

LONGHORN

PUBLISHERS PLC

expanding minds

2023 ANNUAL GENERAL MEETING RESPONSES TO SHAREHOLDERS' QUESTIONS

NO.	QUESTION (FROM SHAREHOLDER)	RESPONSE
1	I have not received dividends for the last two years.	The company has not declared dividends for the financial year 2023 and similarly for the previous financial year 2022. The company wants to preserve liquidity to be able to repay the borrowings and support the investments in curriculum development for the next financial year.
2	Will shareholders be receiving gifts to complement dividends?	The company has not given out gifts to shareholders for the 2023 AGM.
3	What percentage of business is from eReaders/ eLearning and what is the company strategy that will ensure a consistent revenue stream considering that most of Kenyan schools are not yet internet ready at the classroom level?	During the 2023 financial year, eLearning generated a minimal contribution to the business given that it was still at infancy stage. However, the company strategy remains focused on accelerating its digital solution offering. Our digital investments in the Ed Tech space will be expanded under the Longhorn Venture Studio which will be a platform to incubate Ed-tech startups that will see us scale our digital offerings.
4	How is the election of directors done?	Directors are elected at the AGM. The shareholders vote to elect directors and a director has to receive 50% +1 of the votes cast to be elected.
5	I have not been able to collect my dividends for the past 5 years. How can I receive payment?	Kindly get in touch with Image Registrars so that the correct payment details are captured thereafter the payment will be processed.
6	Directors view on dividends is below shareholders' expectation. Therefore, why re-cycle directors due to be retired instead of appointing new directors? On whose interest are they being re-cycled when clearly it is in the company's interest to use the opportunity to hire new directors?	One of the directors has been re-appointed given their invaluable contribution and involvement in an ongoing digital transforming project to ensure continuity and completion. Further, one director has retired and hence the appointment of a new director to the board.
7	Re-electing directors who are due for retirement by not offering the chance to new people despite dismal performance (regardless of operating environment) seems to be against shareholders interests. Can shareholders veto the directors' recommendation on re-cycling same directors even when the available evidence and facts suggest they should leave the company to allow a new team to steer the company?	Refer to the above response under Question 6.
8	We appreciate the efforts by the board to pay rebates. What is the board going to do different to enable for higher rebates and dividend come next financial year?	The board plays an oversight role and will continue to support the Management with the turnaround plans put in place.

9	What is the future of the Company?	The company will continue to diversify its revenue streams and form strategic partnerships to expand its reach. Our plans are to build a robust digital presence by investing in our digital platforms namely LOHO Learning, MyBidhaa, LawAfrica eBooks and SOMO Kiswahili. We remain focused on continuous investment in curriculum as this will secure long-term future revenues. The company has further adopted a lean business structure which will ensure cost containment and consequently improved profitability.
10	Is it time for managing return on earnings into the foreseeable future?	Refer to the above response under Question 9.
11	What direction should our company take to impress current technological changes to meet our customers needs and compete effectively on global markets. Can our company get rights to sale via digital platforms?	Refer to the above response under Question 3.
12	We have noted a decrease in revenue during the year by 27% while selling expenses and administrative expenses increased by 8.51% and 46.76%. Why the increase in expenses when turnover decreased?	Increase in selling and distribution costs was mainly due to outsourced warehouse services in Tanzania where as the increase in administrative expenses was attributable to impairment of goodwill and debtors' provisions passed during the financial year 2023.
13	During the financial year the directors earned Kshs 29.4 million and 30.9 million for the year ending 30 June 2022 while the company continues to make losses and the value of the share has been diluted during the year from -0.3 to -2.09. Why do you continue paying directors who are not adding value to the company when shareholders have gone for more than 5 years without dividends?	Directors' remuneration is set by shareholders on an annual basis based on the oversight the directors provide to the company. The activities of the Board and its committees have been covered extensively in the Annual Report.
14	Given the net current liabilities of Kshs 997,251 for 2023 and Kshs 402,064 in 2022, does the going concern of the company concern you?	The net current liability position is attributed to the use of short-term financing to carry out curriculum development projects whose economic benefits will be realised over the long-term and financing of the working capital cycle due to the time taken to verify deliveries to schools and receive payment from the government. The company has put in place strategies to return to profitability and generate sufficient cash flows to meet all its obligations over the next financial year. This has also been covered extensively in our annual report under note 2a(iii) pages 63.
15	Since we have noted continued dilution of share and non-performance by the directors, can the board consider share buy back so that the shareholders do not lose their hard-earned money?	This is a matter for the board to consider.
16	When will dividends be paid?	Refer to response under Question 1.
17	How do you pay dividends?	Dividend payment is made via various options namely cheque, funds transfer and M-pesa.
18	When was the last time the company paid dividends?	The previous dividend payout was made for the financial year 2019.
19	Kindly share the dividend payment form via email to allow me fill and revert back so that future dividends are paid via mpesa instead of bank account.	Refer to the above response under Question 5.

20	The company has been recording losses continuously for more than five years. How has the company been financing its activities?	The company had previously recorded a loss in year 2020 and thereafter profits in year 2021 and 2022. Despite the loss recorded in year 2023, the Group had generated positive net operating cash flows. Refer to our annual report under the cash flow statement pages 61.
21	What mitigations have the Company put in place to thrive in the midst of competition from other book publishers? When is the Company intending to hold a physical meeting with the shareholders?	Refer to response under Question 9. Further, physical AGM will be considered on an annual basis. We have received the approvals from the relevant authorities for the Virtual Meetings.
22	I submitted my stale cheque for replacement and up to now I have never received my dividend. Have tried to call the office with no response or help forthcoming. Kindly assist.	Refer to the above response under Question 5.
23	Now that Covid is behind us, is it possible we conduct our meetings face to face to air out our views. When are our dividend payments done?	Refer to the above response under Question 21.
24	What can be done for the share price to improve?	Refer to response under Question 9.
25	You mentioned closure of some branches. Are there other alternatives in consideration for growth?	The company will continue to expand its activities and reach in the countries in operation and further expand its digital products offering. Gains from export markets are expected to boost lower profitability from print business locally.
26	What are the reasons for the change of the Auditors and why is there no dividends this year?	The change of auditors has been informed by the CMA guidelines that require rotation of independent auditors every six to nine years.
27	How well is the company sound financially to navigate the ever changing tax burden?	The company continues diversify its revenue streams and expanding regional activities so as to leverage gains from export markets to boost the group overall profitability.
28	Consistently since 2020 to date, the directors remuneration has been steadily going up while the company is still making losses and shareholders are not getting dividends. While we can argue market factors and keeping remuneration competitive, but it's time to stop increasing remuneration until good and sustainable profits are recorded and shareholders get dividends.	Refer to response under Question 13.
29	From a governance structure, is there a term limit for members of the board? If so, what is it?	There is a nine-year term limit for an independent director in accordance with Capital Markets Code of Corporate Governance. However, the director after 9 years is permitted to serve on the Board as a non-independent member.
31	How has the CBC implementation affected the company's operations vis a vis previous 8-4-4 curriculum?	CBC implementation has necessitated investment in development of new content which has resulted in additional borrowings by the company. The company has also adopted a leaner business model to be able to sustain profitability.
32	Why is the Company borrowing and can it generate enough cash? Was the Company in breach of the debt coverage ratio?	This has been extensively addressed under Note 2a (iii) in our Annual Report page 63.
33	How is the Company protecting and promoting its brand in the face of competition?	Refer to response under Question 9.
34	How is the Company addressing the impact of IFRS 15 regarding recognition of digital revenues?	This has been extensively addressed under Note 2d in our Annual Report page 67.