LONGHORN PUBLISHERS PLC
expanding minds

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

Condensed consolidated statement of profit or loss and other comprehensive income for the year ended 30 June

	2024	2023
	Kshs '000	**Kshs '000**
Revenue and other income	1,538,188	1,075,071
Cost of sales	(1,207,666)	(881,120)
Gross profit	**330,522**	**193,951**
Operating expenses	(410,999)	(641,886)
Finance costs	(204,648)	(182,182)
Loss before tax	**(285,125)**	**(630,117)**
Income tax expense	47,220	58,786
Loss after tax	**(237,905)**	**(571,331)**
Other comprehensive loss	(28,446)	(1,511)
Total comprehensive loss	**(266,351)**	**(572,842)**

Condensed consolidated statement of financial position as at 30 June

	2024	2023
	Kshs '000	**Kshs '000**
Non-current Assets		
Pre-Publishing costs	793,624	963,478
Property and Equipment	166,409	180,405
Other assets	194,210	143,148
	1,154,243	**1,287,031**
Current Assets		
Inventories	401,909	734,975
Trade and other receivables	480,174	678,337
Current income tax	6,417	4,374
Cash and bank balances	27,533	83,075
	916,033	**1,500,761**
TOTAL ASSETS	**2,070,276**	**2,787,792**
Total equity	23,429	289,780
Current Liabilities		
Borrowings	1,039,489	1,234,827
Trade and other payables	1,007,358	1,263,185
	2,046,847	**2,498,012**
TOTAL EQUITY AND LIABILITIES	**2,070,276**	**2,787,792**

Condensed consolidated statement of changes in equity for the year ended 30 June

	Share capital & premium	Retained earnings/ (accumulated losses) & translation reserve	Non-controlling interest	Total
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
At 1 July 2022	**640,729**	**222,417**	**(524)**	**862,622**
Total comprehensive loss	-	(571,622)	(1,220)	(572,842)
At 30 June 2023	**640,729**	**(349,205)**	**(1,744)**	**289,780**
Total comprehensive loss	-	(262,254)	(4,097)	(266,351)
At 30 June 2024	**640,729**	**(611,459)**	**(5,841)**	**23,429**

Condensed consolidated statement of cashflows for the year ended 30 June

	2024	2023
	Kshs '000	**Kshs '000**
Net cash generated from operating activities	372,386	15,436
Net cash used in investing activities	(27,943)	(190,421)
Net cash used in financing activities	(405,143)	83,304
Net decrease in cash and cash equivalents	**(60,700)**	**(91,681)**
Cash and cash equivalents at start of the period	68,733	160,414
Cash and cash equivalents at end of the period	**8,033**	**68,733**

COMMENTARY ON THE RESULTS

Operating environment:

The past year was marked by various macro-economic headwinds that had a significant impact on our business. We have seen rising inflation, an increase in interest rates, an uncertain tax regime, fluctuating currency and a general economic slowdown across our markets. Further, the curriculum revisions proposed by the Presidential Working Party on Education Reforms in Kenya resulted in a drop in spending on books due to the anticipated changes in textbooks that would overhaul textbooks already developed from Pre-Primary 1 (PP1) to Grade 6 (G6). This has necessitated further provisions being booked on inventory held and development cost.

Financial highlights:

Revenue for the year increased by KShs 450 million representing 42% growth compared to the previous year. This growth was primarily attributed to enhanced market penetration activities despite the market disruptions.

Operating expenses decreased by 36% compared to the previous period, mainly due to the continued success of the efficiency model adopted in the last two years.

We reduced our borrowings by 16%. However, finance costs increased by 12% on account of interest rate hikes.

Operating profit, excluding provisions and impairment losses brought about by curriculum changes, grew by 176% to KShs 165 million compared to an operating loss of KShs 217 million in prior year. Loss after tax was KShs 237 million compared to loss of KShs 571 million for the prior year, impacted by the provisions and high interest rates.

Future outlook:

We have embarked on a new strategic period where the focus will be on regaining market dominance and growing our Edtech portfolio in all our markets and returns to shareholders. Following the spin-out of our digital business through Longhorn Digital Ventures, we have seen tremendous progress in our first start-up, LoHo learning which has already secured key partnerships with major Telecommunication service providers. With innovations already in place in the areas of interactive textbooks, games, science simulations and teacher dashboard which track learner engagement, we are on course to unveil a new era of learning in the region. Further innovations in Artificial Intelligence are also on course to enhance its adaptive learning capabilities. Our digital solutions will continue to work hand in hand with approved textbooks which remain a core part of learning.

Following the revision in the textbooks from PP1 to G6, we anticipate a more stable period which will enable us focus on market growth with textbooks that will have a much longer shelf life. The significant partnerships secured and successes in market penetration in the year for both our print and digital businesses put us well on course to achieve our long-term strategic objectives.

Despite the significant improvement in performance, the board does not recommend the payment of a dividend this year. This decision is based on the need to ensure that the business channels its returns on reducing its debt levels which will in turn reduce finance costs that have shrunk the shareholder returns. Further, the business still needs to continue investing in the new curriculum grades 10 to 12 which are critical to ensure long-term business survival.

By order of the Board,

Hon. Francis T. Nyammo, OGW, MBS
Group Chairman
10 September 2024