Expanding Minds

Since 1965

LONGHORN
PUBLISHERS PLC
expanding minds

INTEGRATED REPORT
& FINANCIAL STATEMENTS

2022

Table of contents

CBC Revision Books

For enquiries, contact:

0736 308 525 / 0713 793 734

Longhorn Publishers @LonghornPublishers @LhornPublishers
@longhornPublishersPLC @LonghornPublishers

About this Report

Integrated Thinking

Our 2022 Annual Integrated Report is a demonstration of our commitment to, and strategies for, creating value for our clients, shareholders and community. This report aims to inform stakeholders about our financial and non-financial performance for the year ended 30th June, 2022.

The report also provides an opportunity for the Group to evaluate and report its progress, successes, challenges, plans and strategies. The report is prepared for existing and prospective investors and also for other stakeholders for purposes of transparency and accountability. Longhorn Publishers PLC's success is underpinned by its ability to deliver value to stakeholders anchored on a keen interest to deliver innovative learning solutions through sustainable business practices.

About Us

OUR PURPOSE
The reason we exist –Expanding minds

OUR MISSION
To enrich lives through knowledge.

OUR VISION
To be the number one provider of innovative learning solutions in Africa.

OUR CORE VALUES
Integrity, innovation, professionalism, get it done.

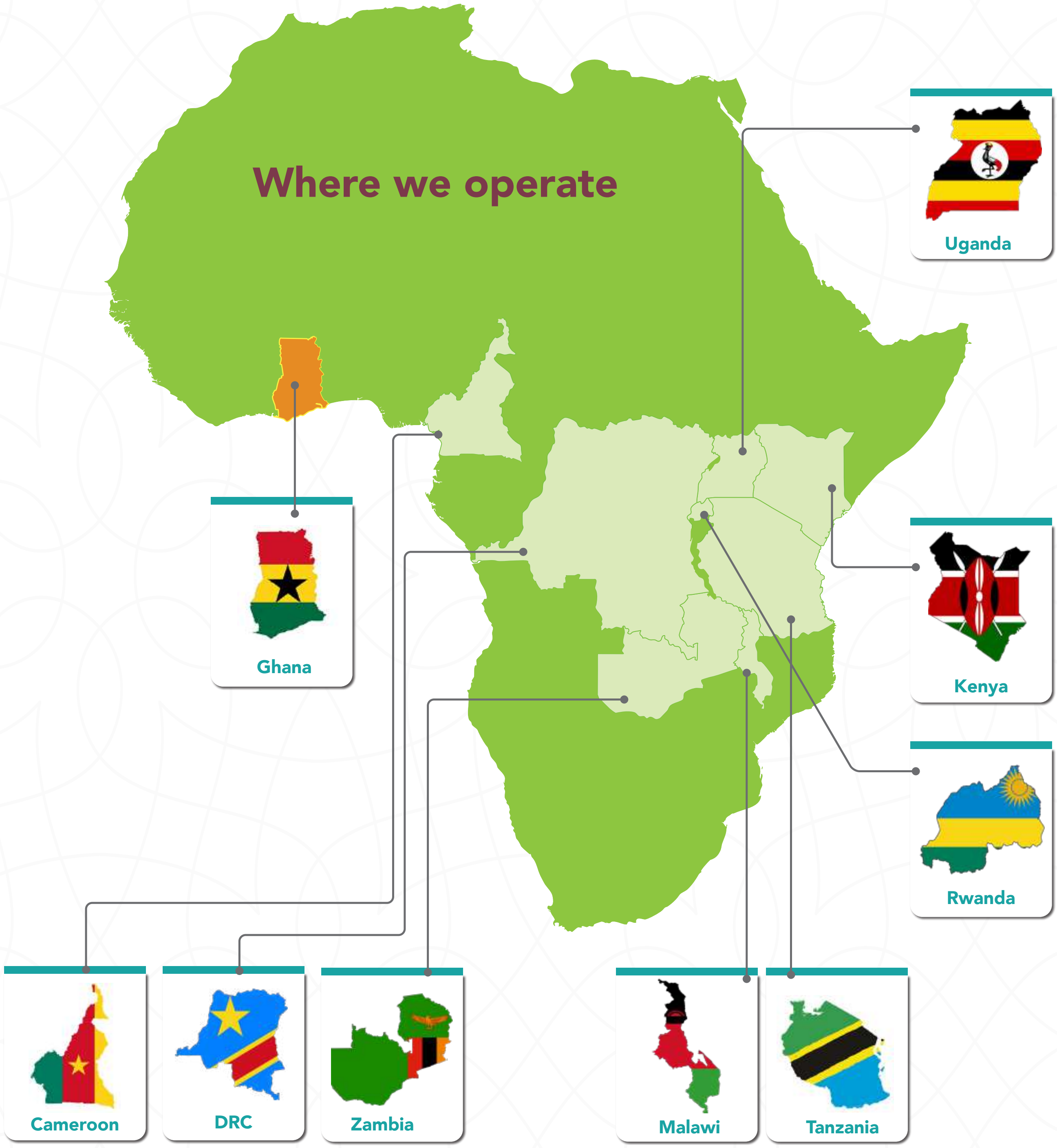
HOW WE WILL GET THERE
Collaboration, Innovation, Fast execution, Customer first

OUR IDENTITY
Content creators and platform business provider

Sustainable Development Goals (SDGs)

Longhorn commits to provide quality books with up-to-date and relevant information to learners in the regions (SDG 4), provide digital content using innovative and user friendly platforms (SDG 9). We guarantee that learners can access curriculum and non-academic titles through our technologies and partners (SDG 17)

About Us



The Group operates in **9** markets. It has grown its presence across the continent and operates established subsidiaries in **Kenya**, **Uganda**, **Tanzania** and **Rwanda**. The Group has continued its expansion within the continent through establishment of partnerships in **Zambia**, **Malawi**, **DRC**, **Cameroon** and **Ghana**.

About Us

History and background

Longhorn was incorporated in May 1965 as Longmans of Kenya, a wholly owned subsidiary of Longman Group International of the United Kingdom. At that time, it was mainly a sales promotion office handling Longman publications published in the UK.

In December 1969, the company changed name to Longman Kenya Limited. During the 1970s, a limited local publishing programme was started and around the same time, a few Kenyans were invited to join the Board of Directors.

Following the opening up of Eastern Europe after the fall of the Berlin Wall, many multinationals shifted their focus from Africa to the new markets. In the 1990's Kenya's then Minister for Education banned the importation of textbooks. This forced multinational to consider other ways of supplying the Kenyan market, including licensing, which drastically reduced their margins (as compared to supplying stock).

As a result, in the 1980s Longman UK sold 40% of its shareholding to Kenyans with a further 20% being sold in 1991. Finally, in 1993, Longman UK fully divested from the company when it sold its remaining 40% shareholding to Kenyans. As a result of this divestiture, the company changed its name to Longhorn Kenya Limited.

Key milestones

1965 – 1970
- Company changes names to Longman Kenya Limited in 1969
- Longmans of Kenya a subsidiary of Longman International Limited incorporated in 1965 as a sales promotion office

1970 – 1980
- Longman UK sells 40% of its shareholding to Kenyans in the 1980s.
- Local publishing programmed started and Kenyans invited to join the Board of Directors in the 1970s

1980 – 1993
- Company changes name to Longhorn Kenya Limited
- Longman UK divests completely from the company selling its remaining 40% shareholding to Kenyans in 1993
- Longman UK sells a further 20% of its shareholding to Kenyans in 1991

1995
- Longhorn Publishers Uganda Limited is incorporated as a wholly owned subsidiary of Longhorn Kenya Limited

2005 – 2007
- In 2007, Longhorn launches its Sasa Sema Imprint after acquiring the intellectual property of Sasa Sema Publications Limited
- Longhorn Publishers Tanzania Limited is incorporated in May 2005

2009 – 2011
- Longhorn's entry into the Rwanda market
- Longhorn's entry into the Malawi and Zambia markets

2012 -2014
- Longhorn Kenya is listed in the Nairobi Securities Exchange on 30th May 2012
- Longhorn Kenya Limited changes its name to Longhorn Publishers limited

2016
- Introduced digital content to the Kenyan market
- Acquisition of LawAfrica Publishing Limited

2018 - 2019
- Longhorn Publishers changes its name to Longhorn Publishers PLC
- Launched Language Services in 2019

2020 – 2022
- Registered entities in Cameroon and Democratic Republic of Congo
- Launched Publishing Services

Longhorn Strategy

Strategic Objectives

Financial

- Growth in revenue and margins
- Unlocking digital valuation
- Consistent growth in shareholder returns - capital gains and dividends

Non-financial

- People and culture transformation
- Digital transformation
- Stronger brand
- Africa-wide presence
- Customer-centric

How we will get there

1 People and culture

- Culture transformation
- Recruitment
- Competence and capability
- Performance management
- Retention

2 Marketing

- Harnessing on our brand to create a network effect
- Revise our marketing strategy
- Customer focus in creating new value proposition

3 Digital transformation

- eLearning (Virtual and augmented reality, A1 assessments, gamification etc)
- eBooks
- Platform as a Service (Digital Content Creation Tool, Self-publishing portal etc)
- Virtual school

Leverage on technology to create new revenue streams and grow existing ones

4 Make bold decisions on our current and new product offering

- New products – diversification from non-academic content
- Product structure – development and selling approach

5 Accelerating our regional growth strategy

- Government business and relationships
- Existing markets – Growth opportunities
- New markets – West and Francophone region

6 Sustainable financial model

- Financial discipline/ entrepreneurial mindset
- Revenue model
- Cost management
- Funding/investments
- Returns

Business Model

Our capitals

Financial capital

The pool of funds that are available and obtained through financing.

1

Human capital

Our employees' competencies, capabilities, and experience.

2

Intellectual capital

Our intellectual property such as patents, copyrights, and procedures including the Longhorn brand and reputation.

3

Social and relationship capital

Relationships within and between our stakeholders.

4

Manufactured capital

Physical objects that are available for use in the production of goods and services such as buildings, and vehicles that support our business activities.

5

The value we create

Our customers

We appreciate that our customers are the most important part of our existence. Through our customer feedback strategies, we are able to improve the quality of academic and non-academic products and services.

Government and regulators

We work closely with various government entities in the regions we have a presence to enhance the quality and relevance of education and integrate ICT into teaching and learning.

We endeavor to uphold the set standards by the regulatory bodies in our business operations.

Our suppliers

We have effective, personalised, and long-term partnerships with our suppliers in order to maintain profitability and drive efficiencies.

Our employees

We offer competitive benefits, continuous training and development, and workplace flexibility to attract and retain the best talent to achieve high-performance standards.

Our investors

We are committed to delivering good returns to our investors through efficient growth and streamlining of operations.

Our communities

We donate academic and non-academics materials to needy children.

Longhorn Language Services

Accurate and professional Language Services.

We provide high quality Language Services in all related fields in English, Swahili, French, Arabic, German, Portuguese, Spanish, Amharic, Chinese and Indigenous African languages.

ISO 9001:2015 certified

Our services

- Interpretation
- Translation
- Simultaneous Interpretation Equipment
- Executive Public Address Systems
- Transcription
- Website Localization
- Mobile Localization
- Software Localization
- Rapporteur Services
- Desktop Publishing

Why Choose Us?

1. We work with competent and specialized translators
2. Quality services
3. Dedicated project managers for each unique project
4. Quality control and assurance
5. Confidentiality

Longhorn Digital

Digital Strategy

Covid-19 shocked the education systems with millions of learners at home due to the closure of educational institutions. Covid-19 spurred digital transformation across the education sector, which necessitated accelerated digital solution offering by Longhorn Publishers PLC.

e-learning	SOMO Pro	SOMO- Grow	Content-As-A-Service	eBooks
An application offering fun, gamified learning using machine learning and AI for learners aged 3-18 years.	An upskilling platform for corporations to transform their workforce digitally to enhance their customer and employee journeys.	A platform for youth aged 18-24 years that provides learners with critical 21st century skills, and connects them to opportunities to use those skills.	Longhorn is committed to partnering with all institutions seeking content to provide their learners with the right materials to impact their operations.	An application offering fun interactive curriculum approved content with personalised reports for ages 3 to 18 years.

Longhorn Publishers PLC's forward-thinking approach to digital transformation began in 2016 when we pioneered our digital solution; we began performing an extensive needs analysis which provided feedback from key stakeholders namely students and teachers. This process resulted in a product roadmap which created the framework for our eLearning platform –a mobile and web-based app offering curriculum aligned content that helps learners to strengthen their knowledge comprehension learned at school.

eLearning – Curriculum aligned

Digital transformation pivoted Longhorn's product development to mitigate the challenges learners and teachers were facing, Longhorn provided its eLearning application to learners for free and reached over 200,000 subscribers.

Longhorn is focused on revamping its eLearning solution and creating a mobile and web-based application that uses the latest technologies – machine learning and AI to create a personalised learning path for learners aged 4-18. Our assessment application will provide the learners and teachers with a comprehensive report outlining the areas learners are competent in and those that need tutoring. Longhorn's algorithms will give every learners content in a different format depending on how they learn best.

Longhorn is committed to ensuring each learner comprehends all curriculum aligned content and will excel in their final assessments. Longhorn is constantly examining the structural impediments to traditional learning, recognizing that our learners are accustomed to highly engaging content and are very tech savvy, Longhorn is staying committed to creating fun learning solutions.

SOMO – Upskilling Platform

Covid-19 impacted students in higher education and the job market significantly. Longhorn immediately sought to upskill learners aged 18-24 and support organisations to train employees remotely through our Somo Grow and Somo Pro platforms. Somo is an upskilling platform that provides learners with critical 21st century skills, and connects them to opportunities to apply the skills.

Somo uses modern pedagogical principles to design learning experiences that create demonstratable outcomes. Somo partners with organisations to increase engagement and revenue across their business by transforming parts of their customer and employee journeys with learning experiences.

Content is provided in a variety of formats audio, video, note, and assessment. These are combined to form a learning playlist. The playlists are aligned to ensure each learner fully comprehends and can apply the learned knowledge. Corporations looking to transform and upskill their workforce should partner with SOMO and our vast network of experts and deep understanding of pedagogies to propel content creation specifically aligned to the needs of their organisation.

Longhorn Digital

Content-As-A-Service

Longhorn has built a significant expertise in content development with over 50 years creating curriculum aligned content, creative works (novels), and is now using modern pedagogies to offer training and upskilling to corporations and individuals alike.

Content consumption patterns have changed with individuals and learners looking for more engaging, content in a variety of formats. Longhorn is constantly developing new material using digital tools and is investing in animations and gamified content.

Longhorn is committed to providing learning solutions and welcomes all Governments, NGOs, Schools, Organisations who are seeking content partners to reach out.

Let's work together to educate the society.

eBook – Approved Curriculum material

Longhorn Publishers Plc has a wide variety of approved curriculum books for learners aged 3 to 18 years. Longhorn carefully selects and qualifies competent authors who write curriculum aligned material with high notch guidance and direction from subject aligned editorial expertise. With the digital tools within, Longhorn saw the need to convert these books to different content formats that correlates with the various teaching and learning needs of learners and teachers in our learning institutions.

Longhorn is keen to offer a robust eBook platform that speak to the various needs of our learners and teachers. Our web based eBook platform is built on the latest technology allowing teachers to create and send assignments to their learners while tracking their performance and submissions. Teachers gets to analyze their class performance which guides them on areas that needs polishing up. Learners are able to access the assignments, revision topics, make notes and submit completed assignments. Learners get feedback on submitted work with further learning as well as personalized reports on areas to work on.

Longhorn is committed to improve the teaching and learning experiences of teachers and learners alike. To this extend, Longhorn is continuously improving the eBooks platform by adding interactivities to the eBooks such as videos, interactive quizzes, links for further studies, colorful 2D and 3 D illustrations while at the same time linking chapters/strands to the eLearning platform for a 360 degree learning and revision for any learner.

