>	<b>(142)</b>	<b>(768)</b>

### CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2023

KES MILLION	GROUP		COMPANY	
	SEP '23	MAR '23	SEP '23	MAR '23
Share capital	333	333	333	333
Treasury shares	(50)	(37)	(50)	(37)
Share premium	590	590	590	590
Other reserves	718	(443)	19,026	14,210
Retained earnings	35,510	35,452	21,905	20,472
Proposed dividends	-	400	-	400
Non-controlling interests	1,245	811	-	-
<b>Total</b>	<b>38,346</b>	<b>37,106</b>	<b>41,804</b>	<b>35,968</b>

Centum's focus as an investment holding company is identifying compelling investment opportunities, adding value to scale them up and at an appropriate time and price, monetizing the value created during the holding period. Monetization is achieved during the holding period through receipt of annuity income in the form of dividend/interest payments, repayments of shareholder loans previously advanced, and on exit/sale of stake in the portfolio companies.

#### COMPANY PERFORMANCE

The company recorded a significant improvement in performance for the first half of the financial year 2023/24 despite a very challenging macroeconomic environment. Profit after tax increased by 487% to stand at Kes 1.4 Bn at 30th September 2023, compared to Kes. 244Mn in the prior period.

Investment income stood at Kes. 1.8Bn, a 152% growth compared to the prior period. This was attributed to an overall improvement in performance of the underlying portfolio leading to an increase in annuity income and gains realized on investment operations.

Operating and administrative expenses grew by 18%, reflecting the impact of rising inflation and implementation of Finance Act provisions in the period. Finance costs reduced by 34% following loan repayments made in 2023. Borrowings reduced from Kes. 4.2Bn in September 2022 to Kes. 2.2Bn in September 2023.

Total return for the period stood at Kes 6.2Bn compared to a loss of 1.2Bn in the prior period. This represented a 17% return on opening NAV. The improvement was attributed to improved performance by the portfolio companies. The unrealized value movements net of deferred tax amounted to Kes. 4.8Bn, compared to a loss of 1.4Bn recorded in the prior period. The private equity portfolio was not revalued in the period.

Total assets grew by 17% reflective of the growth in portfolio value. Liabilities grew by 15% on account of the FY23 dividend payable in November 2023 and deferred tax movements.

NAV per share increased by 16% to Kes. 62.82 from Kes 54.05 as at 31st March 2023.

#### COMPANY CASH FLOWS, DEBT AND CREDIT PROFILE

The company generated Kes. 842Mn in net cash flows from annuity income and proceeds from shareholder loan repayments. The funds were applied towards investment in portfolio companies, part repayment of debt and the share buyback program.

In line with the Company's focus on deleveraging, debt was reduced by 3% to close at Kes. 2.19Bn. Gearing reduced to 4% from 5% as at 31st March 2023.

In October 2023, Global Credit Ratings (GCR) affirmed Centum Investment Company Plc's national scale, long and short-term issuer ratings of A+(KE) and A1(KE) respectively. The strong credit rating considered the company's debt reduction strategy over the past 5 years and the strong investment track record.

#### CONSOLIDATED PERFORMANCE

The Consolidated performance aggregates the financial performance of our subsidiaries line by line and our proportion of the performance of associates and joint venture entities within the group.

The Group recorded a 67% improvement in consolidated performance after tax. This was attributable to improved performance/profitability recorded from the real estate and investment operations. The performance of Two Rivers reflected the interest costs incurred in the two months of the year prior to sale of assets in May 2023 and foreign exchange losses which accounted for 52% of the finance costs.

Other comprehensive income net of tax of Kes 632Mn was recorded from a loss of Kes 261Mn in the prior period. This was on account of unrealized currency translation movements in respect to UGX denominated assets. The consolidated total comprehensive income increased to Kes. 206Mn from a loss of Kes. 1.6Bn in the prior period.

#### SHARE BUYBACK UPDATE

The share buyback program was implemented in February 2023. A total of 6Mn shares have been purchased under the program as at 20th November 2023, representing 8.98% of the targeted 66.5Mn ordinary shares that the company may purchase over the 18 months buyback period. The share buyback purchases accounted for 30% of the total trading activity in Centum shares in the period.

#### OUTLOOK

The Company's performance in the first half of FY2024 indicates a significant improvement as the various value creation initiatives executed over the Centum 4.0 strategy period come to fruition.

The operating environment has been volatile for a substantial part of Centum 4.0. and we foresee this persisting in the short and medium term. Despite the persistent global and local macroeconomic headwinds, we believe that there will exist pockets of opportunities we can maximize through an active investment strategy to grow and preserve shareholder value.

We will continue pursuing the current value preservation strategy and maximize growth opportunities.

For further information please visit the Centum website ([www.centum.co.ke](http://www.centum.co.ke))

By Order of the Board,

Dr. James Mworira, CFA, CGMA  
Group Chief Executive Officer and Managing Director