

**LONGHORN PUBLISHERS PLC**  
**AUDITED FINANCIAL RESULTS**  
**For the year ended 30 June 2021**

Condensed consolidated statement of financial position		
as at 30 June	2021	2020
	Kshs '000	Kshs '000
Pre-Publishing costs	802,370	741,839
Goodwill	125,786	125,786
Trade and other receivables	873,136	582,139
Inventories	684,516	548,710
Other assets	391,921	451,690
<b>TOTAL ASSETS</b>	<b>2,877,729</b>	<b>2,450,164</b>
Borrowings	1,177,002	1,175,241
Trade payables and other payables	959,806	540,158
<b>Total liabilities</b>	<b>2,136,808</b>	<b>1,715,399</b>
<b>Total equity</b>	<b>740,921</b>	<b>734,765</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,877,729</b>	<b>2,450,164</b>

Condensed consolidated statement of profit or loss and other comprehensive income for the year ended 30 June		
	2021	2020
	Kshs '000	Kshs '000
Revenue	1,243,925	1,067,926
Cost of sales	(746,501)	(580,645)
<b>Gross profit</b>	<b>497,424</b>	<b>487,281</b>
Operating expenses	(296,403)	(630,706)
Finance costs	(183,247)	(151,929)
<b>Profit/(loss) before tax</b>	<b>17,774</b>	<b>(295,354)</b>
Income tax (expense)/credit	(10,299)	69,484
<b>Profit/(loss) after tax</b>	<b>7,475</b>	<b>(225,870)</b>
Other comprehensive loss	(1,319)	(2,000)
<b>Total comprehensive income/(loss)</b>	<b>6,156</b>	<b>(227,870)</b>

Condensed consolidated statement of cashflows for the year ended 30 June		
	2021	2020
	Kshs '000	Kshs '000
Net cash generated from operating activities	225,350	62,736
Net cash used in investing activities	(102,021)	(246,852)
Net cash (used in)/generated from financing activities	(202,232)	231,141
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(78,903)</b>	<b>47,025</b>
Cash and cash equivalents at start of year	115,769	68,744
<b>Cash and cash equivalents at end of year</b>	<b>36,866</b>	<b>115,769</b>

Condensed consolidated statement of changes in equity for the year ended 30 June				
	Share capital & premium	Retained earnings	Non-controlling interest	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
<b>At 1 July 2019</b>	<b>640,729</b>	<b>463,343</b>	<b>232</b>	<b>1,104,304</b>
Total comprehensive loss	-	(227,996)	126	(227,870)
Dividends	-	(141,669)	-	(141,669)
<b>At 30 June 2020</b>	<b>640,729</b>	<b>93,678</b>	<b>358</b>	<b>734,765</b>
Total comprehensive income	-	6,903	(747)	6,156
<b>At 30 June 2021</b>	<b>640,729</b>	<b>100,581</b>	<b>(389)</b>	<b>740,921</b>

**COMMENTARY ON THE RESULTS**

**Operating Environment:**

The COVID-19 pandemic and its effects on economies and people had the most significant impact on the business in the year under review. There was the extended suspension of learning in schools and constrained consumer wallets. Kenya and Uganda began the year with schools closure and movement restrictions as part of the pandemic containment measures. Overall, the countries where Longhorn operates were adversely impacted by COVID-19.

The Kenyan government introduced temporary tax relief measures which were rolled back at the beginning of 2021. These factors contributed to uncertainties which required the Board and Management to take a cautious approach in the allocation of resources. The focused priority remained the safety and wellbeing of our employees, the preservation of our partners and stakeholders' relationships and the long-term protection of shareholder value.

The Directors continuously assessed the impact of COVID-19 on the operations of the Group and formulated responses for the various possible scenarios that could disrupt its operations.

**Financial Highlights:**

Revenue for the year increased by 16% to Shs 1.244 billion compared to the previous year. Kenya recorded an 18% revenue growth, Tanzania 8% while Uganda recorded 83% for the year. Tanzania marked the 4th straight year of revenue growth while Uganda surpassed USD 1 million in revenue despite the country being under lockdown for most of the year.

The operating expenses for the year decreased by 53% compared to the previous year due to the cost containment measures implemented during the year such as renegotiation with suppliers and the streamlining of operations.

Finance costs increased by 21% which was attributable to the investments the Group continues to make in regional expansion, product diversification and the digital transformation journey. Management intends to reduce the loan balances progressively as the Group's performance improves. Borrowings and finance costs have reduced by approximately 30% in Q1 of FY 2022.

Profit before tax was Shs 17.8 million compared to the prior year loss before tax of Shs 295 million. This marked a significant turnaround in the business, confirming the resilience of Longhorn's business model, strong brand, agile employees and ability to adapt to a changing operating environment.

**Future Outlook:**

**Digital** – The business is upgrading its eLearning and eBook platforms which are anticipated to be launched in Q2 of FY 2022. New products such as SOMO are being developed to serve the ex-curriculum space.

**Regional presence** – The Group continues to take advantage of opportunities and revenue is expected to grow in the African markets including the DRC and Cameroon, which we entered last year. Plans to enter the Ghana market are at advanced stages.

**Product portfolio** – The significant titles developed in the year included primary and secondary coursebooks in Uganda, approval of CBC Grade 6 titles in Kenya, as well as English and French titles in Cameroon. The development of titles in both course and non-course books will continue as part of our product development.

By order of the Board

**Hon. Francis T. Nyammo OGW, MBS**  
**Group Chairman**

**Maxwell Wahome**  
**Group Managing Director & CEO**

Date 16 September 2021

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