

# REPORT OF THE DIRECTORS

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## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2023 which disclose the state of affairs of Nation Media Group PLC (the "Company") and its subsidiaries (together the "Group").

### PRINCIPAL ACTIVITIES

The principal activities of the Group are the publication, printing and distribution of newspapers, radio and television broadcasting and digital online products, in the East African countries of Kenya, Uganda, Rwanda and Tanzania.

### BUSINESS REVIEW

Kenya's economic performance improved following a rebound in the agriculture sector which had faced a severe and long drought. However, high cost of living, increased fuel prices, exchange rate pressures, global economic uncertainties and rising debt continue to pose a threat to economic growth. The overall year on year inflation was 6.6 per cent by December 2023.

In Uganda, the economy recorded growth owing to improvement in the agriculture, industry and services sectors. The inflation closed at 2.3 per cent in December 2023 while Tanzania's economic growth was largely driven by agriculture, financial and insurance sectors. Inflation annual average rate was 3.8 per cent in 2023.

The challenging macro-economic environment resulted in reduced advertising spends which adversely impacted the Group's revenue. The depreciation of the Kenya Shilling against the US Dollar aggravated the cost of imported raw materials. The performance was also adversely impacted by impairment of the printing press and increased provision for Expected Credit Losses (ECL).

The Group focused on its digital transformation strategy that targeted audience acquisition and engagement with the aim of growing its digital footprint. Various experiments were rolled out to cultivate a collaborative approach to developing products and solutions that cater to our consumer needs. In addition, completion of the newsroom integration and the ongoing implementation of our content strategy will entrench the Group as the leading multi-media company offering unique and impactful content to our audiences.

Group turnover at Shs 7.1 billion and total comprehensive income at Shs 0.2 billion were below the previous year. The results of the Group for the year are set out in the Group statement of comprehensive income on page 88.

### KEY PERFORMANCE HIGHLIGHTS

	2023	2022
	Shs m	Shs m
<b>Performance</b>		
Revenue	7,116.2	7,298.3
(Loss)/ profit before income tax	(431.8)	491.7
Total comprehensive income for the year	163.4	470.6
<b>Financial position</b>		
Non-current assets	4,501.5	4,345.5
Net current assets	3,713.9	4,278.2
Non-current liabilities	(353.8)	(348.8)
Non-controlling interest	(100.6)	(82.1)
Equity holders' funds	7,761.0	8,192.8
(Loss)/profit before tax as a percentage of revenue (%)	(6.1)	6.7
Earnings per share (Shs)	(1.1)	1.7
Capital expenditure – excluding ROU assets	212.5	153.6

## REPORT OF THE DIRECTORS (continued)

### DIVIDENDS

Considering the prevailing economic environment and the Group's investment plans, the directors do not recommend the payment of dividend for the year (2022: Shs 1.5 per share).

### DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 19.

Mr. S. Allana, Mr. F. Nurmohamed and Ms. N. Matimu, are directors who retire by rotation in accordance with Article 96 of the Company's Articles of Association and being eligible, offer themselves for re-election.

Mr. D. Aluanga and Prof. S. Sejjaka are directors who retire by rotation in accordance with Article 110 of the Company's Articles of Association and being eligible, offer themselves for re-election.

Mrs. S. Hassan retire by rotation in accordance with Article 110 of the Company's Articles of Association and does not offer herself for re-election.

Dr. W. Kiboro, Dr. Y. Jetha and Mr. L. Mususa are directors who having attained the age of 70 retire by rotation and offer themselves for re-election.

Mr. F.O. Okello having attained the age of 70 retire by rotation and does not offer himself for re-election.

Mr. W. Mwangi having attained the age of 70 retire by rotation and does not offer himself for re-election..

### DISCLOSURES TO AUDITORS

The directors confirm that with respect to each director at the time of approval of this report:

- a) there was, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and
- (b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### TERMS OF APPOINTMENT OF AUDITOR

PricewaterhouseCoopers LLP expresses willingness to continue in office in accordance with the Company's Articles of Association and Section 721 of the Companies Act, 2015.

The Audit, Risk and Compliance Committee (ARCC) monitors the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and fees.

### APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 19 April 2024

#### By order of the Board



**A Namwakira**

Company Secretary

## RIPOTI YA WAKURUGENZI WAKUU

Wakurugenzi wanafuraha kuwasilisha ripoti yao na taarifa za kifedha zilizofanyiwa ukaguzi za mwaka uliokamilika tarehe 31 Desemba 2023, ambayo inaonyesha hali ya mambo katika Kampuni ya Nation Media Group PLC ("Kampuni") na kampuni zake tanzu (kwa pamoja "Shirika").

### SHUGHULI KUU

Shughuli kuu za Kampuni ni uchapishaji, kupiga chapa na usambazaji wa magazeti, utangazaji kupitia redio na televisheni na bidhaa za kidijitali za mtandaoni, katika nchi za Afrika ya Mashariki Kenya, Uganda, Rwanda na Tanzania.

### MAPITIO YA BIASHARA

Utendaji wa kiuchumi wa Kenya uliimarika kufuatia kurejea kwa hali ya kawaida katika sekta ya kilimo ambayo ilikumbwa na hali ya kiangazi kibaya kilichodumu kwa muda mrefu. Hata hivyo, gharama ya juu ya maisha, ongezeko la bei ya mafuta, mashinikizo ya soko la ubadilishaji sarafu, hali tete za kiuchumi kimataifa na kuongezeka kwa deni ziliendelea kuweka tishio kwa ukuaji wa uchumi. Kiwango cha jumla cha mfumuko wa bei ya bidhaa cha mwaka kilikuwa asilimia 6.6 kufikia Disemba 2023.

Nchini Uganda, uchumi ulishuhudia ukuaji kutokana na kuimarika kwa sekta za kilimo, viwanda na huduma. Kiwango cha mfumuko wa bei kilifikia asilimia 2.3 mnamo Disemba 2023. Nchini Tanzania, ukuaji wa uchumi ulitokana pakubwa na sekta za kilimo, fedha na bima. Kiwango cha wastani cha kila mwaka cha mfumuko wa bei za bidhaa kilikuwa asilimia 3.8 mwaka 2023.

Mazingira yenye changamoto za uchumi katika kiwango kikubwa yalisababisha hali ya kupungua kwa matumizi na kuathiri vibaya mapato ya Shirika. Hali ya kudorora kwa thamani ya Shilingi ya Kenya dhidi ya Dola ya Marekani, ilifanya kupanda kwa gharama ya kuagiza malighafi. Utendaji pia uliathiriwa vibaya na kupunguzwa kwa thamani ya mashine ya uchapishaji na kuongezeka kwa Matarajio ya Hasara za Mikopo (ECL).

Shirika lililitia maanani mkakati wake wa mageuzi ya kidijitali yaliyolenga utafutaji wa hadhira na kuishirikisha kwa lengo la kukuza hatua inazopiga za dijitali. Majaribio mbalimbali yalizinduliwa ili kukuza mbinu ya ushirikiano katika kuunda bidhaa na suluhu zinazokidhi mahitaji ya watumiaji wetu. Kando na hayo, shughuli iliyokamilika hivi majuzi ya kujumuisha chumba cha habari na utekelezaji unaoendelea wa mkakati wetu wa maudhui utafanya Shirika kuwa kampuni ya maudhui anuwai inayotoa maudhui ya kipekee na yenye athari kwa hadhira zetu.

Mauzo ya Kampuni ya bilioni Sh. 7.1 na jumla ya mapato tondoti ya bilioni Sh. 0.2 yalikuwa chini ikilinganishwa na mwaka uliotangulia. Matokeo ya Kampuni ya mwaka yamewekwa katika taarifa ya Kampuni ya mapato tondoti kwenye ukurasa wa 88.

### MAMBO MUHIMU YA UTENDAJI

	2023	2022
	Shs m	Shs m
<b>Utendaji</b>		
Mapato	7,116.2	7,298.3
(Hasara)/ faida kabla ya ushuru wa mapato	(431.8)	491.7
Jumla ya mapato tondoti ya mwaka	163.4	470.6
<b>Hali ya kifedha</b>		
Mali isiyoyasitimu	4,501.5	4,345.5
Jumla ya mali ya pesa taslimu na inayotarajiwa kugeuzwa kuwa pesa taslimu ndani ya mwaka	3,713.9	4,278.2
Mikopo ambayo si ile tunayodaiwa ndani ya mwaka	(353.8)	(348.8)
Masilahi ambapo Kampuni kuu haina udhibiti	(100.6)	(82.1)
Fedha za Wenyehisa	7,761.0	8,192.8
(Hasara)/faida kabla ya ushuru kama asilimia ya mapato (%)	(6.1)	6.7
Mapato kwa kila hisa (Shs)	(1.1)	1.7
Matumizi ya mtaji – bila kujumlisha mali zinazotokana na ROU	212.5	153.6