The future

Longhorn Publishers PLC is the leading provider for digital learning solutions in Africa. Leaning on Longhorn Publishers PLCs existing strong network of partners, education institutions, teacher network and government relations in nine countries, the digital expansion will be aggressive ensuring learners across the continent are able to access digital learning solutions.

Longhorn Publishers PLC will continue to create market specific content and will provide this content-as-a-service to all organisations who require our content creation expertise or are in need of any content from our extensive content bank.
Longhorn is committed to be the Edtech accelerator with an aim of supporting innovation and building an Edtech community focused on revolutionising the way we teach and learn within and outside the institutions in Africa.

lawAfrica
Know. Do. Be More

Accelerating growth through strategic partnerships

"If you want to go fast, go alone. If you want to go far, go together" – African Proverb (Burkina Faso)

In our quest to remain the regional giant in legal and paralegal publishing, we have placed emphasis on consolidating key partnerships and creating new ones across the Business to Business (B2B) market.

As a result of our initiatives, we recorded a 24% growth in revenues for the financial year ended 30th June 2022, where the LawAfrica team managed to cross-sell and upsell to both new and existing key business partners.

We have also scaled up our CSR initiatives by collaborating with our partners in their corporate events; this has helped consolidate relationships while elevating the LawAfrica brand across the legal space.

LawAfrica Award to the best performing student at Kenya School of Law Annual 2022 Awards, presented by Ellah Munene (2nd left)

Internally, we remain cognizant of the fact that we are as strong as the sum of individual contributions to the organisation. We have monthly townhall sessions which have contributed to promoting transparency, building morale and momentum towards achieving our strategic goals.

A section of the LawAfrica team pose for a group photo to mark the end of Customer Service Week 2022, during which the star performer for Quarter 1 was awarded a Certificate of Excellence

Future Outlook

With the Kenyan market sufficiently regained, our focus will be to scale growth in the East African market where we recorded approximately 10% of the total revenues in FY21/22.

We will also continue with our digital journey by revamping the existing products while also creating customised products as has been the case with some of our key partners.

These efforts will enable us to remain on course with our mission to uplift the standards of legal research by providing up to date and relevant decision support information.

Law Reports

These are records of a judicial decision on a point of law that sets a precedent. Not all decisions taken in a court of law set a precedent, however interesting they may be in terms of the facts of the case or its consequences. A decision is only reportable if it lays down a new principle of law, or changes or clarifies the existing law and commentaries

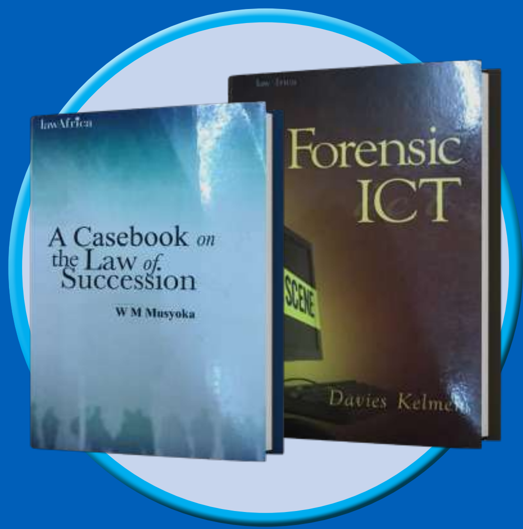
Statutes

This is a formal written enactment of a legislative authority that governs the legal entities of a city, state, or country by way of consent. Typically, statutes command or prohibit something, or declare policy.

Commentaries

These focus on one particular subject area of law and usually provide a summary of the law, background and analysis of legal topics, citations to important laws, regulations and court cases on a particular topic.

- Commentaries provide comprehensive coverage of administrative law, arbitration law, banking and finance law, civil law and procedure, commercial law, company law, constitutional law, contract law, criminal law, customary law, employment law, environmental law, family law and succession, law on ethics, evidence, equity and trusts, etc.
- The company's commentaries are written by legal professionals and academics in the subject area, and are updated on a regular basis, making them a reliable source of up-to-date, expert information.



Electronic Division

The platforms available are Online Law Reports and an eBookstore.

Online Law Reports

The platform has the LawAfrica Law Reports, East Africa Law Reports, East Africa Court of Appeal Reports and East Africa Protectorate Law Reports.

We are planning to include Uganda Law Reports (ULR), Tanzania Law Reports (TLR), Southern Sudan Law Reports and Journal (SSLRJ), East Africa General Reports (EAGR), Zanzibar Protectorate Law Reports (ZPLR).

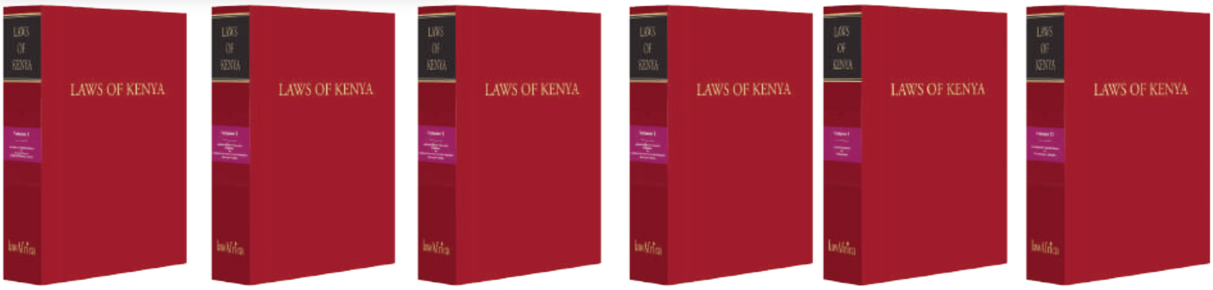
eBookstore

Customers can purchase our hardbound and paperback versions and pay through Pesapal to enable payment through MPESA, Airtel Money, Mastercard and Visa.

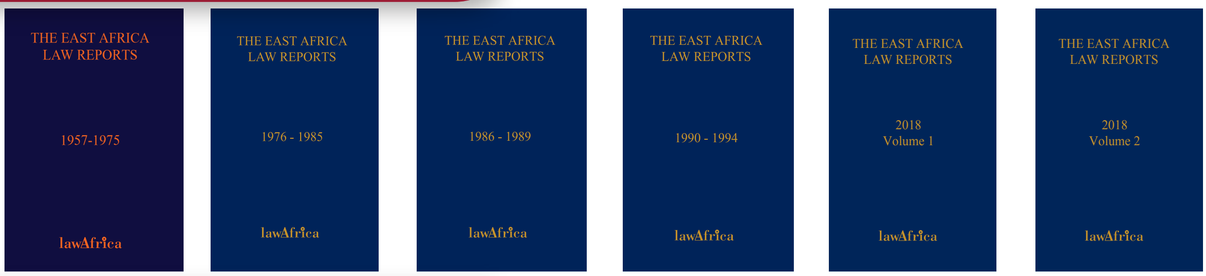
Please visit our website **www.lawafrica.com** for more information lawAfrica

Know. Do. Be More

LAWS OF KENYA



THE EAST AFRICA LAW REPORTS



THE EAST AFRICA PROTECTORATE LAW REPORTS

THE EAST AFRICA COURT OF APPEAL REPORTS

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Tertiary Consolidation Business

We supply and deliver books and resources to technical/ vocational training colleges, universities, corporate bodies, and international schools. We work closely with the institutions to contribute to achievement of their goals by availing much needed books and other learning resources.

Some of the institutions include Kenya Medical Training College, Karatina University, Egerton University, Bomet University College, Uzima University College, Kenya Water Institute and other leading tertiary institutions.

Regional Markets

Longhorn RDC

In line with our geographical expansion, Longhorn RDC was launched in Kinshasa, the Democratic Republic of Congo in August 2022 with the release of 18 Government approved titles (9 Learner books & 9 Teacher guides). The event was graced by the Honorable Deputy Minister of Basic, Secondary and Tertiary education, Ms Aminata Namasia and the Director of DIPROMAD (Direction de programme scolaire et de matériel didactique), Mr Guillaume Korogo.

Longhorn RDC launch in Kinshasa, the Democratic Republic of Congo in August 2022

Our people


POLO


EVERY CHILD
DESERVES A HEALTHY
START IN LIFE
Save the Children


KPSA

Our people

Risk Management

Introduction

Risk management practice is integrated in all business activities from strategy setting to operational activities. At strategy level, risk management is central to intelligent and informed decision analysis in the pursuit of business opportunities. At operational level, risk management directs the efficient design and Implementation of the system of Internal control to avoid or mitigate adverse outcomes relating to process failure. We view risk as the effect of uncertainty on objectives and maintain an agile, collaborative approach in keeping ahead of the evolution of risks to optimize business performance.

Risk management methodology

Our risk management methodology is grounded on the principles and components of COSO Enterprise Risk Management Framework (ERM) as depicted below.

The COSO ERM framework promotes a top down approach in the management of risks by aligning strategic objectives with operational plans and activities and thereby sustaining a focus on the business risks that matter the most. This ensures that the allocation of limited resources is consistently optimized for the achievement of business objectives.

Corporate Strategic Plan

The Board of Directors is ultimately responsible for setting up and monitoring the organization's risk management framework that includes the risk appetite. The risk appetite takes into account both quantitatively and qualitatively, the nature and extent of the risks that the organization is willing to take to achieve its strategic objectives, and seeks to strike a balance between business development and growth, and potentially adverse risk. The Board also considers the risk appetite in its evaluation of the sufficiency and effectiveness of actions planned or taken to address the current and emerging principal risks that may impact the achievement of strategic objectives. To support this evaluation, senior management assesses the risk appetite for each of the principal risks. The assessed risk appetite Is used to define the risk tolerance levels at tactical and operational levels of the business, and along with the core values and code of conduct, provide clarity on the organizational risk culture.

Risk management structure

Tool and methodologies, Standards, policy and Procedures

The business has a risk management policy and framework approved by the Board of Directors. The policy and framework affirms the risk management objectives and principles, assigns roles and responsibilities for the management of risks and describes the risk management methodology. Scenario analysis is widely adopted in decision making. A corporate risk register is maintained, regularly updated and reviewed for the effectiveness of actions planned and taken to address the risks.

Risk Management

Board

As part of its oversight responsibility, the Board of Directors approves changes to the risk management policy and framework and reviews its implementation effectiveness as well as the effectiveness of the overall system of Internal control. The Board of Directors accomplishes this by:

- Engaging with stakeholders to monitor their interests and communicate transparently on the achievement of objectives.
- Nurturing a culture promoting ethical behaviour and accountability.
- Establishing structures and processes for governance, including auxiliary committees as required.
- Delegating responsibility and providing resources to senior management for achieving the objectives of the organization.
- Determining organizational appetite for risk and exercises oversight of risk management (including internal control).
- Maintaining oversight of compliance with legal, regulatory, and ethical expectations.
- Establishing and overseeing an independent, objective, and competent internal audit function.

Senior management

The senior management team is primarily responsible for managing business risks and designing and implementing an effective system of internal control which includes but is not limited to appropriate organization structures, effective policies, processes and procedures, adequate information flows, ideal culture, ethics and behaviour, suitable people, skills and competencies and a reliable information technology infrastructure.

Risk management

The risk management function provides complementary expertise, support, monitoring, and challenge related to the management of risk, including:

- the development, implementation, and continuous improvement of risk management practices (including internal control) at a process, systems, and entity level.
- the achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal control; information and technology security; sustainability; and quality assurance.

Additionally, the risk management function provides analysis and reports on the adequacy and effectiveness of risk management (including internal control).

Internal audit

The Internal audit function communicates independent and objective assurance, advice and insights to senior management and the Board of Directors on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.

Types of Risk	Mitigation
Business Risk The rapidly changing landscape of the publishing industry exposes the Group to factors that would lower its profits, threaten the Group's ability to meet its target and achieve its financial goals. Uncertainties attributed to the changing landscape include shift towards digital publishing, change in curriculum, growing competition in Kenya and the knock-on effects of the Corona Virus pandemic.	**Digital Publishing** – The Group has invested in a well-trained, highly knowledgeable and dedicated team of digital publishers, content providers and digital sales and marketing team that work on the development and provision of digital content. **Curriculum Change** – The Group has invested significantly in skill development and training of staff to ensure our publishing team is conversant with the demands of the new curriculum. **Competition** – The Group has expanded its operations outside Kenya and is currently operating in over 9 countries in Africa. This helps to reduce the contribution of individual countries and spur growth.
Information Risk The confidentiality, integrity and continued availability of the Group's intellectual property is the source of its competitive advantage. As a consequence, events that may potentially compromise these attributes of our intellectual property, including but not limited, to piracy and sabotage, are continuously monitored and protected against to safeguard the Group's competitive advantage.	**Piracy** – The Group has added anti-piracy features on its books in order to reduce piracy of Longhorn Publishers PLC products. Additionally, there continues to be active participation in anti-piracy activities that discourage piracy. **Information security** –Through the stringent ICT policy, the Group ensures data and information movement is centralized and monitored to ensure that proprietary information is not inadvertently shared. Additional measures have already been taken to boost the Group's cyber security posture.

Risk Management

Types of Risk	Mitigation
Operational Risk The reliability and effectiveness of the Group's people, processes and information systems determines the consistency and predictability with which the strategy is executed.	**Processes and Systems** – The Group is ISO 9001:2015 Quality Management Systems certified. This means that it has documented its processes and systems to enforce consistency in all our operations.
Reputational Risk This is the potential that negative public perception with regard to the Group's generated content on either the print or digital products will cause a decline in the customer and investor confidence, costly litigation or revenue reduction.	**Content Editing** – The Group continues to Invest in a dedicated team of content editors who work to ensure that all content released from the Group meets the Group's quality assurance standards.
Financial Risk The Group's activities expose it to a variety of financial risks key among which are Credit Risk and Liquidity Risk. Credit Risk arises out of the sale of products on credit terms. As a result, the credit customer may fail to pay a credit invoice when it falls due. Liquidity Risk arises when the business cannot meet its short term debt obligations from a failure to convert assets into cash.	**Credit Risk** – The Group undertakes a rigorous distributor on-boarding process to ensure that the right kind of distributors are included. The distributors' creditworthiness is continuously monitored and appropriate adjustments made. **Liquidity Risk** – The Group maintains adequate cash balances in the bank by continuously monitoring, forecasting actual cash flows and matching the maturity profiles. The Group also maintains cordial relationships with its trade partners to amicably resolve delays whenever they arise.

Risk management structure

Financial Highlights

Revenue Growth 40%

Kenya **Revenue Growth** 27%

Uganda **Revenue Growth** 220%

Profit before tax 74.6M

Compared to prior year profit before tax of Kshs 17.8M

Note - These numbers exclude the impact of other income

Group Chairman's Statement

After the storm brought about by the Covid-19 pandemic, I am proud to say we can now see the sun. Our performance in the just-ended financial year is a clear indication that our business is on course to make a full recovery.

Achieving a 434 per cent jump in profitability is no mean feat. I, therefore, take this early opportunity to congratulate our management and staff for their stellar work that has brought us to this point. I would also like to thank our customers for their immense support.

This turnaround in fortunes that we are experiencing is driven by the three-year strategy we crafted in the heat of the pandemic's adverse effects, as well as the general economic recovery across our various markets on the continent. It is our hope that as we go into the future, the Group shall witness stronger growth as the negative effects of the pandemic wane and the world's economy gets back to where it was and grows even further.

In the financial year under consideration, the Group participated in a number of corporate social responsibility activities. This included book donations to the Rotary Club and other groups, as well as sponsorship of various events that have an impact on education. We will continue engaging in these activities as our way of giving back to the community.

