

# AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

## Condensed consolidated statement of financial position

as at 30 June	2022	2021
	Kshs '000	Kshs '000
Pre-Publishing costs	861,924	802,370
Trade and other receivables	487,184	873,136
Inventories	748,697	684,516
Cash and bank balances	160,414	54,018
Other assets	426,948	463,689
<b>TOTAL ASSETS</b>	<b>2,685,167</b>	<b>2,877,729</b>
Borrowings	979,999	1,194,154
Trade and other payables	922,297	942,654
Total liabilities	1,902,296	2,136,808
Total equity	782,871	740,921
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,685,167</b>	<b>2,877,729</b>

## Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June	2022	2021
	Kshs '000	Kshs '000
Revenue and other income	1,741,109	1,246,949
Cost of sales	(1,089,514)	(746,501)
<b>Gross profit</b>	<b>651,595</b>	<b>500,448</b>
Operating expenses	(443,654)	(299,427)
Finance costs	(133,339)	(183,247)
<b>Profit before tax</b>	<b>74,602</b>	<b>17,774</b>
Income tax expense	(34,684)	(10,299)
<b>Profit after tax</b>	<b>39,918</b>	<b>7,475</b>
Other comprehensive income/(loss)	2,032	(1,319)
<b>Total comprehensive income</b>	<b>41,950</b>	<b>6,156</b>

## Condensed consolidated statement of changes in equity

for the year ended 30 June	Share capital & premium	Retained earnings	Non-controlling interest	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
<b>At 1 July 2020</b>	<b>640,729</b>	<b>93,678</b>	<b>358</b>	<b>734,765</b>
Total comprehensive income	-	6,903	(747)	6,156
<b>At 30 June 2021</b>	<b>640,729</b>	<b>100,581</b>	<b>(389)</b>	<b>740,921</b>
Total comprehensive income	-	42,085	(135)	41,950
<b>At 30 June 2022</b>	<b>640,729</b>	<b>142,666</b>	<b>(524)</b>	<b>782,871</b>

## Condensed consolidated statement of cashflows

for the year ended 30 June	2022	2021
	Kshs '000	Kshs '000
Cash generated from operations	566,361	225,682
Income tax paid	(1,276)	(332)
<b>Net cash generated from operating activities</b>	<b>565,085</b>	<b>225,350</b>
Net cash used in investing activities	(111,196)	(102,021)
Net cash used in financing activities	(330,342)	(202,232)
<b>Net increase in cash and cash equivalents</b>	<b>123,548</b>	<b>(78,903)</b>
Cash and cash equivalents at start of year	36,866	115,769
<b>Cash and cash equivalents at end of year</b>	<b>160,414</b>	<b>36,866</b>

## COMMENTARY ON THE RESULTS

### Overview:

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 since March 2020. 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 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 Kshs 494 million, representing a 40% 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 and increase in selling and distribution costs due to increased sales and marketing activities in the year.

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. Cashflows from operations amounted to Kshs 566 million

in the year, reflective of increased collections from customers as our markets recover.

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

### 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 going 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. Our successful market entry to DRC followed by Ghana adds significant coverage to our existing markets. This will position the Group as the main African platform to access over 70 million learners across the continent. Our digital solutions will further enable us to scale the range of solutions provided in the market. The recent addition of new business segments (Longhorn Language Services, Longhorn Publishing Services and international titles distribution) will broaden our reach outside the textbook business. It also creates a network of interdependent businesses that leverage on the existing value chain. This integration of several solutions across Africa is the key to unlocking the full potential of our Group. We are well positioned to serve our customers and register significant growth moving forward.

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

**Maxwell Wahome**  
Group Managing Director & CEO

**Date 30 August 2022**

## Approved CBC Grade 7 Course Books

For enquiries, contact:

**0736 308 525**

**0713 793 734**