## RIPOTI YA WAKURUGENZI WAKUU (inaendelea)

### MIGAO YA MAPATO

Kwa kuzingatia hali inayoendelea ya kiuchumi na mipango ya uwekezaji ya Shirika, wakurugenzi hawapendekezi malipo ya mgao wa mapato kwa mwaka (2022: Shs 1.5 kwa kila hisa).

### WAKURUGENZI

Wakurugenzi waliohudumu ofisini katika mwaka huo na kufikia tarehe ya ripoti hii wameorodheshwa kwenye ukurasa wa 19.

Bw. S. Allana, Bw. F. Nurmohamed na Bi. N. Matimu ni wakurugenzi wanaostaafu kwa zamu kwa mujibu wa Kifungu cha 96 cha Taarifa ya Ushirika ya Kampuni na kwa kuwa wanastahiki, wamejitosa ulingoni ili kuchaguliwa tena.

Bw. D. Aluanga na Prof S. Sejeeka ni wakurugenzi wanaostaafu kwa zamu kwa mujibu wa Kifungu cha 110 cha Taarifa ya Ushirika ya Kampuni na kwa kuwa wanastahiki, wamejitosa ulingoni ili kuchaguliwa tena.

Bi. S. Hassan anastaafu kwa zamu kwa mujibu wa Kifungu cha 110 cha Taarifa ya Ushirika ya Kampuni na hajajitosa ulingoni ili kuchaguliwa tena.

Dkt. W. Kiboro, Dkt. Y. Jetha na Bw. L. Mususa ni wakurugenzi ambao baada ya kufikisha umri wa miaka 70, wanastaafu kwa zamu na kujitosa ulingoni ili kuchaguliwa tena.

Bw. F. Okello, kwa kufikisha umri wa miaka 70, anastaafu kwa zamu na hajajitosa ulingoni ili kuchaguliwa tena.

Bw. W. Mwangi, kwa kufikisha umri wa miaka 70, anastaafu kwa zamu na hajajitosa ulingoni ili kuchaguliwa tena.

### UFICHUZI KWA WAKAGUZI

Wakurugenzi wanathibitisha kwamba kuhusiana na kila mkurugenzi kufikia wakati wa kupitishwa kwa ripoti hii:

- kwa ufahamu wa kila mkurugenzi, hakukuwa na taarifa yoyote muhimu ya ukaguzi ambazo mkaguzi wa Kampuni hana ufahamu kuhusu; na
- kila mkurugenzi alichukua hatua zote alizofaa kuchukua kama mkurugenzi ili kupata ufahamu kuhusu taarifa zozote muhimu za ukaguzi na kuhakikisha mkaguzi wa Kampuni anafahamu kuhusu taarifa hizo.

### MASHARTI YA UTEUZI WA WAKAGUZI

PricewaterhouseCoopers imeonyesha nia ya moja kwa moja ya kuendelea kuhudumu kwa mujibu wa Vifungu vya Ushirika vya Kampuni na Kifungu cha 721 cha Sheria ya Kampuni ya Kenya, 2015.

Kamati ya Ukaguzi, Hatari na Utiifu (ARCC) hufuatilia ufanisi, uyaikinifu na uhuru wa mkaguzi. Majukumu haya yanajumuisha kuidhinishwa kwa mkataba wa kazi ya ukaguzi na ada.

### KUIDHINISHWA KWA TAARIFA YA KIFEDHA

Taarifa ya kifedha iliidhinishwa na Bodi ya Wakurugenzi mnamo tarehe 19 Aprili 2024



**Kwa agizo la Bodi**

**A Namwakira**

Katibu wa Kampuni

"Women should come forward in large numbers in government. I would love to see it as 50/50, but not just for the sake of 50/50. It should be 50/50 with delivery, where capable individuals lead the way."

**H.E. President Samia Suluhu Hassan  
The Guest of Honor at The Citizen Rising Woman 2024**