Partnerships, both in the print and digital segments of the business, will remain key in our efforts to grow our market and reach as many learners as possible in Africa. We are looking forward to bringing to the market a number of products currently in the pipeline on the digital side as we seek to assert our dominance in this area. On the textbook publishing side, after launching operations in the Democratic Republic of Congo, we will soon cement our presence in Ghana as we scout for other markets on the continent.

We now have a new government in Kenya after the peaceful August 2022 elections. As the board, we will be keenly following the administration's policies that affect our business and ensure that we adapt appropriately. Where possible, we shall make our contributions to guide policymaking.

With the strategies we have in place, and our competent management and staff, I am confident that we shall experience the growth that will propel the Group to become the number one provider of innovative learning solutions in Africa.

Thank you.

Hon. F.T Nyammo, OGW, MBS
Group Chairman

Kauli ya Mwenyekiti

Baada ya msukosuko uliosababishwa na janga la Korona, ni furaha yangu kusema kuwa kwa sasa kuna matumaini. Matokeo yetu ya mwaka wa kifedha uliokamilika yanaashiria kuwa biashara yetu iko kwenye mkondo wa kufufuka kabisa.

Kupata faida ya asilimia 434 si jambo dogo. Ninachukua fursa hii kuupongeza uongozi wetu pamoja na wafanyakazi kwa juhudi walizoweka kutufikisha hapa. Ninawashukuru pia wateja wetu kwa mchango wao mkubwa.

Faida hii inatokana na mkakati wa miaka mitatu tuliotengeneza katika kilele cha athari mbaya za janga, pamoja na ufufukaji wa kijumla wa kiuchumi katika masoko yetu mbalimbali barani. Tuna matumaini kuwa kampuni itashuhudia ukuaji thabiti zaidi katika siku zijazo athari za janga zinapopungua na uchumi wa ulimwengu unapozidi kuimarika.

Katika mwaka husika wa kifedha, kampuni ilishiriki katika shughuli mbalimbali za uwajibikaji wa kijamii. Shughuli hizi ni michango ya vitabu kwa *Rotary Club* na makundi mengine pamoja na ufadhili wa matukio mbalimbali yanayohusiana na elimu. Tutaendelea kushiriki katika shughuli hizi kama njia ya kurudisha mkono kwa jamii.

Ushirikiano kati ya vitengo vya maandishi na kidijitali katika biashara yetu utabaki kuwa muhimu katika juhudi zetu za kukuza soko letu na kufikia wanafunzi wengi iwezekanavyo katika bara la Afrika. Tunatazamia kuleta sokoni bidhaa kadhaa katika kitengo cha kidijitali zilizo katika mchakato wa uboreshaji kwa sasa huku tukipania kudumisha utawala wetu katika kitengo hiki. Kwa kuzingatia uchapishaji wa vitabu, baada ya kuzindua shughuli katika Jamhuri ya Kidemokrasia ya Kongo, tutaimarisha uwepo wetu nchini Ghana hivi karibuni huku tukitafuta masoko mengine katika bara hili.

Kwa sasa tuna serikali mpya nchini Kenya baada ya uchaguzi mkuu wa Agosti 2022. Bodi inafuatilia kwa kina zaidi sera za utawala zinazoathiri biashara yetu na kuhakikisha kuwa tunakabiliana na mabadiliko yoyote ipasavyo. Panapowezekana, tutatoa michango yetu ili kuongoza uundaji wa sera.

Nina imani kuwa kupitia kwa mikakati tuliyonayo, usimamizi wetu na wafanyikazi wenye uwezo, tutapata ukuaji ambao utaisukuma kampuni kuwa mtoa huduma nambari moja wa masuluhisho bunifu ya kujifunza barani Afrika

Asante.

Mhe. F.T Nyammo, OGW, MBS
Mwenyekiti wa Kundi

Group Managing Director's Statement

It gives me great pleasure to present to you our annual report for the financial year ended June 2022. The significant achievements recorded during the year are a cause for celebration.

Our revenue grew by Sh494 million, a 40 per cent rise compared to the previous year while our financial costs dropped by 27 per cent. The Group's profit after tax recorded the biggest growth at 434 per cent, rising from Sh6.156 million in the previous financial year to Sh41.95 million. Cashflows from operations more than doubled from the prior year's Sh225 million to Sh566 million as a result of improved collections from customers.

Adaptive strategies, a gradual return to normalcy across our markets after the vagaries of the Covid-19 pandemic and collaborative work by the board, management and staff were the drivers of this great success. In Kenya, which is our largest market, the government crafted a crash programme that ensured the continuity of learning and therefore enabled us to keep selling our products. In Uganda, the reopening of schools in January 2022 made it possible for us to deliver millions of books to both primary and secondary schools.

In the year under review, we grew the number of government-approved school textbooks across our markets by over 70 titles, and also published the long-awaited third edition of the Kamusi Kuu ya Kiswahili. These titles will continue to bring in revenue in the current financial year and beyond.

Looking at future prospects, I am convinced that the Group will continue to post better performance as the world returns to normalcy post-pandemic.

As part of our expansion plans, the group formalised its presence in the Democratic Republic of Congo with the launch of Longhorn RDC, which will focus on publishing for schools. We have also launched Longhorn Publishing Services which will offer clients seeking to self-publish our top-notch editorial and publishing services. On the digital front, we continue to invest heavily in this segment as we believe it is key to the future of our business. We are currently seeking partnerships and investors to work with us as we expand our digital offerings. I am happy to announce that we have already partnered with Safaricom, Kenya's largest telephony and internet service provider, to extend our digital products' reach. These print and digital publishing expansion efforts are expected to significantly boost our earnings in the coming years.

The new government in Kenya has constituted a task force to review the competency-based curriculum, whose implementation is ongoing. While this creates risks for the business, we are planning in advance to ensure that the Group is not adversely impacted.

In conclusion, I want to sincerely thank our board, my colleagues in management and the staff for the good work that produced the results we are celebrating. We will continue leveraging this highly productive collaboration as we take Longhorn Publishers PLC into the future.

Thank you

Maxwell Wahome
Group Managing Director

Kauli ya Mkurugenzi Mtendaji

Ni furaha yangu kuwasilisha kwenu ripoti yetu ya mwaka wa kifedha uliokamilika Juni 2022. Mafanikio muhimu yaliyorekodiwa katika mwaka huo ni sababu kuu ya kusherehekea.

Mapato yetu yaliongezeka kwa shilingi milioni 494. Hili ni ongezeko la asilimia 40 ikilinganishwa na mwaka wa kifedha uliopita huku gharama zetu za kifedha zikipungua kwa asilimia 27. Kampuni ilirekodi faida kubwa zaidi ya asilimia 434 iliyoongezeka kutoka shilingi milioni 6.156 katika mwaka wa kifedha uliopita hadi shilingi milioni 41.95 baada ya kodi. Mtiririko wa pesa kutokana na shughuli uliongezeka zaidi ya mara mbili kutoka shilingi milioni 225 za mwaka uliopita hadi shilingi milioni 566 kutokana na kuboreshwa kwa makusanyo kutoka kwa wateja.

Mikakati ya kubadilika kwa wepesi, kurejea taratibu katika hali ya kawaida katika masoko yetu yote baada ya mabadiliko yaliyoletwa na janga la Covid-19, na ushirikiano wa bodi, usimamizi na wafanyakazi ndio vichochezi vya mafanikio haya makubwa. Serikali iliunda mpango wa dharura ambao ulihakikisha kuendelea kwa ujifunzaji na hivyo kutuwezesha kuendelea kuuza bidhaa zetu nchini Kenya, ambalo ndilo soko letu kubwa zaidi. Kufunguliwa tena kwa shule nchini Uganda mnamo Januari 2022 kulituwezesha kuwasilisha mamilioni ya vitabu kwa shule za msingi na sekondari nchini humo.

Katika mwaka unaoangaziwa, tulikuza idadi ya vitabu vilivyoidhinishwa na serikali katika masoko yetu kwa zaidi ya anwani 70 na tukachapisha toleo la tatu la Kamusi Kuu ya Kiswahili lililokuwa likisubiriwa kwa muda mrefu. Vitabu hivi vitaendelea kuleta mapato katika mwaka huu wa fedha na kuendelea.

Kwa kuangazia matarajio ya siku zijazo, nina hakika kwamba kampuni itaendelea kudhihirisha utendakazi bora zaidi ulimwengu unaporejea katika hali ya kawaida baada ya janga.

Kama sehemu ya mipango yetu ya upanuzi, kampuni ilirasimisha uwepo wake katika Jamhuri ya Kidemokrasia ya Kongo kwa uzinduzi wa *Longhorn RDC* ambayo itajikita katika uchapishaji kwa shule. Pia, tumezindua *Huduma za Uchapishaji za Longhorn* ambazo zitawapa wateja wanaotaka kujichapishia kazi huduma zetu za hali ya juu za uhariri na uchapishaji. Tunaendelea kuwekeza kwa kiasi kikubwa katika kitengo cha kidijitali kwa kuwa tunaamini kuwa kitengo hiki ni muhimu kwa mustakabali wa biashara yetu. Nina furaha kutangaza kwamba tayari tumeshirikiana na *Safaricom*, mtoa huduma mkubwa zaidi wa huduma za simu na intaneti nchini Kenya, ili kupanua ufikiaji wa bidhaa zetu za kidijitali.

Juhudi hizi za upanuzi wa uchapishaji wa kimaandishi na kidijitali zinatarajiwa kuongeza mapato yetu kwa kiasi kikubwa katika miaka ijayo.

Serikali mpya nchini Kenya imeunda jopokazi la kukagua mtaala wa umilisi ambao utekelezaji wake unaendelea. Ingawa hatua hii inahatarisha biashara, tunajipanga mapema ili kuhakikisha kuwa kampuni haiathiriki pakubwa.

Kwa kumalizia, ningependa kuishukuru kwa dhati bodi yetu, wafanyakazi wenzangu katika usimamizi na wafanyakazi wote kwa kazi nzuri iliyoleta matokeo tunayosherehekea. Tutaendelea kutumia ushirikiano huu wenye tija tunapoisukuma mbele *Longhorn Publishers PLC* katika siku zijazo.

Asante.

Maxwell Wahome
Mkurugenzi Mtendaji wa Kundi

Board of Directors

Hon. F.T Nyammo, OGW, MBS
Group Chairman

Board of Directors

Maxwell Wahome
Group Managing Director

Truphosa Kwaka-Sumba
Director (Non-Executive, Independent)

Thomas Omondi
Director (Non-Executive)

Fredrick Murimi
Director (Non-Executive)

Emma Miloyo
Director (Non-Executive, Independent)

Raymond Nyamweya
Director (Non-Executive)

Muigai Githu
Director (Non-Executive)

Ali Hussein Kassim
Director (Non-Executive, Independent)

Enid Muriuki
Company Secretary

Management Team

Maxwell Wahome
Group Managing Director

Management Team

Michael Mwaura
Chief Finance & Operations Officer

Penina Kimani
Chief Digital Officer

Irene Mwihaki
Head of Marketing & Communication

Keziah Waiganjo
Ag. Head of HR and Admin

Patricia Mganda
Quality Assurance Manager

David Gitare
Chief Internal Auditor

Charles Sseruwu
Country Manager Uganda

Joy Kemunto
ICT Manager

Martin Wafula
MD LawAfrica Publishing Ltd

Corporate Governance Statement

1. Introduction

The objective of Longhorn's corporate governance framework is to enhance long-term stakeholder value without compromising on ethical standards and corporate social responsibilities. At Longhorn, we believe that Corporate Governance is a reflection of our value system, encompassing our culture, policies, and the relationship with our stakeholders including the shareholders, regulators, employees, customers, suppliers, distributors, government, and the community at large. It essentially involves balancing the interests of the organization with those of our stakeholders. We further believe that Corporate Governance is more than just adherence to the regulatory and statutory requirements.

The Board of Directors is committed to the highest standards of corporate governance and business ethics as set out in the Code of Corporate Governance practices for Issuers of Securities to the Public 2015. The Board recognizes that good corporate governance is key to the enhancement of business performance.

The Board of Longhorn is at the heart of Longhorn's system of corporate governance and is ultimately accountable and responsible for the performance and affairs of the Company. The Board has oversight over the implementation of internal control systems that support good governance, as well as systems that ensure business partners are also complying with the highest standards of integrity and business ethics.

Longhorn continues to apply the following key principles of good corporate governance which have in return supported its growth as one of the market leaders in the publishing industry:-

(i) **Fairness:** We aim to ensure equal treatment and fairness in dealing with all our stakeholders including employees, shareholders, customers, suppliers, and other third parties.

(ii) **Accountability:** We take seriously the obligation and responsibility to give an explanation for Longhorn's actions and conduct in a balanced and understandable manner as we execute our business purpose. We have taken the responsibility for determining the nature and extent of the significant risks the Board is willing to take with sound risk management and internal control systems. The Board has also established formal and transparent arrangements for corporate reporting and communication with stakeholders at regular intervals.

(iii) **Responsibility:** The Board of Directors having been given authority to act on behalf of the Company has accepted full responsibility for the powers that it is given and the authority that it exercises. The Longhorn Board of Directors is responsible for overseeing the management of the business, affairs of the company, appointing the chief executive and monitoring the performance of the company. In doing so, it aims to act in the best interests of the company.

(iv) **Transparency:** At Longhorn, we endeavor to ensure that stakeholders are informed about the Company's activities in terms of what it plans to do in the future and any risks involved in its business strategies. The Board is always open and willing to provide clear information to shareholders and other stakeholders. This includes disclosure of material matters concerning the Company's performance and activities in a timely and accurate manner.

(v) **Sustainability:** The Board ensures that Longhorn conducts its business with meaningful regard for environmental, health, safety, and other sustainability issues relevant to its operations. This also includes monitoring trends relating to economic, social, and environmental sustainability issues and mapping out the issues that are most important to the company's business.

2. Board and Committees' Charters

The Board Charter defines the governance parameters within which the Board operates, sets out specific responsibilities to be discharged by the directors collectively, as well as certain roles and responsibilities of directors as individuals. Some of the salient aspects outlined in the Board Charter are but not limited to the following:-

- Board Structure and Composition
- Board Roles and Responsibilities
- Board Operations
- Transparency and Disclosure

In addition, each of the Board Committees has a Charter which stipulates its mandate in carrying out the delegated roles by the Board.

3. Board Roles and Responsibilities

In performing it roles and duties, the Longhorn's Board continually endeavors to:-

❖ define and chart out the Company's vision, mission and values taking cognizance that the Board has ultimate responsibility for the attainment of the Company's objectives;

Corporate Governance Statement

- determine the business strategies and plans that underpin the corporate strategy;
- discuss and approve strategic plans and annual budgets;
- monitor management's implementation of the strategic plans and financial objectives as defined by the Board;
- define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;
- continually monitor the exercise of delegated power by management;
- ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Company;
- ensure that the business of the Company is managed with a view to ensuring that the Company is ethical in all its dealings and exercises corporate social responsibility;
- ensure compliance by the Company with all relevant laws and regulations, audit and accounting principles, and such other principles as may be established by the Board from time to time;
- identify key risks, opportunities and strengths relating to the Company;
- ensure that the Company's organizational structure and capability are appropriate for implementing the chosen strategies;
- set policies on internal control and obtain regular assurance that the internal control system is functioning effectively and is effective in managing risks;
- appoint Board members who will add value to the Company;
- appoint the Managing Director, Heads of Departments, External Auditors, Company Secretary and other key consultants;
- review and approve annual audited accounts and related reports;
- communicate key policies and strategy issues to senior management;
- identify all stakeholders and ensure effective management of engagements with the stakeholders.

4. Board Composition

The Board is composed of nine directors comprising one Executive Director and eight Non-Executive Directors. Three of the Non-executive Directors are Independent Directors. The Chairman of the Board of Directors is a Non-Executive Director.

