LONGHORN PUBLISHERS PLC
expanding minds

UNAUDITED CONDENSED GROUP RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

Condensed consolidated statement of comprehensive income for the six-month period ended

	31-Dec-21	31-Dec-20
	Kshs 000'	Kshs 000'
Revenue	960,969	288,515
Cost of sales	(628,247)	(197,295)
Gross profit	332,722	91,220
Operating expenses	(236,150)	(143,394)
Finance costs	(64,619)	(93,158)
Profit/(loss) before tax	31,953	(145,332)
Income tax expense	(16,862)	-
Profit/(loss) before tax	15,091	(145,332)
Other comprehensive income	-	-
Total comprehensive income/(loss)	15,091	(145,332)

Condensed consolidated statement of financial position as at

	31-Dec-21	30-Jun-21
	Kshs 000'	Kshs 000'
Pre-publishing costs	804,712	802,370
Goodwill	125,786	125,786
Trade and other receivables	719,349	873,136
Inventories	585,058	684,516
Other assets	368,761	391,921
Total assets	2,603,666	2,877,729
Borrowings	914,315	1,177,002
Trade and other payables	933,339	959,806
Total liabilities	1,847,654	2,136,808
Total equity	756,012	740,921
Total equity and liabilities	2,603,666	2,877,729

Condensed consolidated statement of cashflows for the six-month period ended

	31-Dec-21	31-Dec-20
	Kshs 000'	Kshs 000'
Net cash generated from/(used in) operating activities	301,198	(167,587)
Net cash used in investing activities	(20,997)	(35,333)
Net cash (used in)/generated from financing activities	(268,687)	97,781
Net increase/(decrease) in cash and cash equivalents	11,514	(105,139)
Cash and cash equivalents at start of period	36,866	115,769
Cash and cash equivalents at end of period	48,380	10,630

Condensed consolidated statement of changes in equity for the six-month period ended

	Share Capital & Premium	Retained earnings	Non-controlling interest	Total
	Kshs 000'	Kshs 000'	Kshs 000'	Kshs 000'
At 1 July 2020	640,729	93,678	358	734,765
Comprehensive income	-	6,903	(747)	6,156
At 30 June 2021	640,729	100,581	(389)	740,921
Comprehensive income	-	15,332	(241)	15,091
At 31 December 2021	640,729	115,913	(630)	756,012

COMMENTARY ON THE RESULTS

Overview:

Across our various markets, we have seen a gradual improvement in the trading environment which supported the overall positive half-year 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 remained closed from March 2020 until January 2022. Despite this prolonged closure, we supplied books to over 23,000 public primary schools across the country. We also deepened our business relationships with several Non-Governmental Organisations (NGOs) that support the education sector. Our ongoing market development activities in Uganda have now resulted in the highest revenue level in our history of operating in that country.

Our ongoing geographical diversification across Africa continues to impact positively on our top-line and will remain a key driver for revenue growth. In the period under review, we saw an increased level of activity across our other markets relative to the previous period. We are positive that this trend will be sustained, with the post-Covid economic recovery measures and support from the respective Governments in the education sector, both financially and in minimising restrictions to learning and movement.

Financial Highlights:

Revenue for the six-month period recovered robustly with an increase of Kshs 672 million, representing a 233% growth, compared to the previous period. This was primarily driven by the expansion into new geographical markets. This growth is sustainable as we realise the investments previously made to develop new markets and as restrictions ease.

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

Finance costs reduced by 31% from the prior period on account of a 22% reduction in borrowings, in line with the strong performance in operational cash generation. Cashflows from operations amounted to Kshs 301 million compared to outflows of Kshs 167 million in prior period. This is reflective of increased collections from customers as our markets recover.

With the above background, the profit for the period improved by Kshs 15 million against a loss of Kshs 145 million in the prior period and Kshs 7 million for the prior full financial year.

Outlook:

Digital – The business is pursuing strategic partnerships for its digital portfolio. This is a strategy that will allow our current and new business to scale up as we partner with like-minded Venture Builders, Venture Capitalists and other relevant alliances. The focus is to ensure that the business fully exploits the huge potential in EdTech across the continent. Longhorn is uniquely positioned to maximize on this potential.

Product portfolio – Our approved products continue to increase across the Group. With the additional title approvals secured in our markets in the first half of our financial year, such as CBC Grade 6 and Set books in Kenya, 51 secondary titles in Uganda and 9 titles in the Democratic Republic of Congo (DRC), we are well positioned to serve our customers and register significant growth. We are now looking forward to a major launch of the revised *Kamusi Kuu* in Tanzania, approvals for CBC Grade 7 and complementary titles in Kenya and several titles in Cameroon.

Our successful market entry into Cameroon followed by DRC and Ghana adds significant coverage to our existing markets. This will position the Group as the main Pan-African platform to access over 100 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 businesses segments (Language Services, Publishing Services and international titles distribution) will broaden our reach outside the textbook business. It will also create 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.

Hon. Francis T. Nyammo OGW, MBS
Group Chairman

Maxwell Wahome
Group Managing Director & CEO

Date 17 February 2022