CENTUM INVESTMENT COMPANY PLC

FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024





CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	CONSOLIDATED		COMPANY	
KES '000	2024	2023	2024	2023
Trading business:	0.505.000	1.0/1.0/0		
Sales	2,595,028	1,961,862	_	-
Cost of sales	[2,087,287]	[1,237,839]	_	-
Gross profit	507,741 (978,806)	724,023	-	-
Operating and administrative expenses		(700,707)	_	-
Finance costs	(234,838)	[142,343]	-	-
Trading loss	(705,903)	(119,027)	-	
Real estate:				
Residential units sales				
Sales	3,737,397	1,931,525		
Cost of sales	(3,267,338)	[1,645,872]	_	
Gross profit	470,059	285,653	_	
Other income	43.466	88,952	_	
Operating and administrative expenses	(663,517)	(685,324)		
Operating and administrative expenses Operating loss	(149,992)	(310,719)	_	
Change in fair value of investment properties	3,698,481	2,129,175		
		2,129,175 75,608	_	
Gain on disposal of investment properties	55,695		_	
Finance (costs)/income	(1,091,094)	124,394	-	
Profit from real estate operations	2,513,090	2,018,458	-	
Two Rivers investment operations:				
Sale of goods and services (utilities)	314,174	251,121		
Cost of sales			-	
	(257,211)	(214,185)	_	
Other income	13,805	(100 110)	_	
Operating and administrative expenses	(147,861)	(182,113)	-	
Share of loss from joint venture	-	(1,116,581)	-	
Provision for impairment of assets - shareholder loans		(3,875,015)	-	
Finance costs	(888,365)	(1,953,589)	-	
Loss from Two Rivers investment operations	(965,458)	(7,090,362)	-	
Financial services:				
	/ 005 007	/ 070 7/1		
Income from provision of financial services	4,035,227	6,373,761	_	
Interest expenses	(2,023,633)	(2,920,756)	-	
Net impairment of loans and advances	(707,933)	(567,116)	-	
Operating and administrative expenses	(1,868,222)	(2,551,528)	-	
Gain associated with loss of control of subsidiary	145,703	-	-	
Share of profit of associate	(81,513)	-	-	:
Operating loss from financial services	(500,371)	334,361	-	
Investment enerations.				
Investment operations:	/07/2/	225 700	1 152 022	2 121 000
Investment income	607,436	235,708	1,152,023	2,131,800
Operating and administrative expenses	(556,947)	(476,750)	(579,711)	(511,503
Provision for impairment of other assets	- (,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(695,172)	(00 / /00)	(954,412
Finance costs	(403,386)	(458,541)	(294,688)	(458,541
Operating loss from investment operations	(352,897)	(1,394,755)	277,624	207,344
Toro Divers Consist Foressis 7-1-				
Two Rivers Special Economic Zone:				
Investment income	60	-	-	
Operating and administrative expenses	(130,210)	-	-	
Finance costs	(349,270)	-	-	
Change in fair value of investment properties	3,399,103	-	-	
Operating profit from SEZ operations	2,919,683	-	-	,
Profit/(loss) hefere income toy	2 000 1//	(4 251 225)	277 (2)	207 27
Profit/(loss) before income tax Income tax (expense)/credit	2,908,144 (304,404)	(6,251,325) (1,063,265)	277,624 278,345	207,34 4 (268,183
Profit/(loss)for the year	2,603,740	(7,314,590)	555,969	(60,839
Other Comprehensive income (net of tax)	(62,380)	(1,762,413)	4,948,396	(4,869,123
Total comprehensive income (net of tax)	2,541,360	(9,077,003)	5,504,365	(4,869,123
rotat comprehensive income for the year	2,341,300	(7,077,003)	3,304,365	(4,727,702
Attributable to:				
Owners of the parent	2,745,050	(5,942,023)		
Non-controlling interests	(203,690)	3,134,980)		
Hon conducting interests	2,541,360	(9,077,003)	_	
Earnings per share (Basic and diluted)	4.27	[6.32]	_	-
Earnings per share (Dasic allu ultuteu)	4.27	(0.32)	_	

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION **AS AT 31 MARCH 2024**

		CONSOLIDATED	COMPANY	
KES MILLION	2024	2023	2024	2023
Investment Portfolio	66,512,347	60,451,834	47,431,648	36,888,606
Assets held for sale	-	42,665,245	-	4,238,141
Other assets	8,226,669	8,442,468	331,047	262,485
Cash and cash equivalents	1,432,845	1,179,760	319,939	348,250
Total Assets	76,171,861	112,739,307	48,082,634	41,737,482
Borrowings	16,590,543	19,677,780	1,950,589	2,248,171
Other liabilities	19,816,935	18,640,952	5,090,050	3,521,181
Liabilties directly associated with assets classified				
as held for sale	-	37,314,452	_	-
Total Liabilities	36,407,478	75,633,184	7,040,639	5,769,352
Total Equity	39,764,383	37,106,123	41,041,995	35,968,130
Total Equity and Liabilities	76,171,861	112,739,307	48,082,634	41,737,482
Net Asset Value per share (KES.)	-	-	62.42	54.71

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	CONSOLIDATED		COMPANY	
KES MILLION	2024	2023	2024	2023
Opening cash and cash equivalents	2,908,746	3,264,197	(399,998)	9,567
Net cash from operations	3,983,146	4,554,777	3,143,741	2,413,132
Net cash (used in)/generating from investing activities	(614,177)	1,213,701	(2,263,770)	(268,648)
Net cash used in financing activities	(5,732,029)	(6,123,929)	(1,056,416)	(2,554,049)
Closing cash and cash equivalents	545,686	2,908,746	(576,443)	(399,998)
Comprised of:-				
Cash and cash equivalents	1,431,113	1,179,760	319,939	348,250
Reclassified to assets held for sale	-	2,474,973	-	-
Bank overdraft	(885,427)	(745,987)	[896,382]	[748,248]
Closing cash and cash equivalents	545,686	2,908,746	(576,443)	(399,998)