The Board appreciates the importance of diversity in its composition and recognizes the role of diversity in bringing different perspectives to the Board's deliberations. The Board is appropriately diversified in terms of its mix of skills, knowledge, expertise, gender and age, which supports the effective performance of its role. The Board members possess a variety of skills and expertise including business management, information technology, marketing and public relations, governance and leadership, legal, banking and finance, accounting, strategy and human resources.

The current structure of the Board of Directors is as below:-

Director	Nationality	Description	Date of appointment
Hon Francis T Nyammo	Kenyan	Non-Executive	01/07/1977
Centum Investment Company PLC*	Body Corporate	-	22/02/2008
Mr Raymond Nyamweya	Kenyan	Non-Executive	01/04/2004
Mr Ali Hussein Kassim	Kenyan	Independent Non-executive	01/03/2014
Mrs Truphosa Kwaka-Sumba	Kenyan	Independent Non-executive	01/12/2014
Mr Muigai Githu	Kenyan	Non-Executive	20/08/2015
Mr Fredrick Murimi	Kenyan	Non-Executive	21/04/2017
Mr Maxwell Wahome	Kenyan	Executive – Group Managing Director	04/09/2018
Ms Emma Miloyo	Kenyan	Independent Non-executive	01/04/2020

* Centum Investment Company Plc with effect from 1 May 2022 appointed Mr Thomas Omondi as its alternate director following the resignation of Mr Samuel Kariuki.

Corporate Governance Statement

5. Board Operations

The role of the Board is to exercise leadership, enterprise, integrity, and judgment in directing the affairs of the Company so as to achieve continuing prosperity for the Company and its shareholders. The Board endeavors to, at all times, act in the best interests of the Company.

The Board meets at least once every quarter but meets more regularly as circumstances warrant. The Chairman, working closely with the Company Secretary, and in consultations with the Group Managing Director, comes up with an Annual Board Work Plan for the Board and the agenda for Board meetings.

A summary of attendance at Board meetings held in the course of the year is shown below:-

Director	26 August 2021	16 September 2021	18 November 2021	17 February 2022	9 June 2022
F T Nyammo (Board Chair)	√	-	√	√	√
M Wahome	√	√	√	√	√
T Kwaka-Sumba	√	√	√	√	-
Centum Investment Co. Ltd*	√	√	-	√	-
R Nyamweya	√	√	√	√	-
A K Hussein	√	√	√	√	√
M Githu	√	√	√	√	√
F Murimi	√	√	√	√	√
Emma Miloyo	-	√	√	√	√

* Centum Investment Company Plc with effect from 1 May 2022 appointed Mr Thomas Omondi as its alternate director following the resignation of Mr Samuel Kariuki

The Group Managing Director ensures that non-executive directors receive reports and information on a quarterly basis, or on a more regular basis if warranted, which enables them to scrutinize the Company's operations and performance. Directors may also suggest items for discussion at meetings as well as request for additional information or a briefing on any topic prior to meetings.

The Board of Directors is committed to continually improving its effectiveness and has put in place a programme for continuous Board development. New Directors are also appropriately inducted regarding the Company's business and the operating environment, their roles and responsibilities to various stakeholders, including their statutory obligations. Directors can also take independent professional advice when deemed necessary.

6. Committees of the Board

The Board has approved and delegated certain authorities to its Board Committees. The Committees have specific mandates that are documented in the respective Terms of Reference as well as in the Board Charter to ensure accountability. The minutes of Board Committee meetings are tabled at subsequent Board meetings and Committee decisions and recommendations ratified or approved by the Board as may be applicable.

The Board has established three standing committees as follows:-

6.1 Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the ensuring adequate systems and control processes, and the preparations of accurate financial statements in compliance with all applicable legal requirements and accounting standards. The Board's Audit & Risk Committee also regularly reviews the effectiveness of the controls. Specifically, the Committee has oversight over the following areas:-

Corporate Governance Statement

- Financial reporting and disclosure matters which includes review of periodic accounts before their publishing as well as considering the internal and external audit findings in order to identify any material weaknesses in financial and accounting control systems.
- Risk Management and Internal Controls which includes review of the Company's risk management processes and assessing the adequacy of the overall control environment, as well as monitoring compliance with relevant legislation.
- Oversight over External Audit/Auditors activities including the independence, objectivity and effectiveness of the External Auditor.
- Oversight over Internal Audit activities including, review of the Internal Audit Charter, internal audit plans and reports, as well as the structuring and resourcing of the team.

The Audit & Risk Committee has five members, three of whom are independent non-executive directors.

A summary of attendance at the Audit & Risk Committee meetings held in the course of the year is shown below:-

Member	26 August 2021	28 October 2021	2 February 2022	28 April 2022	9 June 2022
A K Hussein (Chair)	√	√	√	√	√
T Kwaka-Sumba	√	√	√	√	-
R Nyamweya	√	√	√	√	-
E Miloyo	-	√	√	√	√
Centum Investments Company PLC*	√	√	√	√	√

*Represented by S Kariuki until 30 April 2022 and thereafter by T Omondi

6.2 Operations and Strategy Committee

The Operations and Strategy Committee is responsible for oversight over strategic and financial planning for the business including supporting the development of the plans and monitoring their implementation. The Committee also guides the development and implementation of corporate and social investment policies, and in assessing the Company's merger and acquisition opportunities.

- Strategic Planning: The Committee reviews, evaluates and, when appropriate, makes recommendations to the Board with respect to the Company's mission and core strategy, the Company's strategic plan objectives and the strategy development processes.
- Mergers and Acquisitions: The Committee reviews, evaluates and, when appropriate, make recommendations to the Board with respect to major acquisition and disposition opportunities.
- Financial Planning: The Committee reviews and when appropriate, make recommendations to the Board with respect to capital structure of the Company, financial plans, the dividend policy and other financing proposals.
- Investment Policy: The Committee reviews and makes recommendations on corporate investment policies.
- Corporate Investment: The Committee reviews, evaluates and provides advice to Management with respect to the Company's corporate social investment activities.

The Committee is comprised of five (5) members, all of whom are non-executive directors.

A summary of attendance at the Operations and Strategy Committee meetings held in the course of the year is shown below:-

Corporate Governance Statement

Director	22 July 2021	26 October 2021	4 February 2022	27 April 2022	2 June 2022
F Murimi (Chair)	√	√	√	√	√
Centum Investments Company PLC*	√	√	√	√	√
R Nyamweya	√	√	√	-	-
A K Hussein	√	√	√	√	√
M Githu	√	√	√	√	√

*Represented by S Kariuki until 30 April 2022 and thereafter by T Omondi

6.3 Nominations, Governance and Human Resources Committee

The role of the Nominations, Governance and Human Resource Committee is to make recommendations regarding the composition, operations and performance of the Board as well as the Company's human resources. Specifically, the Committee is responsible for:-

- Assessing and recommending to the Board for its selection, suitable candidates to serve on the Board;
- Making recommendations as to the size, composition, structure, operations, performance and effectiveness of the Board;
- Recommending the level of remuneration of directors and any reviews to the Board of Directors;
- Leading the Board in the annual review of its performance as well as the performance of the Board Committees;
- Overseeing the performance and succession planning process for the Managing Director and the Senior Management team;
- Reviewing and monitoring the Company's Human Resources management strategy to determine whether the Human Resource plans and initiatives will enable the Company to achieve its strategic objectives;
- Reviewing and when appropriate, recommending to the Board the Company's Human Resources policies as well as make recommendations to the Board regarding incentive-compensation plans;
- Developing and recommending to the Board a set of corporate governance principles, including independence standards; and
- Otherwise taking a leadership role in shaping the corporate governance of the Company.

The Nominations, Governance and Human Resource Committee has five members, three of whom are independent non-executive directors.

A summary of attendance at Nominations, Governance and Human Resources Committee meetings held in the course of the year is shown below:-

Member	5 August 2021	2 September 2021	28 October 2021	2 February 2022	28 April 2022	2 June 2022
T Kwaka-Sumba (Chair)	√	√	√	√	√	√
A K Hussein	√	√	√	√	√	√
F Murimi	√	√	√	√	-	√
M Githu	√	√	√	√	√	√
E Miloyo	√	√	√	√	√	√

Corporate Governance Statement

7. Separation of oversight and managing roles

The Board of Directors of Longhorn has ensured that there is a clear separation of duties between the Board of Directors and Management, as well as between the Chairman and Group Managing Director. The role of Chairman and Group Managing Director are not executed by the same person.

8. Company Secretary

The Company Secretary guides the Board of Directors on matters of statutory and regulatory compliance, and good governance. The Secretary also provides guidance to the Directors as to how their responsibilities should be properly discharged in the best interests of the Company, facilitates the induction for new Directors and assists with Directors' professional development as required.

In consultation with the Chairman and the Group Managing Director, the Company Secretary ensures effective information flow within the Board and its Committees, between Senior Management and non-executive Directors. This includes distribution of Board papers and minutes and communication of resolutions from Board meetings.

The Secretary also guides the Company in taking the initiative to not only disclose corporate governance matters as required by law but also information that is of importance to shareholders and stakeholders in decision-making.

The Secretary also ensures that formal records of Board discussions are maintained and follows up to ensure timely execution of agreed actions. The Company Secretary is a registered Practicing Member of the Institute of Certified Secretaries and an Accredited Governance Auditor by the Institute of Certified Secretaries.

9. Board Policies

In addition to the Board Charter, mentioned above, the Board has put in place a number of other policy and procedure documents to guide the Directors and Management on the execution of their roles and responsibilities and the effective running of the Group's businesses. The Board policies and related governance documents are summarized hereunder in line with the Board's desire to ensure adequate disclosures to stakeholders.

9.1 Conflict of Interest

The directors of the Company are under a fiduciary duty to act honestly and in the best interest of the Company. Directors should avoid putting themselves in positions where their self-interest conflict with their duty to act in the best interest of the Company.

It is the responsibility of every director to disclose to the Board any real or potential conflicts of interest which come to their attention, whether direct or indirect. The Board Charter provides ways of resolving conflict of interest situations including disclosure and refraining from voting or from discussions, exclusion from portions of board meetings where the matter is being discussed, or resignation in the case of a permanent conflict of interest.

The Board ensures that business transactions are conducted at arm's length.

9.2 Ethics and Code of Conduct

The Company has developed an Anti-Bribery and Corruption policy stipulating the ethical values, standards as well as specific guidelines that the Company adheres to in its interaction with its internal and external stakeholders.

The Board has ensured that proper mechanisms are in place to monitor and assess adherence to the prescribed Anti-Bribery and Corruption policy and ensures that all Directors and employees adhere to the prescribed Anti-Bribery and Corruption policy.

9.3 Whistle Blowing Policy

The Board has established whistle-blowing mechanisms to encourage stakeholders to bring out information helpful in enforcing good corporate governance practices and adherence to the Anti-Bribery and Corruption policy for the overall benefit of the Company.

9.4 Board Recruitment and Remuneration Policy

The Board has established policies to guide the recruitment and remuneration of the Board in line with the prevailing best practices.

Corporate Governance Statement

9.5 Communication Policy

The Board has established a Communications Policy to guide the Company's internal and external corporate communication amongst the various stakeholders.

9.6 Stakeholders Engagement and Management Policy

The Board has established a Stakeholder's Engagement and Management Policy to encourage the identification and proactive engagement of all its key stakeholders.

9.7 Environmental Social and Governance Policy

The Board has established the Environmental Social and Governance Policy whose commitment is to build sustainable, equitable, healthy, and diverse communities through a combination of innovative learning solutions and exemplary environmental, social and governance (ESG) performance. This commitment now informs every aspect of the business, including how we design and commercialize new projects, implement ongoing projects, collaborate with stakeholders and report progress.

10. Communication with Shareholders

Longhorn is committed to ensuring that shareholders, investors, and the financial markets are provided with appropriate and timely information about its performance. This is achieved through the release of our half-year and annual results in the local press, distribution of annual reports and holding of investor and other briefings.

The Annual General Meeting provides a good opportunity for shareholder engagement and, in particular, for the Chairman and the Group Managing Director to inform shareholders of the Company's performance and the projected future for the Company and respond to the shareholders' queries. The Company, through the office of the Company Secretary and the Chief Operations Officer, responds to any queries from the shareholders from time to time. The Company also communicates with its shareholders through its Share Registrar. Pertinent information on the Company's performance and other activities is posted on the Company's website.

11. Board Induction and Development

The Board ensures that new directors usually receive a comprehensive, formal and tailored induction programme to ensure familiarization with the Company's business and therefore be able to effectively contribute to the Board of Directors in the early days of their appointment.

All directors also receive continuing training to extend and refresh their knowledge and skills, which will add to their credibility and effectiveness in the discharge of their responsibilities. The Company provides the necessary resources for implementing these training programmes.

During the period under review, the Company did not have formal Board development activities due to the impact of Covid-19 on the business and the cashflows. However, various Directors undertook several LinkedIn training on areas of interest that are expected to enhance their Board leadership and effectiveness.

12. Board Performance Evaluation

The Board is keen to assess its performance and in line with the provisions of the Code for Corporate Governance for Issuers of Securities to the Public, 2015.

The Board members normally undertake an evaluation of their performance as a Board on an annual basis and a Board Evaluation Report is compiled with the resulting recommendations. The Board Evaluation Report is tabled at a Board meeting and areas of improvement are highlighted in an action plan whose implementation is tracked through the Board Committees. The Board in September 2022 engaged an Independent Consultant to undertake an evaluation of the performance of the Board and its subsidiaries for the year ended 30 June 2022. Actions to implement the recommendations will be effected in the financial year 2022/23.

13. Principal Activity

Longhorn Publishers Plc is a pan-African publishing house whose shares are listed on the Nairobi Securities Exchange. The Company has grown its dominance in the publishing sector by establishing its presence throughout the region. In the East African region, the Company has fully incorporated subsidiaries in Uganda, Rwanda and Tanzania, and has operations across other African countries including Malawi, Cameroon, Zambia, DRC, and Ghana through distributor partnerships.

Corporate Governance Statement

14. Compliance

Longhorn's shares are listed on the Nairobi Securities Exchange (NSE). The Company operates within the requirements of the Kenyan Companies Act, Capital Markets Act, NSE listing guidelines and continuing obligations, among other regulations, and adopts certain universally accepted principles in the areas of human rights, employment/labour standards, and environment in its commitment to best practice. Additionally, Longhorn prepares its financial statements in accordance with International Financial Reporting Standards (IFRS).

Legal and Compliance Audit: During the period under review, the Board, commissioned a Legal and Compliance Audit which was undertaken by competent professionals, in line with the requirements of the Code of Corporate Governance Practices for Issuers of Securities to the Public (the Code), 2015. The recommendations for further improvement have been notified to the Board and the opinion from the legal and compliance audit is included as part of this report.

15. Going Concern

After assessing a wide range of information relating to present and projected future conditions of profitability, cashflows, capital, and other resources, the Directors confirm that they are satisfied that Longhorn has adequate resources to continue in business for the foreseeable future. For this reason, Longhorn continues to adopt the going concern basis when preparing its financial statements.

16. Capital Structure

The issued and fully paid-up share capital of Longhorn Publishers Plc is Kshs. 272,440,473/- made up of 272,440,473 Ordinary Shares of Kshs. 1/- each.

17. Top Ten Shareholders as at 30 June 2022

No.	Name of Shareholder	No of Shares	%
1	Stanbic Nominees Ltd A/C R98301	164,014,078	60.20%
2	Pacific Futures and Options Limited	35,011,750	12.85%
3	Francis Thombe Nyammo	16,018,000	5.88%
4	Halifax Capital Corporation Limited	12,238,484	4.49%
5	Kamami Investments Limited	3,114,050	1.14%
6	Heer Gurbir Singh Amrik Singh	1,713,900	0.63%
7	Mrs Jane Kaari Mugiri (Deceased)	1,513,600	0.56%
8	Charles Esonga Onduso	1,504,194	0.55%
9	Kestrel Capital Nominees Limited A/c 009	1,479,400	0.54%
10	The Estate of the Late Ephantus M'Mwiandi Mugiri	1,477,600	0.54%
11	**Others**	**34,355,417**	**12.61%**
Total Issued Shares		**272,440,473**	**100.00%**

Corporate Governance Statement

18. Directors’ shareholding

Name of Director	No. of Shares	%
Stanbic Nominees Ltd A/C R98301*	164,014,078	60.20
Francis Thombe Nyammo**	16,018,000	5.88
Total	**180,032,078**	**66.08**

* Centum Investment Company Plc has a beneficial interest in 164,014,078 shares (60.2%) held by Stanbic Nominees Limited A/c R98301.

** Hon. Francis Thombe Nyammo has a beneficial interest in Pacific Futures and Options Limited which holds 35,011,750 shares (12.85%) of the Company.

It is highlighted that Muigai Githu has a beneficial interest in Halifax Capital Corporation Limited which holds 12,238,484 shares (4.49%) in the Company.

19. Distribution of shareholders as at 30 June 2022

	No. of shareholders	No. of shares	%
Less than 500	1,522	269,436	0.10%
501 – 1,000	373	317,169	0.12%
1001 – 5,000	697	1,804,089	0.66%
5001 – 10,000	235	1,760,061	0.65%
10,001 – 50,000	270	6,243,479	2.29%
50,001 – 100,000	42	2,987,947	1.10%
100,001 – 500,000	33	7,578,066	2.78%
500001 – 1,000,000	6	4,559,650	1.67%
Above 1,000,000	17	246,920,576	90.63%
Totals	**3,195**	**272,440,473**	**100.00%**

Legal & Compliance Auditor's Report

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC

INTRODUCTION
We have performed the Legal and Compliance Audit for Longhorn Publishers Plc covering the year ended 30th June 2022 to ascertain the level of adherence to applicable laws and regulations to deliver long term value to stakeholders. The Audit was undertaken in compliance with the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

OUR RESPONSIBILITY
Our responsibility was limited to conducting the Audit in accordance with the Constitution of Kenya 2010, applicable laws, and regulations; providing a Legal Audit Report of Findings and Recommendations; and giving an opinion on compliance of Longhorn Publishers Plc to the Constitution of Kenya 2010, and the applicable laws and regulations. Recommendations for further improvement have been notified to the Board.

BASIS OF OUR OPINION
We conducted the Audit in accordance with the terms of reference and conditions detailed in the contract. The Audit involved obtaining and reviewing documentary evidence of compliance to the law, policies, practices, and structures provided by the Act and other relevant laws. We believe that the audit evidence obtained and reviewed was sufficient and appropriate to provide a basis for our opinion.

OUR OPINION
In our opinion, the Board has put in place a satisfactory legal framework in the Company in compliance with the Constitution of Kenya 2010, the applicable laws, and regulations. We therefore issue an unqualified opinion.

Signed by the Lead Auditor

CS. Happi Kilongosi
ICPSK Practice Certificate Number P.1234
For: Azali Certified Public Secretaries LL.P
P. O. Box 6219-00200, Nairobi

27th October 2022

Financials

For the year ended 30 June 2022

Directors' Report

For the year ended 30 June 2022

The directors submit their report together with the audited financial statements for the year ended 30 June 2022.

BUSINESS REVIEW

The principal activity of Longhorn Publishers Plc (the company and its subsidiaries) continues to be the publishing of high quality educational and general books and provision of innovative digital learning solutions.

OPERATING ENVIRONMENT:

Across our various markets, we have seen a gradual improvement in the trading environment which supported the overall positive performance of the Group. In Kenya, the Government's support for uninterrupted learning in schools, the new school calendar year in July 2021, and a gradual economic recovery drove the recovery of sales in our largest market. In Uganda, schools reopened in January 2022. We have since enhanced our market penetration activities resulting in the highest revenue level in our history of operating in that country. We supplied books to over 23,000 public primary and 5,500 secondary schools across the country which further established our brand in the market.

Our ongoing geographical diversification across Africa continues to impact positively on our topline and will remain a key driver of revenue growth. In the year under review, we saw increased activity levels across our other markets relative to the previous year. We are positive that this trend will be sustained.

FINANCIAL HIGHLIGHTS:

Revenue for the year recovered robustly with an increase of Shs 481 million, representing a 39% growth, compared to the previous year. The increase was primarily driven by expansion into new geographical markets and increased sales following the resumption of learning in schools. The growth trajectory is expected to continue and is sustainable given the investments made to develop new markets under the new curricula.

The increase in operating expenses was mainly attributable to the reinstatement of staff benefits that had been reviewed as a response to the Covid-19 pandemic. Our selling and distribution costs also rose, consistent with an increase in selling activities in the period.

Finance costs reduced by 27% from the prior year on account of the reduction in borrowings, in light of the strong performance in operational cash generation. Net cash generated from operations increased to Shs 566 million in the year compared to Shs 226 million in prior year, reflective of increased collections from customers as our markets recover.

Against the above background, profit after tax improved to Shs 40 million compared to Shs 7 million for the prior year, an increase of 434%.

FUTURE OUTLOOK:

Digital business – We continue to make significant investments in our digital business, with a pipeline of products in the offing. We see this segment of the business as a key driver of our performance looking forward. We are currently at the fundraising stage for our digital portfolio. This will allow our current and new business to scale in partnership with like-minded venture builders.

Product portfolio – Our approved products continue to increase across the Group. The additional approvals for titles secured in our markets in the year included CBC Grade 6 and 7, set books and complementary titles in Kenya, 51 secondary titles in Uganda, 9 titles in the Democratic Republic of Congo (DRC) and the revised *Kamusi Kuu* in Tanzania. We are looking forward to additional approvals in all markets in the next financial year.

Directors' Report (continued)

For the year ended 30 June 2022

Key performance ratios

The table below highlights some of the key performance indicators:

	Group		Company	
Performance ratios	**2022**	**2021**	**2022**	**2021**
Revenue in (Shs'000)	1,724,401	1,243,925	1,297,719	1,019,384
Gross profit margin	37%	40%	40%	41%
Operating profit margin	12%	16%	16%	22%
Profit before income tax (Shs'000)	74,602	17,774	72,375	38,860
Net assets (Shs '000)	782,871	740,921	846,650	818,986

DIVIDEND

The directors do not recommend payment of dividends for the year (2021: Shs Nil).

DIRECTORS

The directors who held office during the year and to the date of this report were:

Hon. F. T. Nyammo - Group Chairman
Maxwell Wahome - Group MD and CEO
Raymond Nyamweya
Truphosa Kwaka-Sumba (Mrs)
Emma Miloyo (Ms)
Ali Hussein Kassim
Muigai Githu
Fred Murimi
Centum Investment Company PLC - Represented by Thomas Omondi

DISCLOSURES TO AUDITOR

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 and Group's auditor is unaware; and

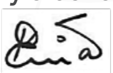
(b) Each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's and Group's auditor is aware of that information.

TERMS OF APPOINTMENT OF AUDITOR

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 721 (2) of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board



Secretary
30 August 2022

Directors' Responsibilities

For the year ended 30 June 2022

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and Group at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Company and Group keeps proper accounting records that are sufficient to show and explain the transactions of the Group; disclose with reasonable accuracy at any time the financial position of the Group; and that enables them to prepare financial statements of the Group that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
ii) Selecting suitable accounting policies and then apply them consistently; and
iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Company's and Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 30 August 2022 and signed on its behalf by:

Hon. F. T. Nyammo
Group Chairman

Maxwell Wahome
Group Managing Director & CEO

Directors’ Remuneration Report

For the year ended 30 June 2022

Information not subject to audit

The remuneration for Non-executive directors is determined by the Nominations and Governance Committee and reviewed on an annual basis based on the Group’s performance. The remuneration comprises of a monthly allowance, sitting allowances for board and committee meetings and a travel allowance.

The Executive director’s remuneration is fixed in the employment contract and reviewed periodically by the Nominations and Governance Committee.

Information subject to audit

The following table shows the remuneration for the directors in respect of qualifying services for the year ended 30 June 2022 together with the comparative figures for the year ended 30 June 2021.

For the year ended 30 June 2022	Salary	Fees	Gratuity	Bonuses	Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
Hon. F. T. Nyammo	-	2,366	-	-	2,366
Maxwell Wahome*	18,480	-	-	-	18,480
Muigai Githu	-	1,426	-	-	1,426
Raymond Nyamweya	-	1,009	-	-	1,009
Emma Miloyo	-	1,335	-	-	1,335
Ali Hussein Kassim	-	1,980	-	-	1,980
Truphosa Kwaka-Sumba	-	1,199	-	-	1,199
Centum Investment Plc**	-	3,125	-	-	3,125
	18,480	12,440	-	-	30,920
For the year ended 30 June 2021					
Hon. F. T. Nyammo	-	1,491	-	-	1,491
Maxwell Wahome*	13,090	-	-	-	13,090
Muigai Githu	-	782	-	-	782
Raymond Nyamweya	-	735	-	-	735
Emma Miloyo	-	746	-	-	746
Fred Murimi	-	-	-	-	-
Ali Hussein Kassim	-	1,223	-	-	1,223
Truphosa Kwaka-Sumba	-	700	-	-	700
Centum Investment Plc**	-	1,720	-	-	1,720
	13,090	7,397	-	-	20,487

*Executive director. The rest of the directors are non-executive.
**Centum Investment Company PLC is represented by Thomas Omondi.

On behalf of the Board

30 August 2022
Hon. F. T. Nyammo
Group Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Longhorn Publishers Plc (the Company) and its subsidiaries (together, the Group) set out on pages 51 to 85, which comprise the consolidated statement of financial position at 30 June 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 30 June 2022, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2022 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP. PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Nobert's B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC (Continued)

Key audit matter	How our audit addressed the matter
Valuation of goodwill As disclosed under note 16 of the financial statements, the Group has significant goodwill arising from acquisition of a subsidiary company. The goodwill is tested annually for impairment by comparing the carrying amount of the individual cash generating unit (CGU) to its recoverable amount. The determination of the recoverable amount being the higher of the value in use, involves significant estimates and assumptions of unobservable inputs such as projected cash flows, long term growth rates and discount rate. The methods, estimates and assumptions used in the determination of the fair value of the CGU are disclosed under note 16 of the financial statements.	We assessed management's processes and controls for determination of the fair value of the CGU, including the oversight from those charged with governance. We evaluated management's future cash flow forecasts by comparing them to recent actual performance and challenged the reasonableness of the approved five-year financial budgets of the CGU. We challenged the reasonableness of management's key assumptions in relation to long term growth rate and discount rate, as detailed below: • Long term growth rate by comparing them to economic and industry forecasts; and • Discount rate by assessing the cost of capital for the company and observable market data, as well as considering country specific factors. We performed sensitivity analysis of the assumptions in the goodwill calculations. We evaluated the adequacy and consistency of disclosures in the financial statements.

Other information

The other information comprises the Directors' report, Statement of directors' responsibilities, Directors' Remuneration report which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the report of directors' report on pages 43 to 44 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on page 46 has been properly prepared in accordance with the Companies Act, 2015.

CPA Kang'e Saiti Practising certificate No. 1652.
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
30 August 2022

Financial Statements

For the year ended 30 June 2022

Consolidated statement of profit or loss and other comprehensive income

	Notes	2022 Shs'000	2021 Shs'000
Revenue from contracts with customers	5 (b)	1,724,401	1,243,925
Cost of sales		(1,089,514)	(746,501)
Gross profit		634,887	497,424
Other income		16,708	3,024
Selling and distribution costs		(61,605)	(33,979)
Provisions for expected credit losses	18	(24,299)	(8,386)
Administrative expenses	7	(357,750)	(257,062)
Operating profit		207,941	201,021
Finance costs	6	(133,339)	(183,247)
Profit before income tax		74,602	17,774
Income tax expense	9	(34,684)	(10,299)
Profit for the year		39,918	7,475
Profit attributable to:			
- Owners of the parent		40,053	8,222
- Non-controlling interest		(135)	(747)
		39,918	7,475
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations, net of tax		2,032	(1,319)
Total comprehensive income for the year		41,950	6,156
Total comprehensive income attributable to:			
- Owners of the parent		42,085	6,903
- Non-controlling interest		(135)	(747)
		41,950	6,156
Earnings per share			
Basic and diluted earnings per share		0.15	0.03

Financial Statements

For the year ended 30 June 2022

Company statement of profit or loss and other comprehensive income

	Notes	2022 Shs'000	2021 Shs'000
Revenue from contracts with customers	5 (b)	1,297,719	1,019,384
Cost of sales		(784,682)	(606,292)
Gross profit		513,037	413,092
Other income		1,934	2,006
Selling and distribution costs		(51,351)	(16,513)
Administrative expenses	7	(258,344)	(177,319)
Operating profit		205,276	221,266
Finance costs	6	(132,901)	(182,406)
Profit before income tax		72,375	38,860
Income tax expense	9	(34,668)	(6,583)
Profit for the year		37,707	32,277
Other comprehensive income		-	-
Total comprehensive income for the year		37,707	32,277

Financial Statements

For the year ended 30 June 2022

Consolidated statement of financial position

	Notes	2022 Shs'000	2021 Shs'000
ASSETS			
Non-current assets			
Property and equipment	12 (a)	187,802	182,955
Intangible assets (Software)	13 (a)	7,846	9,959
Pre-publishing costs	13 (b)	861,924	802,370
Other assets	15	39,731	39,731
Goodwill	16	125,786	125,786
Deferred income tax	17	37,386	73,147
		1,260,475	1,233,948
Current assets			
Inventories	18	748,697	684,516
Trade and other receivables	19	487,184	873,136
Current income tax		28,397	32,111
Cash and bank balances	20	160,414	54,018
		1,424,692	1,643,781
TOTAL ASSETS		2,685,167	2,877,729
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	21	272,440	272,440
Share premium	21	368,289	368,289
Retained earnings		196,676	156,623
Translation reserve, net of tax		(54,010)	(56,042)
		783,395	741,310
Non-controlling interest		(524)	(389)
Total equity		782,871	740,921
Liabilities			
Current liabilities			
Trade and other payables	22	922,297	942,654
Borrowings	23	979,999	1,177,002
Bank overdraft	20	-	17,152
		1,902,296	2,136,808
TOTAL EQUITY AND LIABILITIES		2,685,167	2,877,729

The financial statements on pages 51 to 85 were approved for issue by the board of directors on 30 August 2022 and signed on its behalf by:

Hon. F. T. Nyammo
Group Chairman

Maxwell Wahome
Group Managing Director & CEO

Financial Statements

For the year ended 30 June 2022

Company statement of financial position

	Notes	2022 Shs'000	2021 Shs'000
ASSETS			
Non-current assets			
Property and equipment	12 (b)	130,276	127,721
Intangible assets (Software)	13 (a)	6,784	8,084
Pre- publishing costs	13 (b)	605,210	567,071
Other assets	15	39,731	39,731
Investment in subsidiaries	14	166,594	166,594
Deferred income tax	17	37,386	71,969
		985,981	981,170
Current assets			
Inventories	18	493,458	502,751
Trade and other receivables	19	305,016	753,218
Due from subsidiary companies	27 (a)	719,698	643,457
Current income tax		27,866	27,951
Cash and bank balances	20	153,584	47,437
		1,699,622	1,974,814
TOTAL ASSETS		2,685,603	2,955,984
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	21	272,440	272,440
Share premium	21	368,289	368,289
Retained earnings		215,964	178,257
Total equity		856,693	818,986
Liabilities			
Current liabilities			
Trade and other payables	22	824,160	920,597
Due to subsidiary company	27 (b)	69,083	69,083
Borrowings	23	935,667	1,130,166
Bank overdraft	20	-	17,152
		1,828,910	2,136,998
TOTAL EQUITY AND LIABILITIES		2,685,603	2,955,984