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2024

	COI	CONSOLIDATED		COMPANY	
KES MILLION	2024	2023	2024	2023	
Share capital	332,721	332,721	332,721	332,721	
Treasury shares	(67,209)	(36,709)	[67,209]	(36,709)	
Share premium	589,753	589,753	589,753	589,753	
Other reserves	(505,196)	(442,816)	19,158,925	14,210,529	
Retained earnings	38,491,055	35,451,996	20,817,805	20,471,836	
Proposed dividends	210,000	400,000	210,000	400,000	
Non-controlling interests	713,259	811,178	-	-	
Total	39.764.383	37.106.123	41.041.995	35.968.130	

Centum is an investment holding company with a business model focusing on 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 financial year 2023/24 despite a very challenging macroeconomic environment. Profit after tax stood at Kes 556Mn compared to a loss of 61Mn in the prior

This performance was driven by a dual focus during the year on:

- (i) Reallocation of a portion of the marketable securities portfolio to higher yielding opportunities and to repayment
- (ii) Execution of value creation plans which led to improved performance and valuations of the portfolio companies.

Investment income stood at Kes. 1.15Bn, compared to Kes. 2.13Bn in the prior year. This drop was on account of asset reallocation whereby interest earning securities in our marketable securities were liquidated to fund Centum's equity investment in Two Rivers Land Company SEZ Limited as well as to make debt repayments. While the asset reallocation led to a reduction in annuity income, it led to an enhancement in the total return to shareholder through reduction of finance costs and value uplift of the portfolio. Thus, the Total Return for the period was Kes.5.5Bn (a 15% return on equity) compared to negative Kes. 4.9 Bn (-14% return on equity) in the prior year.

Operating and administrative expenses grew by 13%, on account of additional investment resources and reflecting the impact of rising inflation and implementation of Finance Act 2023 provisions in the period. Finance costs reduced by 36%, reflecting the debt repayments that the company continued to make during the financial year. Borrowings reduced from Kes. 2.25Bn as at 31 March 2023 to Kes. 1.95Bn in the period under review.

The growth in total return was attributed to improved performance and valuations of the portfolio companies. This was reflective of the various value creation initiatives executed over the Centum 4.0 strategy period coming to fruition.

Total assets grew by 15% with the growth in portfolio value. Total liabilities increased by 22% on account of deferred tax liability recognized in the period and deferred revenues. NAV per share increased by 14% from Kes 54.71 as of 31st March 2023 to Kes. 62.42 as of 31 March 2024.

COMPANY CASH FLOWS

The company generated Kes 3.1Bn from operations which comprised dividend and interest income as well as shareholder loan repayments to Centum by portfolio companies. The net follow on investments made in the period was Kes 2.3Bn while Kes 1.1Bn was applied towards principal debt repayment, interest payments as well as dividend

In line with the Company's focus on deleveraging, debt was reduced by 13% to close at Kes. 1.9Bn. Net debt to equity reduced to 1.3% from 4% as at 31st March 2024. Post March 2024 year end, Centum has made further debt repayment to the tune of Kes 1.1Bn to cut down finance costs given the current high interest rate environment.

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 consolidated performance after tax stood at a profit of Kes. 2.6Bn compared to a loss of Kes 7.3Bn in the prior year. This was attributable to the improved profitability recorded from most of the investment segments in the year. 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 loss net of tax of Kes 62Mn was recorded from a loss of Kes 1.7Bn in the prior period. This was on account of unrealized currency translation movements in respect to UGX and USD denominated as consolidated total comprehensive income increased to Kes. 2.5Bn from a loss of Kes. 9Bn in the prior period.

SHARE BUYBACK UPDATE

Centum initiated the share buyback program on the 6th of February 2023 at an offer price of Kes 9.03. As of 26th July 2024, 9.7Mn shares had been purchased under the buyback program, comprising 24% of the volume traded. The share buyback provided shareholders with liquidity at a time when there was limited liquidity on the NSE.

DIVIDEND

The Board of Directors has proposed a first and final dividend of Kes 0.32 per share in respect of the year ended 31 March 2024 (2023: Kes 0.60), amounting to Kes 210 Mn (2023: Kes 400Mn) to be considered by shareholders for approval at the next Annual General Meeting. This proposal is in line with the Company's policy of paying out 30% of total annuity income generated in any financial year. In FY2024, the business generated Kes 692 million in annuity income which comprises dividend and interest income earned from the portfolio.

CONCLUSION AND OUTLOOK

Financial year 2023/24 marked the close of the Centum 4.0 strategy period. The focus during this period was preservation of shareholder value against the backdrop of a difficult economic environment characterized by the Covid-19 pandemic, global geopolitical conflicts that disrupted supply chains and had a spiral effect in local and regional key economic ndicators. The period saw rising and sustained interest rates, depreciating Kenya shillings and extended period of US

The average shareholder return generated in Centum 4.0~was -3.6%~p.a which was 6.8%~higher than the NSE 20 index performance over the same period, which was -10.4%. We believe that the core objective of preservation of shareholder value in the face of economic headwinds was largely achieved.

As we transition into the new strategy period named Centum 5.0, our focus is on optimization of the value of the current portfolio of investments. We are working towards scaling up the various businesses and monetizing them to realize a mum of their carrying values.

For further information please visit the Centum website (www.centum.co.ke)

By Order of the Board,



Dr. James Mworia, CFA, CGMA and Managing Director