The financial statements on pages 51 to 85 were approved for issue by the board of directors on 30 August 2022 and signed on its behalf by:

Hon. F. T. Nyammo
Group Chairman

Maxwell Wahome
Group Managing Director & CEO

Financial Statements

For the year ended 30 June 2022

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings	*Translation reserve	Non-controlling interest	Total equity
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2021						
As start of year	272,440	368,289	148,401	(54,723)	358	734,765
Profit for the year	-	-	8,222	-	(747)	7,475
Other comprehensive loss for the year:						
Exchange difference on translation of foreign operations	-	-	-	(1,319)	-	(1,319)
At end of year	272,440	368,289	156,623	(56,042)	(389)	740,921
Year ended 30 June 2022						
As start of year	272,440	368,289	156,623	(56,042)	(389)	740,921
Profit for the year	-	-	40,053	-	(135)	39,918
Other comprehensive income for the year:						
Exchange difference on translation of foreign operations	-	-	-	2,032	-	2,032
At end of year	272,440	368,289	196,676	(54,010)	(524)	782,871

* Translation reserve – This relates to foreign currency translation exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Financial Statements

For the year ended 30 June 2022

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Total equity
Year ended 30 June 2021				
As at start of the year	272,440	368,289	145,980	786,709
Profit for the year	-	-	32,277	32,277
At end of year	272,440	368,289	178,257	818,986
Year ended 30 June 2022				
As at start of the year	272,440	368,289	178,257	818,986
Profit for the year	-	-	37,707	37,707
At end of year	272,440	368,289	215,964	856,693

Financial Statements

For the year ended 30 June 2022

Consolidated statement of cash flows

	Notes	2022 Shs'000	2021 Shs'000
Cash flows from operating activities			
Cash generated from operations	23	566,361	225,682
Income tax paid		(1,276)	(332)
Net cash generated from operating activities		565,085	225,350
Cash flows from investing activities			
Purchase of property and equipment	12 (a)	(18,071)	(4,194)
Proceeds from disposal of property and equipment		2,309	-
Purchase of intangible assets (software)	13 (a)	(3,800)	(1,800)
Spend on pre-publishing costs	13 (b)	(91,165)	(96,027)
Net cash used in investing activities		(110,727)	(102,021)
Cash flows from financing activities			
Proceeds from borrowings	23	1,249,145	630,292
Repayments - Principal	23	(1,464,979)	(681,254)
Repayments - Interest	6	(114,508)	(151,270)
Net cash used in financing activities		(330,342)	(202,232)
Net increase/(decrease) in cash and cash equivalents		124,017	(78,903)
At start of year		36,866	115,769
Translation differences on cash and cash equivalents		(469)	-
At end of year	20	160,414	36,866

Company statement of cash flows

	Notes	2022 Shs'000	2021 Shs'000
Cash flows from operating activities			
Cash generated from operations	24	525,038	210,561
Income tax paid		-	(315)
Net cash generated from operating activities		525,038	210,246
Cash flows from investing activities			
Purchase of property and equipment	12 (b)	(11,386)	(229)
Proceeds from disposal of property and equipment		1,651	-
Purchase of intangible assets (software)	13(a)	(4,478)	(1,800)
Spending on pre-publishing costs	13(b)	(60,127)	(43,866)
Net cash used in investing activities		(74,340)	(45,895)
Cash flows from financing activities			
Proceeds from borrowings	23	1,249,145	630,292
Repayments - Principal	23	(1,462,396)	(680,256)
Repayments - Interest		(114,149)	(144,065)
Net cash used in financing activities		(327,400)	(194,029)
Net increase /(decrease) in cash and cash equivalents		123,298	(29,678)
At start of year		30,286	59,963
At end of year	20	153,584	30,285

Financial Statements

For the year ended 30 June 2022

Notes

1 General information

Longhorn Publishers Plc is a limited liability company incorporated in Kenya under the Companies Act, 2015 and is domiciled in Kenya. The address of its registered office is:

LR No. 209/5604
Funzi Road, Industrial Area
P O Box 18033 – 00500
Nairobi

The consolidated financial statements as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (which together are referred to as the 'Group').

The Company's shares are listed on the Nairobi Securities Exchange.

For Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income, in these financial statements.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

(i) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in compliance with the Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(ii) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'Functional Currency'). The financial statements are presented in Kenya Shillings in thousands (Shs) which is the Company's Functional Currency.

All financial information presented in Kenya Shillings have been rounded to the nearest thousand except when otherwise indicated.

(iii) Going concern

The Group's statement of financial position indicates a net current liabilities position of Shs 478 million (2021: net current liabilities position of Shs 493 million).

To satisfy themselves as to the going concern of the Group, management has considered the following:

- Borrowings reduced by Shs 197 million at year end from previous year through repayments attributable to improved sales and collections after resumption of learning in schools in all countries we operate in. This trend is expected to continue based on sales projections, barring any further disruptions to the business;
- The Group had undrawn funding available as at 30 June 2022 of Shs 99 million as disclosed in Note 23. Our existing revolving bank facilities means that the available amounts will increase as scheduled repayments are made;
- The Group continues to enjoy favourable trading terms with its suppliers owing to the long-term view of the business; and
- We intend to refinance the existing short-term loans to long-term loans of at least 5-year tenure to reflect the pattern of realisation of economics benefits from the investments made in new curriculum. The impact on the business will be reduced finance costs per year, cash savings of Shs 758 million in FY23 and curing of the net current liability position since Shs 870 million of the borrowings will be classified under non-current liabilities. The related discussions are at advanced stages.

Notes (continued)

2 Significant accounting policies (continued)

(iii) Going concern (continued)

Based on the above, the directors are satisfied that the Group would generate or access sufficient funds to meet all its obligations over the next twelve-month period from the date of the financial statements.

(b) Changes in accounting policy and disclosures

The table below provides a summary of relevant (i) new standards and amendments that are effective for the first time for periods commencing on or after 1 July 2021, and (ii) forthcoming requirements, being standards and amendments that will become effective on or after 1 July 2022.

(i) New and amended standards not adopted by the Group

Number	Executive summary
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment.	Annual periods beginning on or after 1 April 2021 (early adoption is permitted) (Published March 2021) The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient.
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2).	Annual periods beginning on or after 1 January 2021 (Published August 2020) The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

Notes (continued)

2 Significant accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(ii) New and amended standards in issue but not yet effective in the year ended 30 June 2022

Number	Executive summary
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022(Published May 2020). The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	This amendment is applicable for annual periods on or after 1 January 2022. These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020) The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020). The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Financial Statements

For the year ended 30 June 2022

Notes (continued)

2 Significant accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(ii) New and amended standards in issue but not yet effective in the year ended 30 June 2022

Number	Executive summary
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020) The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023(Published Jan 2020) The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment. Further detailed information is available at the following link: In Brief 2020-3
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021) The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021) The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

(c) Consolidation

The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is an entity controlled by Longhorn Publishers Plc. Control is the power to direct the relevant activities of the subsidiary that significantly affects the subsidiary's return so as to have rights to the variable return from its activities.

Where the Group has the ability to exercise joint control over an entity but has rights to specified assets and obligations for liabilities of that entity, the entity is consolidated on the basis of the Group's rights over those assets and liabilities.

Notes (continued)

2 Significant accounting policies (continued)

(c) Consolidation (continued)

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investments in subsidiaries are accounted for at cost in the Company's financial statements.

(ii) Non-controlling interest (NCI)

NCI are initially measured at their proportionate share of the acquired identifiable net assets at the acquisition date.

(iii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(iv) Balances and transactions eliminated at consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment and investment in associates is accounted for using the equity method. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(d) Revenue recognition

The Group recognises revenue for sales of books, rights and digital material. Revenue is recognised as and when the Group satisfies a performance obligation by transferring control of a product to a customer.

The Group applies the five-step model as per IFRS 15 - *Revenue from contracts with customers*, to determine when to recognise revenue and at what amount. The following approach is used:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

The Group accounts for a contract with a customer only when; there is evidence of an arrangement, the Group can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

The performance obligation is the delivery of the books, rights and digital material.

For each of the revenue streams, the Group recognises revenue at a point in time specifically after the performance obligation to the customer has been fulfilled.

The Group policy is to allocate the total transaction price to the performance obligations in the product offer / contract by reference to their relative stand-alone selling prices e.g. books at standard cost price grossed up for margins.

The Group has no contract assets and liabilities due to the nature of the business.

Notes (continued)

2 Significant accounting policies (continued)

(e) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

a) Current income tax
The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred income tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

b) Deferred income tax (continued)
Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Property and equipment

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold property	2.5%
Furniture	10%
Motor vehicles	25%
Computers	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(g) Pre-publication costs

Pre-publication costs represent direct costs such as editorial, type-setting and staff costs incurred in the development of titles prior to their publication. These costs are carried forward in current intangible assets where the title will generate future economic benefits and costs can be measured reliably. These costs are amortised upon publication of the title over estimated economic lives of ten years or more, being an estimate of the expected operating life cycle of the title.

Notes (continued)

2 Significant accounting policies (continued)

(h) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess consideration transferred over interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purposes of impairment testing, goodwill acquired in business combination is allocated to each of the cash generating units (CGUs) or Groups of cash generating units CGUs that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Computer software

Expenditure on acquisition or development of computer software is initially recognised at cost as intangible assets and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives of 3 years.

Intellectual property

Intellectual property relates to brand names, publishing titles and licences and copyrights acquired. Intellectual properties are initially recognised at cost of acquisition and carried at their cost less any accumulated amortisation and any impairment losses. Amortisation of intellectual properties is calculated on the straight line basis over their estimated useful life of ten years.

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and expenditure incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling expenses. Provision are made for obsolete, slow moving and defective inventories.

(j) Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which they are declared. Dividends are declared upon approval at the annual general meeting.

(k) Employee benefits

(i) Group's defined contribution retirement benefits scheme

The Group operates a defined contribution pension scheme for its eligible employees.

Notes (continued)

2 Significant accounting policies (continued)

(k) Employee benefits (continued)

The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by contributions from both the employees and the Group. The contributions to the defined contribution plan are charged to profit or loss in the year to which they relate.

(ii) Statutory defined contribution pension scheme

The Group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently at Sh 200 per employee per month in Kenya, 10% of the basic pay per employee per month in Uganda and 20% of the basic pay per employee per month in Tanzania.

(iii) Other employee entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability in respect of annual leave accrued at the end of the reporting year.

The Group's obligations to retirement benefit schemes are recognised in the profit or loss as they fall due.

(l) Financial instruments

(i) Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

(ii) Classification

The Group classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.
b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
c) All other financial assets are classified and measured at fair value through profit or loss.
d) Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
e) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Trade and other receivables, cash and bank balances and amounts due to subsidiary companies were classified as at amortised cost.
- Trade and other liabilities were classified as at amortised cost.

(iii) Initial measurement

On initial recognition:
- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Notes (continued)

2 Significant accounting policies (continued)

(l) Financial instruments (continued)

(iv) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income and exchange gains and losses are recognised in profit or loss.

(v) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All changes in the loss allowance are recognised in profit or loss.

(vi) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, cancelled or expires.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(m) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

Foreign currency translation exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Consolidation of Group entities

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of

Financial Statements

For the year ended 30 June 2022

Notes (continued)

2 Significant accounting policies (continued)

(m) Foreign currency translation (continued)

the rates prevailing on the transaction dates, in which case income and expenses are translated at actual rates at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve except to the extent that the translation difference is allocated to Non-controlling interest (NCI).

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency at the closing exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at actual exchange rates at the dates of the transactions.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short-term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from the bank repayable within three months from the date of advance.

(o) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

(q) Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director who makes strategic decisions.

(s) Earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

Notes (continued)

2 Significant accounting policies (continued)

(s) Earnings per share (continued)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Comparatives

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

3 Critical accounting estimates and judgements

(i) Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expected future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Note 4 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The carrying amount of the goodwill and the key assumptions made are set out in Note 16.

Useful life of pre-publication assets

Pre-publication assets are amortised upon publication of the title over estimated future printing runs, being an estimate of the expected operating lifecycle of the title. The assessment of the recoverability of pre-publication assets is based on historical trends and management estimation of future potential sales. An incorrect amortisation profile could result in excess amounts being carried forward as intangible assets.

Income taxes

The Company exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

Deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilized. When recognizing deferred income tax assets, the Company exercises judgement in determining whether sufficient taxable profits will be available; this is done by assessing its future financial performance.

Notes (continued)

3 Critical accounting estimates and judgements (continued)

(ii) Critical judgements in applying accounting policies

In the process of applying the group's accounting policies, directors have made judgements in determining:

- The classification of financial assets; and
- Whether financial and non-financial assets are impaired.

4 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of the operating environment and markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. Senior management identify, evaluate and mitigate financial risks. The board of directors provide guidance on the overall risk management.

Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management's policy to manage foreign exchange risk is to hold foreign currency bank accounts to hedge against any foreign currency denominated amounts payable.

At 30 June 2022, if the currency had weakened/strengthened by 4% (2021: 4%) against the US dollar with all other variables held constant, post-tax profit for the year and equity would have been increased/reduced by Shs 295,604 (2021: Shs 432,068), mainly as a result of US dollar denominated trade payables and bank balances. The impact of balances related to other currencies such as TZS and UGX are not material to the financial statements.

(ii) Price risk

The Group does not hold price sensitive financial instruments hence does not face price risk.

(iii) Interest rate risk

The Group is not exposed to interest rate risk as it borrows funds at fixed interest rates.

There has been no change in interest rates from prior year.

Credit risk

Credit risk arises from cash and short-term investments as well as trade and other receivables. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. For banks and financial institutions, only reputable well-established financial institutions are accepted. For trade receivables, the credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The Group has two types of financial assets that are subject to the expected credit loss model, i.e. trade and other receivables and cash and cash equivalents. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

Trade receivables and Related party receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

Notes (continued)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

The expected loss rates are based on the payment profiles of sales over a period of 6 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted for factors that are specific to the customers, general economic conditions in which the customers operate and an assessment of both the current as well as forecast direction of conditions at the reporting date.

In determination of significant increase in credit risk, the Group applies the following qualitative factors, amongst others, the failure of the customer to meet the agreed payment plans, severe financial difficulties faced by the customer and the debtor has been declared insolvent. Trade receivables are written off when there is no reasonable expectation of recovery.

Refer to below summary of loss rates.

Country	KE		UG		TZ		RW	
Classification / Ratios	LGD	PD	LGD	PD	LGD	PD	LGD	PD
Active customers	10%	13%	19%	47%	34%	30%	100%	100%
Inactive customers	70%	53%	28%	75%	88%	75%	100%	100%
Government	1%	23%	1%	11%	-	-	-	-
Related party	1%	5%	-	-	-	-	-	-
Staff	30%	23%	-	-	90%	75%	-	-

PD-Probability of default, LGD-Loss given default

Other receivables
Other receivable balances are assessed for impairment based on the counterparty's ability to settle on demand. The expected credit loss was immaterial.

Cash and bank balances
For cash at bank, management assesses the expected credit loss based on probability of default attached to the various banks by external rating agencies or the Central Bank of Kenya. The expected credit loss was immaterial.

Notes (continued)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

The table below details the maximum exposure to credit risk:

Group

	Gross amounts	Expected Credit Loss (ECL)	Total
30 June 2022	**Shs'000**	**Shs'000**	**Shs'000**
Trade receivables	506,979	(132,294)	374,685
Staff receivables	8,046	(2,376)	5,670
Other receivables	36,717	-	36,717
Bank balances	160,414	-	160,414
	712,156	(134,670)	577,486
30 June 2021			
Trade receivables	890,215	(110,371)	779,844
Staff receivables	3,666	-	3,666
Other receivables	6,111	-	6,111
Bank balances	36,866	-	36,866
	936,858	(110,371)	826,487
Company			
30 June 2022			
Trade receivables	268,381	(79,449)	188,932
Staff receivables	6,339	(886)	5,453
Other receivables	42,763	-	42,763
Due from subsidiaries	719,698	-	719,698
Bank balances	153,584	-	153,584
	1,190,765	(80,335)	1,110,430
30 June 2021			
Trade receivables	738,561	(80,335)	658,226
Staff receivables	1,742	-	1,742
Other receivables	11,011	-	11,011
Due from subsidiaries	643,456	-	643,456
Bank balances	30,285	-	30,285
	1,425,055	(80,335)	1,344,720

The movement in expected credit loss provisions has been disclosed under Note 19.

Notes (continued)

4 Financial risk management objectives and policies (continued)

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash balances in the bank by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Excess cash is invested in call deposits which are readily convertible to liquid cash whenever need arises.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. For balances due within 12 months of year end, the carrying amounts are equal to their undiscounted cash flows as the impact of discounting is not significant.

Group	Less than 12 Months Shs'000	Between 1-2 years Shs'000	Total Shs'000
At 30 June 2022			
Trade and other payables	922,297	-	922,297
Borrowings	1,015,027	-	1,015,027
Bank overdraft	-	-	-
	1,937,324	-	1,937,324
At 30 June 2021			
Trade and other payables	942,654	-	942,654
Borrowings	1,213,567	-	1,213,567
Bank overdraft	17,152	-	17,152
	2,173,373	-	2,173,373
Company			
At 30 June 2022			
Trade and other payables	824,160	-	824,160
Due to related party	69,083	-	69,083
Borrowings	970,695	-	970,695
Bank overdraft	-	-	-
	1,863,938	-	1,863,938
At 30 June 2021			
Trade and other payables	920,597	-	920,597
Due to related party	69,083		69,083
Borrowings	1,166,731	-	1,166,731
Bank overdraft	17,152	-	17,152
	2,173,563	-	2,173,563

Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity mix.

The capital structure of the group consists of debt, which includes the borrowings less cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and retained earnings.

Notes (continued)

4 Financial risk management objectives and policies (continued)

Capital Management (continued)

The gearing ratios at 30 June 2022 and 30 June 2021 were as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Total equity	782,871	740,921	856,693	818,986
Borrowings	979,999	1,177,002	935,667	1,130,166
Bank overdraft	-	17,152	-	17,152
Less: Cash and bank balances	(160,414)	(54,018)	(153,584)	(47,437)
	819,585	1,140,136	782,083	1,099,881
Gearing ratio	105%	154%	91%	134%

Borrowings support the investments the Group is making in product diversification and the regional expansion plans. The borrowings will reduce significantly over the next 4 years when we anticipate to have finalised the said investments.

5 (a) Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and to assess their performances. The CODM is the Group Managing Director.

Only geography applies as products are homogenous. The Group's operations are within four geographical segments, Kenya, Tanzania, Uganda and Rwanda. The table below contains segmental information provided to the CODM for the year ended 30 June 2022.

The CODM assesses the performance of the operating segments based on a measure of profit before tax. There is no inter segment revenue reported in the financial information provided to the CODM.

	Kenya	Tanzania	Uganda	Rwanda	Inter- segment transactions	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
30 June 2022						
Sales and other income	1,336,798	41,127	362,968	216	-	1,741,109
Cost of sales and other expenditure	(1,266,114)	(88,091)	(313,238)	936	-	(1,666,507)
Profit /(loss) before tax	70,685	(46,964)	49,730	1,152	-	74,602
Income tax expense	34,668	-	16	-		34,684
Assets	2,602,623	(47,083)	167,155	8,664	(46,192)	2,685,167
Liabilities	1,792,387	37,156	116,612	9,548	(53,407)	1,902,296
30 June 2021						
Sales and other income	1,051,543	88,767	106,270	369	-	1,246,949
Cost of sales and other expenditure	(1,022,024)	(80,764)	(115,908)	(10,480)	-	(1,229,176)
Profit /(loss) before tax	29,519	8,003	(9,638)	(10,111)	-	17,773
Income tax expense	6,583	3,716	-	-	-	10,299
Assets	2,841,614	(6,736)	50,552	11,883	(19,584)	2,877,729
Liabilities	2,023,856	25,617	49,749	6,679	30,907	2,136,808

Inter segment transactions relates to intercompany inventory transactions.

Notes (continued)

5 (b) Revenue from contracts with customers

	Group 2022 Shs'000	Group 2021 Shs'000	Company 2022 Shs'000	Company 2021 Shs'000
Recognised at a point in time:				
Sale of books and e-learning materials	1,715,071	1,243,578	1,288,389	1,019,037
Sale of rights	9,330	347	9,330	347
	1,724,401	1,243,925	1,297,719	1,019,384

6 Finance costs

Interest expense	133,339	183,247	132,901	182,406
	133,339	183,247	132,901	182,406

7 Administrative expenses

Depreciation (Note 12)	13,224	10,774	8,831	9,416
Amortisation of intangible assets (Note 13)	5,913	5,722	5,778	5,688
Auditors' remuneration	6,611	9,001	4,409	4,703
Staff costs (Note 8)	230,118	165,475	162,187	110,469
Directors' emoluments (Note 27)	31,748	21,230	30,919	20,487
Telephone, email and internet	5,863	3,965	3,333	1,459
Professional fees	15,937	15,423	12,709	12,387
Utilities	10,396	7,953	8,821	6,199
Other expenses	37,940	17,519	21,357	6,512
	357,750	257,062	258,344	177,319

8 Staff costs

	Group 2022 Shs'000	Group 2021 Shs'000	Company 2022 Shs'000	Company 2021 Shs'000
Salaries and wages	146,462	110,902	102,137	75,534
Pension costs - NSSF	4,197	2,875	223	237
Pension costs – defined contribution scheme	9,010	1,383	8,995	1,383
Leave pay	3,573	301	2,756	-263
Other staff costs	44,995	28,396	33,022	16,070
Staff medical expenses	21,881	21,618	15,054	17,508
	230,118	165,475	162,187	110,469

The average number of employees during the year was as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
Number of employees	155	112	103	84

Notes (continued)

9 Income tax expense

	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Current tax	101	8,566	85	8,424
Deferred tax (Note 17)	34,583	1,733	34,583	(1,841)
Income tax expense	34,684	10,299	34,668	6,583

The tax on the company's (loss)/profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

		Group		Company
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Profit/(loss) before income tax	74,602	17,774	72,375	38,860
Tax at the applicable rate of 30%	22,381	5,332	21,713	10,686
Tax effects of:				
- Expenses not deductible for tax purposes	12,487	(3,933)	13,139	116
- Under/(Over) provision of current and deferred tax in prior years	(184)	21,877	(184)	8,758
- Effects of change in tax rate	-	(12,977)	-	(12,977)
Income tax expense/(credit)	34,684	10,299	34,668	6,583

10 Earnings per share-Basic and diluted

	2022	2021
Profit/(loss) attributable to ordinary shareholders (Sh'000)	40,053	8,222
Ordinary/weighted average number of ordinary shares in issue	272,440,000	272,440,000
Basic and diluted earnings per share (Shs)	0.15	0.03

11 Dividends per share

The directors do not recommend payment of dividends for the year (2021: Nil).

Financial Statements

For the year ended 30 June 2022

Notes (continued)

12 (a) Property and equipment - Group

	Land and buildings Shs'000	Motor Vehicles Shs'000	Furniture and equipment Shs'000	Total Shs'000
At 30 June 2020				
Cost	209,560	36,570	81,414	327,544
Accumulated depreciation	(44,209)	(35,949)	(57,851)	(138,009)
Net book value	165,351	621	23,563	189,535
Year ended 30 June 2021				
Opening net book value	165,351	621	23,563	189,535
Additions	-	-	4,194	4,194
Disposals	-	(5,671)	-	(5,671)
Depreciation charge	(5,095)	(553)	(5,126)	(10,744)
Depreciation on disposals	-	5,671	-	5,671
Exchange adjustment	-	-	-	-
Closing net book value	160,256	68	22,631	182,985
At 30 June 2021				
Cost	209,560	30,899	85,608	326,067
Accumulated depreciation	(49,304)	(30,831)	(62,977)	(143,112)
Net book value	160,256	68	22,631	182,955
Year ended 30 June 2022				
Opening net book value	160,256	68	22,631	182,955
Additions	962	11,444	5,665	18,071
Disposals	-	(3,460)	-	(3,460)
Depreciation charge	(5,399)	(1,563)	(6,262)	(13,224)
Depreciation on disposals	-	3,460	-	3,460
Closing net book value	155,819	9,948	22,035	187,802
At 30 June 2022				
Cost	210,522	38,883	91,273	340,678
Accumulated depreciation	(54,703)	(28,935)	(69,239)	(152,876)
Net book value	155,819	9,948	22,035	187,802

Assets pledged as security for borrowings are disclosed under Note 23.

Notes (continued)

12 (b) Property and Equipment – Company

	Land and buildings Shs'000	Motor vehicles Shs'000	Furniture and equipment Shs'000	Total Shs'000
Year ended 30 June 2021				
Opening net book value	115,373	2,384	19,151	136,908
Additions	-	-	229	229
Depreciation charge	(2,078)	(2,423)	(4,915)	(9,416)
Closing net book value	113,295	(39)	14,465	127,721
At 30 June 2021				
Cost	155,496	20,962	76,168	252,626
Accumulated depreciation	(42,201)	(21,001)	(61,703)	(124,903)
Net book value	113,295	(39)	14,465	127,721
Year ended 30 June 2022				
Opening net book value	113,295	(39)	14,465	127,721
Additions	-	10,298	1,089	11,386
Depreciation charge	(3,947)	(1,076)	(3,808)	(8,831)
Closing net book value	109,348	9,183	11,745	130,276
At 30 June 2022				
Cost	155,496	31,260	77,257	264,012
Accumulated depreciation	(46,148)	(22,077)	(65,511)	(133,736)
Net book value	109,348	9,183	11,745	130,276

Assets pledged as security for borrowings are disclosed under Note 23.

13 (a) Intangible assets – Software

	Group Shs'000	Company Shs'000
Year ended 30 June 2021		
Opening net book value	13,881	11,972
Additions	1,800	1,800
Amortisation charge	(5,722)	(5,688)
Closing net book value	9,959	8,084
At 30 June 2021		
Cost	48,128	78,384
Accumulated amortisation	(38,169)	(70,300)
Net book value	9,959	8,084
Year ended 30 June 2022		
Opening net book value	9,959	8,084
Additions	3,800	4,478
Amortisation charge	(5,913)	(5,778)
Closing net book value	7,846	6,784
At 30 June 2022		
Cost	51,928	82,862
Accumulated amortisation	(44,082)	(76,078)
Net book value	7,846	6,784

Notes (continued)

13 (b) Prepublication costs

	Group		Company	
	2022	2021	2022	2021
Year ended 30 June	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Opening balance	802,370	741,839	567,071	548,116
Additions	91,165	96,027	60,127	43,916
Amortisation	(31,611)	(35,496)	(21,988)	(24,961)
Closing balance	861,924	802,370	605,210	567,071
At 30 June				
Cost	893,535	837,866	627,198	592,032
Accumulated amortisation	(31,611)	(35,496)	(21,988)	(24,961)
Net book value	861,924	802,370	605,210	567,071

Amortisation is included in the statement of profit or loss under cost of sales.

14 Investment in subsidiaries – Company

	Country of incorporation	% interest held	2022	2021
			Shs'000	Shs'000
Longhorn Publishers Uganda Limited	Uganda	100%	440	440
Longhorn Publishers Tanzania Limited	Tanzania	100%	41,688	41,688
Longhorn Publishers Rwanda Limited	Rwanda	100%	-	-
Longhorn Publishers Zambia Limited	Zambia	100%	337	337
Longhorn Publishers DRC Limited	DRC	50%	-	-
Law Africa Publishers (K) Limited	Kenya	92%	124,129	124,129
			166,594	166,594

The investments are not impaired.

15 Other assets

The other assets of Shs 39 million relates to funds used in developing the first product called SOMO. SOMO is an upskilling platform that provides learners with critical 21st century skills and connects them to opportunities to use those skills. SOMO uses modern pedagogical principles to design learning experiences that create demonstrable outcomes.

Somo partners with organizations to increase engagement across their businesses by transforming parts of their customer and employee journeys with learning experiences. The product is still undergoing development.

Notes (continued)

16 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the subsidiary at the date of acquisition. It relates to the acquisition of a 92% stake in Law Africa Publishing (K) Limited (LAP) effective 1 July 2016.

The directors monitor goodwill impairment at the level of the acquired entity, being the cash generating unit (CGU). The recoverable amount of the CGU is determined based on fair value calculations using cash flow projections covering a five-year period approved by management.

The net cashflows are discounted using the pre-tax weighted average cost of capital. Cashflows beyond the five-year period are extrapolated using the estimated terminal growth rate.

The carrying amount of goodwill at year end was as follows:

	2022 Shs'000	2021 Shs'000
Law Africa Publishing (K) Limited	125,786	125,786

The key assumptions used in the fair value less cost to sell (FVLCS) model are as follows:

Assumption Rate	Rate	Approach used to determine values:
Long term growth rate	5%	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rate is based on long term growth rate forecasts for the market.
Pre-tax discount rate	17%	Based on specific risks relating to the industry and country.

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 30 June 2022. As a result, the Group has not recognised an impairment charge (2021: Nil).

Significant estimate: Impact of possible changes in key assumptions

There were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment charge for LAP.

Sensitivity analysis - 2022		**Assumption amended other factors constant**	
	Current	**Discount rate**	**Growth rate**
	Shs'000	**Shs'000**	**Shs'000**
Discount rate	17%	18%	17%
Growth rate	5%	5%	3%
Headroom	21,912	10,181	2,085

Sensitivity analysis - 2021		**Assumption amended other factors constant**	
	Current	**Discount rate**	**Growth rate**
	Kshs	**Kshs**	**Kshs**
Discount rate	17%	18%	17%
Growth rate	5%	5%	3%
Headroom	101,338	82,876	70,164

Financial Statements

For the year ended 30 June 2022

Notes (continued)

17 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%.

The net deferred taxation asset is attributable to the following items:

	Group		Company	
	2022	2021	2022	2021
	Sh'000	Sh'000	Shs'000	Shs'000
Liabilities				
Accelerated capital allowances	22,560	26,670	22,560	22,620
Assets				
Provisions	(39,768)	(51,002)	(39,768)	(45,774)
Tax losses	(20,178)	(48,815)	(20,178)	(48,815)
Net deferred tax asset	(37,386)	(73,147)	(37,386)	(71,969)

The movement on the deferred tax account is as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs' 000	Shs'000	Shs' 000	Shs'000
At the beginning of year	(71,969)	(74,880)	(71,969)	(70,128)
Movement in profit or loss (Note 9)	34,583	1,733	34,583	(1,841)
	(37,386)	(73,147)	(37,386)	(71,969)

Deferred tax asset relating to subsidiary companies has been recognised to the extent that is recoverable from future profits.

18 Inventories

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Books	835,846	785,011	537,041	569,161
Provision for obsolete inventories	(87,150)	(100,495)	(43,583)	(66,410)
	748,697	684,516	493,458	502,751

The cost of inventories recognised as an expense and included in cost of sales for the Group amounted Shs 835,590,357 (2021: Shs 588,804,500) and Company Shs 606,384,619 (2021: Shs 506,905,536) respectively.

Notes (continued)

19 Trade and other receivables

		Group		Company
	2022	2021	2022	2021
	Sh'000	Shs'000	Shs'000	Shs'000
Gross trade receivables	506,979	890,215	268,381	738,561
Less: Expected credit losses	(132,294)	(110,371)	(79,449)	(80,335)
Net trade receivables	374,685	779,844	188,046	658,226
Staff receivables	8,046	3,666	6,339	1,742
Less: Expected credit losses	(2376)	-	(886)	-
Net staff receivables	5,670	3,666	5,453	1,742
Prepayments	70,112	83,516	67,869	82,239
Other receivables	36,717	6,110	42,762	11,011
	487,184	873,136	305,016	753,218

The carrying value of the above trade and other receivables approximates their fair value.

Movements on expected credit losses on trade receivables are as follows:

		Group		Company
	2022	2021	2022	2021
	Sh'000	Sh'000	Shs'000	Shs'000
At start of year	110,371	101,985	80,335	80,335
Increase in provision	24,299	8,386	-	-
At end of year	134,670	110,371	80,335	80,335

20 Cash and cash equivalents

Cash at bank and in hand	160,414	54,018	153,584	47,437

For purposes of the statement of cash flows, cash and cash equivalents comprise the following:

		Group		Company
	2022	2021	2022	2021
	Sh'000	Shs'000	Shs'000	Shs'000
Cash at bank and in hand	160,414	54,018	153,584	47,437
Bank overdrafts	-	(17,152)	-	(17,152)
	160,414	36,866	153,584	30,285

Notes (continued)

21 Share capital – Group and company

	Number of shares	Ordinary shares Shs'000	Share premium Shs'000
Balance at 30 June 2020, 30 June 2021 and at 30 June 2022	272,440,000	272,440	368,289

Ordinary shares have a par value of Shs 1. They entitle the holder to participate in dividends and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

The total authorised number of ordinary shares is 785,526,315 with a par value of Shs 1 per share. All issued shares are fully paid up.

22 Trade and other payables

		Group		Company
	2022	2021	2022	2021
	Sh'000	Shs'000	Shs'000	Shs'000
Trade payables	498,063	475,719	445,698	457,909
Royalty accruals	289,246	225,595	239,410	194,084
Payroll accruals	21,725	12,901	5,294	8,359
Other payables	113,263	228,439	133,758	260,245
	922,297	942,654	824,160	920,597

The carrying value of the above trade and other payables approximates their fair value.

23 Borrowings

		Group		Company
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
The borrowings are made up as follows:				
Term loans	274,274	193,113	229,942	146,277
Commercial Paper	197,042	354,234	197,042	354,234
Supplier Finance	508,683	629,655	508,683	629,655
Total borrowings	979,999	1,177,002	935,667	1,130,166
Of which:				
Payable within 12 months	979,999	1,177,002	935,667	1,130,166
Payable after 12 months	-	-	-	-
	979,999	1,177,002	935,667	1,130,166

Notes (continued)

23 Borrowings (continued)

Movement in borrowings	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	1,177,002	1,154,777	1,130,166	1,107,639
Additions-Principal	1,249,145	630,292	1,249,145	630,292
Additions-Interest	133,339	183,247	132,901	182,406
Payments in the year-Principal	(1,464,979)	(681,254)	(1,462,396)	(680,256)
Payments in the year-Interest	(114,508)	(110,060)	(114,149)	(109,915)
At end of year	979,999	1,177,002	935,667	1,130,166

Term loans mature within twelve (12) months and bear an average interest rate of 12.5% (2021: 12.5%).

Commercial papers mature at either six (6) or twelve (12) months and bear an average interest rate of 16% (2021: 16%).

All borrowings are denominated in Kenya shilling.

Bank borrowings are secured by an all asset debenture of shs 700,000,000 and a legal charge over LR. No. 209/5604, Funzi Road, Industrial area for shs 120,000,000.

The undrawn facilities borrowing facilities amount to Shs 99,713,000 (2021: Shs 285,189,000). All facilities are subject to review annually in February.

There were no breaches during the year.

24 Cash generated from operations

Reconciliation of profit before taxation to cash generated from operations

	Group		Company	
	2022	2021	2022	2021
	Sh'000	Sh'000	Shs'000	Shs'000
Profit before tax	74,602	17,774	72,375	38,860
Adjustments for:				
Depreciation (Note 12)	13,224	10,774	8,831	9,416
Amortisation of intangible assets (Note 13)	5,913	5,722	5,778	5,688
Amortisation of Pre-publishing costs (Note 13(b))	31,611	35,496	21,988	24,961
Gain disposal of property and equipment	(2,309)	(3,024)	(1,651)	(4,480)
Interest expense (Note 6)	133,339	183,247	132,901	182,406
Working capital changes:				
- Inventories	(64,181)	(135,806)	9,293	(138,942)
- trade and other receivables	394,519	(290,997)	448,202	(213,245)
- trade and other payables	(20,357)	402,496	(96,437)	375,754
- Increase/(Decrease) in amounts due from subsidiaries	-	-	(76,242)	(69,857)
Cash generated from operations	566,361	225,682	525,038	210,561

Notes (continued)

25 Capital commitments

There were no capital commitments as at 30 June 2022 (2021: Nil)

26 Contingent liabilities

There are currently claims arising in the normal course of business. The directors, based on advice received from the Group's lawyers, are of the opinion that no significant liabilities will crystallize.

27 Related party transactions

The immediate and ultimate parent of the Group is Centum Investment Company Plc, incorporated in Kenya. There are other companies that are related to Longhorn Publishers Plc through common shareholdings or common directorships.

A related party for the purposes of these financial statements is a company which, directly or indirectly, has common ownership with Longhorn Kenya Plc. The amounts due from and due to related parties are in respect of transactions arising in the normal course of business.

	2022 Shs'000	2021 Shs'000
(a) Due from subsidiaries - Company		
Longhorn Publishers Uganda Limited	241,525	212,375
Longhorn Publishers Tanzania Limited	199,505	170,397
Longhorn Publishers Rwanda Limited	100,359	100,359
Law Africa Publishing (K) Limited	178,309	160,326
	719,698	643,457
(b) Due to subsidiaries - Company		
Longhorn Publishers Rwanda Limited	69,083	69,083

(c) Key management compensation

The remuneration of key management during the year was as follows:

		Group		Company
	2022 Sh'000	2021 Sh'000	2022 Shs'000	2021 Shs'000
Salaries and other benefits	59,739	65,036	59,739	65,036
(d) Directors' emoluments				
Fees for services as directors	13,268	8,140	12,439	7,397
Salary	18,480	13,090	18,480	13,090
Bonuses and benefits	-	-	-	-
	31,748	21,230	30,919	20,487

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Notes

Notice

Notice

TO ALL SHAREHOLDERS
LONGHORN PUBLISHERS PLC

NOTICE is hereby given that the 2022 Annual General Meeting of the Company will be held via electronic communication, on **Thursday**, **24 November 2022 at 11:00 a.m**. to transact the following business:-

ORDINARY BUSINESS

1. The Secretary to read the notice convening the meeting and confirm the presence of quorum.
2. To receive, consider and adopt the Financial Statements for the financial year ended 30 June 2022 together with the Chairman's Statement, and the Directors' and Auditors' reports thereon.
3. To note that the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2022.
4. To re-elect Directors:-
   4.1 Hon. Francis Thombe Nyammo retires by rotation at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association, and further pursuant to Clause 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. Notice has been received of the intention to propose the following Resolution as an Ordinary Resolution at the Annual General meeting:
   "That Hon. Francis Thombe Nyammo, being over 70 years, be and is hereby re-elected a Director of the Company."
   4.2 Centum Investment Company PLC (represented by Mr Thomas Omondi) retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers itself for re-election.
   4.3 Mr. Raymond Nyamweya Ondieki retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and does not offer himself for re-election.
5. Pursuant to Section 769(1) of the Companies Act 2015, to elect the following directors, being members of the Board Audit & Risk Committee, to continue to serve as members of the Committee:-
   - Mr Ali Hussein Kassim (Chairman)
   - Mrs Truphosa Kwaka-Sumba
   - Mr Thomas Omondi
   - Ms Emma Miloyo
6. To approve the Directors Remuneration Report for the financial year ended 30 June 2022.
7. To re-appoint Messrs PricewaterhouseCoopers as Auditors by virtue of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix the Auditor's remuneration for the ensuing financial year.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following Resolution as a Special Resolution as recommended by the Directors:
   Registration of Longhorn Ventures Studio Limited
   "That the registration of a subsidiary in Delaware, USA in the name of Longhorn Ventures Studio Limited be and is hereby ratified."
9. To consider and, if thought fit, to pass the following Resolution as a Special Resolution as recommended by the Directors:
   Registration of Longhorn Publishers Cameroon Limited
   "That the registration of a subsidiary in Cameroon in the name of Longhorn Publishers Cameroon Limited be and is hereby ratified."
10. Any other business of which due notice has been given.

BY ORDER OF THE BOARD

ENID MURIUKI (MRS)
COMPANY SECRETARY
Date: 2nd November 2022

Notice

NOTES:

1. Longhorn Publishers PLC has convened and is conducting the 2022 virtual Annual General Meeting (AGM) pursuant to the provisions of its Articles of Association.

2. Shareholders wishing to participate in the meeting should register for the AGM by dialing ***483*809#** for all Kenyan telephone networks and following the various registration prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, shareholders should dial the following helpline number: (+254) 709 170 000 from 9:00 am to 5:00pm East African time from Monday to Friday. Any shareholder outside Kenya should send their details to **longhorn2022agm@image.co.ke**.

   Registration for the AGM will open on Wednesday, 2nd November 2022 at 11:00 am and will close on Tuesday, 22nd November 2022 at 11:00 a.m. East African time.

3. In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website **www.longhornpublishers.com** (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year ended 30 June 2022.

4. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:-
   a. sending their written questions by email to **longhorn2022agm@image.co.ke**; or
   b. shareholders who will have registered to participate in the meeting will be able to ask questions via SMS by dialing the USSD code above and selecting the option 'Ask Question' on the prompts; or
   c. to the extent possible, physically delivering their written questions with a return postal address or email address to the registered office of the Company, Longhorn Publishers Plc, Funzi Road, Industrial Area, Nairobi or to Image Registrars Limited offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
   d. sending their written questions with a return postal address or email address by registered post to the Company Registrars address: Image Registrars Limited, P. O. Box 9287, 00100 GPO, Nairobi.

5. Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

6. All questions and clarifications must reach the Company on or before Tuesday, 22nd November 2022 at 11:00 a.m. East African Time. Following receipt of the questions and clarifications, the Directors of the Company will provide written responses to the return postal address or email address provided by the Shareholder not later than 12 hours before the start of the general meeting. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 48 hours after the Annual General Meeting.

7. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

8. A proxy form is available on the Company's website via the link: **www.longhornpublishers.com**. Physical copies of the proxy form are also available at the Longhorn Publishers Plc offices on Funzi Road, Industrial Area, Nairobi, or from Image Registrars Limited offices, 5th Floor Absa Towers (Formerly Barclays Plaza), Loita Street.

9. Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

   A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.

   A completed form of proxy should be emailed to **longhorn2022agm@image.co.ke** or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 48 hours before the time of holding the meeting i.e. Tuesday, 22nd November, 2022 at 11:00 a.m. East African time.

Notice

Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Tuesday, 22nd November, 2022 at 11:00 a.m. East African time. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Wednesday, 23rd November, 2022 to allow time to address the issues.

10. The AGM will be streamed live through a link which shall be provided to all shareholders and proxies who will have registered to participate in the Annual General Meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.

Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts. Results of the poll shall be published within 48 hours following conclusion of the AGM on the Company's website.

11. Shareholders are encouraged to continue monitoring the Company's website **www.longhornpublishers.com** for updates relating to the AGM.

Proxy Form

LONGHORN PUBLISHERS PLC

PROXY FORM

I/WE ____

OF ____

Being a member of the above Company, hereby appoint:

____

OF ____

or failing him, the Chairman of the Meeting, as my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 24th November 2022 and at any adjournment thereof.

As witness my/our hand this day of 2022

Signed ____

Signed ____

Kindly mark the box below to instruct your proxy how to vote

RESOLUTION	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. To receive, consider and adopt the Financial Statements for the financial year ended 30 June 2022 together with the Chairman's Statement, and the Directors' and Auditors' reports thereon.			
2. To note that the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2022.			
3. Hon F T Nyammo retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.			
4. Centum Investment Company Limited (represented by Mr Thomas Omondi) retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers itself for re-election.			

Proxy Form

5. To elect the following directors, being members of the Board Audit & Risk Committee, to continue to serve as members of the Committee:- • Mr Ali Hussein Kassim (Chairman) • Mrs Truphosa Kwaka-Sumba • Ms Emma Miloyo • Mr Thomas Omondi			
6. To approve the Directors Remuneration Report for the financial year ended 30 June 2022.			
7. To re-appoint Messrs PricewaterhouseCoopers as Auditors by virtue of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix the Auditor's remuneration for the ensuing financial year.			
SPECIAL BUSINESS			
8. To consider and, if thought fit, to pass the following Resolution as a Special Resolution as recommended by the Directors: "That the registration of a subsidiary in the name of Longhorn Ventures Studio Limited in Kenya be and is hereby ratified."			
9. To consider and, if thought fit, to pass the following Resolution as a Special Resolution as recommended by the Directors: "That the registration of a subsidiary in the name of Longhorn Publishers Cameroon Limited in Cameroon be and is hereby ratified."			

Electronic Communications Consent Form

Please complete in **BLOCK CAPITALS**

Full name of the Shareholder____

Name of the appointed Proxy (ies):______________________________________

Address: ____

____

Mobile Number

Date: ______________________________

Signature: __________________________

Please tick **ONE** of the boxes below and return to Image Registrars Limited at P.O. Box 9287- 00100 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration
I/WE approve to register to participate in the virtual Annual General Meeting to be held on 24th November 2022.

Consent for use of the Mobile Number provided
I/WE give my/our consent for the use of the mobile number provided below for purposes of voting at the AGM.

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and emailed to **longhorn2022agm@image.co.ke** or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received no later than 48 hours before the time of holding the meeting i.e. Tuesday, 22nd November, 2022 at 11:00 a.m. East African time, or any adjournment thereof.
2. In the case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such a corporate body.
3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as a proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not be a shareholder of the Company.
4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.

Electronic Communications Consent Form

5. To be valid the form of proxy should be completed, signed, and emailed/delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to **longhorn2022agm@image.co.ke** or to Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street and address P.O. Box 9287- 00100 Nairobi not later than 11.00 a.m. on Tuesday, 22nd November 2022, before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll.
6. In the case of a Company being a shareholder then this proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an authorized attorney for that Company.
7. An "abstain" vote option has been included on the proxy form. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

Corporate Information

Registered Office,
Funzi Rd, Industrial Area
P.O Box 18033-00500, Nairobi, Kenya.
Tel: +254 26532579/81, +2542558551, +254708282260, +254722204608
Website: www.longhornpublishers.com
Email: enquiries@longhornpublishers.com

Auditor
PricewaterhouseCoopers LLP
PwC Tower, Waiyaki Way, Westlands
P.O Box 43963-00100 Nairobi
Tel +254 (20) 285 5000
Fax: + 254 (20)285 5001
Email: PwC.kenya@ke.PwC.com

Registrars
Image Registrars Limited
5th Floor, ABSA Plaza, Loita St, Nairobi
P.O Box 9287-00100, Nairobi
Tel; +254 709 170 000
Website: www.image.co.ke
Email: info@image.co.ke

Uganda
Senior 3

@LonghornPublishers
@Lhornpublishers
@longhornpublishersPLC
Longhorn Publishers

Funzi Road, Industrial Area,
P.O. Box 18033-00500, Nairobi, Kenya.
Tel: +254 02 6532579/81, +254 02 558551,
+254 708 282 260, +254 722 204 608
enquiries@longhornpublishers.com
www.longhornpublishers.com