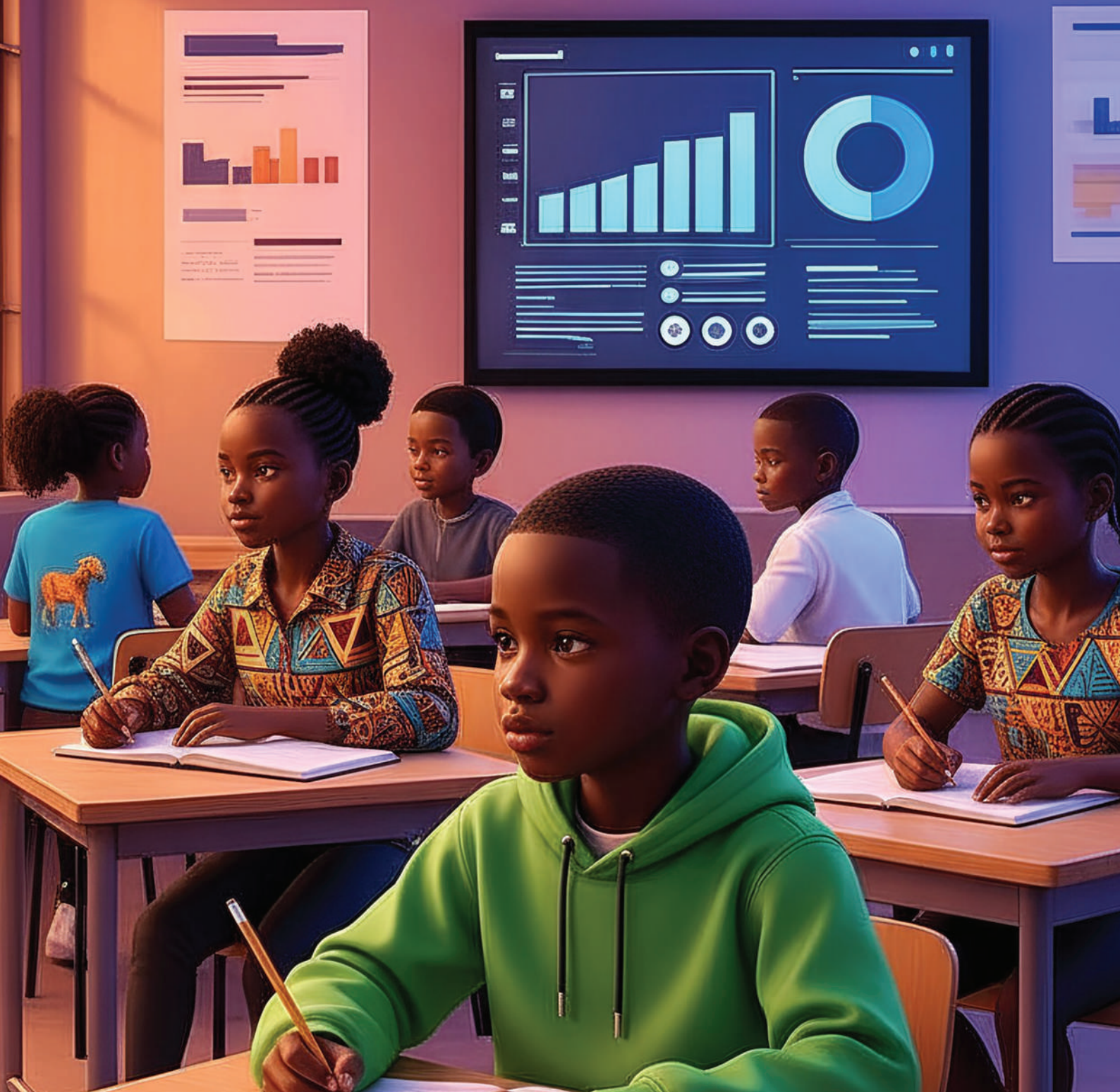


Annual Report & Financial Statements 2025



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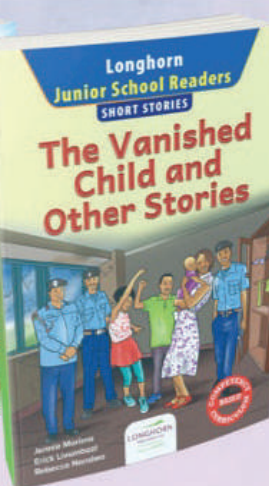
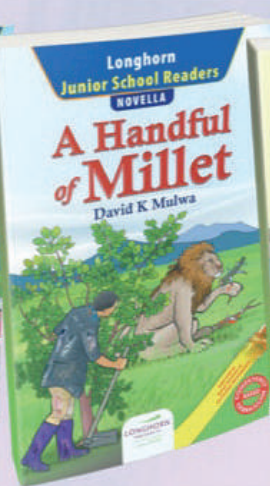
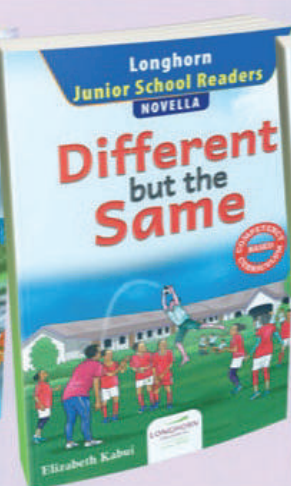
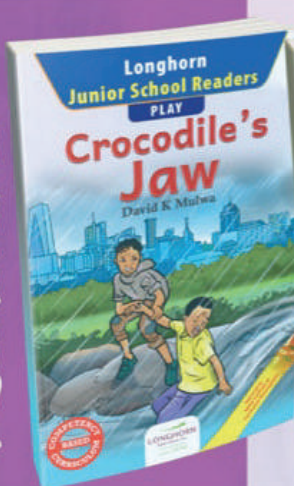


Dive into Adventure

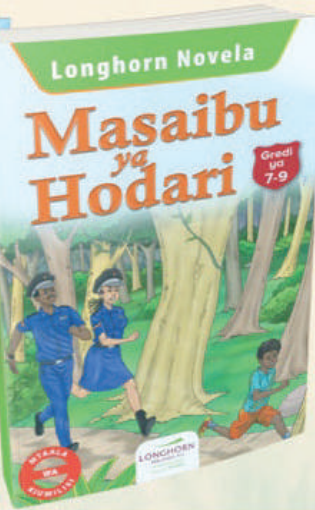
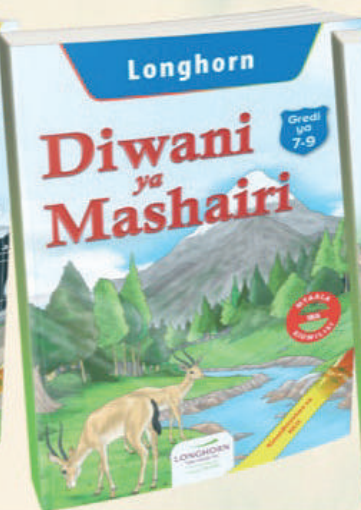
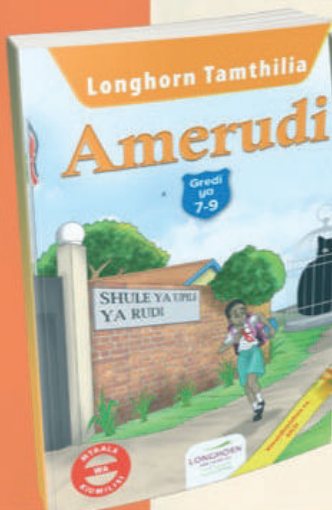
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About this Report



Our Reporting Scope and Boundary

This annual report covers the financial year ended 30 June 2025 and provides a comprehensive review of Longhorn Publishers PLC and its subsidiaries. The report encompasses the operational and financial performance of all entities within the Group across our key markets in Kenya, Uganda, Tanzania, DRC and Cameroon.

The reporting boundary includes all wholly-owned subsidiaries and entities over which the Group exercises control or significant influence.



Materiality

In determining the content of this report, we have applied the principle of materiality to ensure that information disclosed is relevant to stakeholder decision-making and reflects matters that substantively affect our ability to create value over the short, medium, and long term. Material matters covered in this report include financial performance, market position, curriculum and education policy changes, digital innovation, human capital development, corporate governance, and our social and environmental responsibilities.



Target Audience

This report is primarily intended for our shareholders, investors, regulators, employees, customers, business partners, and other stakeholders who have an interest in understanding Longhorn's value creation over the short, medium, and long term.



Forward-Looking Statements

This report contains certain forward-looking statements relating to the Group's future strategies, business plans, operational outlook, and expected performance. These statements are based on current expectations and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially.



Reporting Frameworks

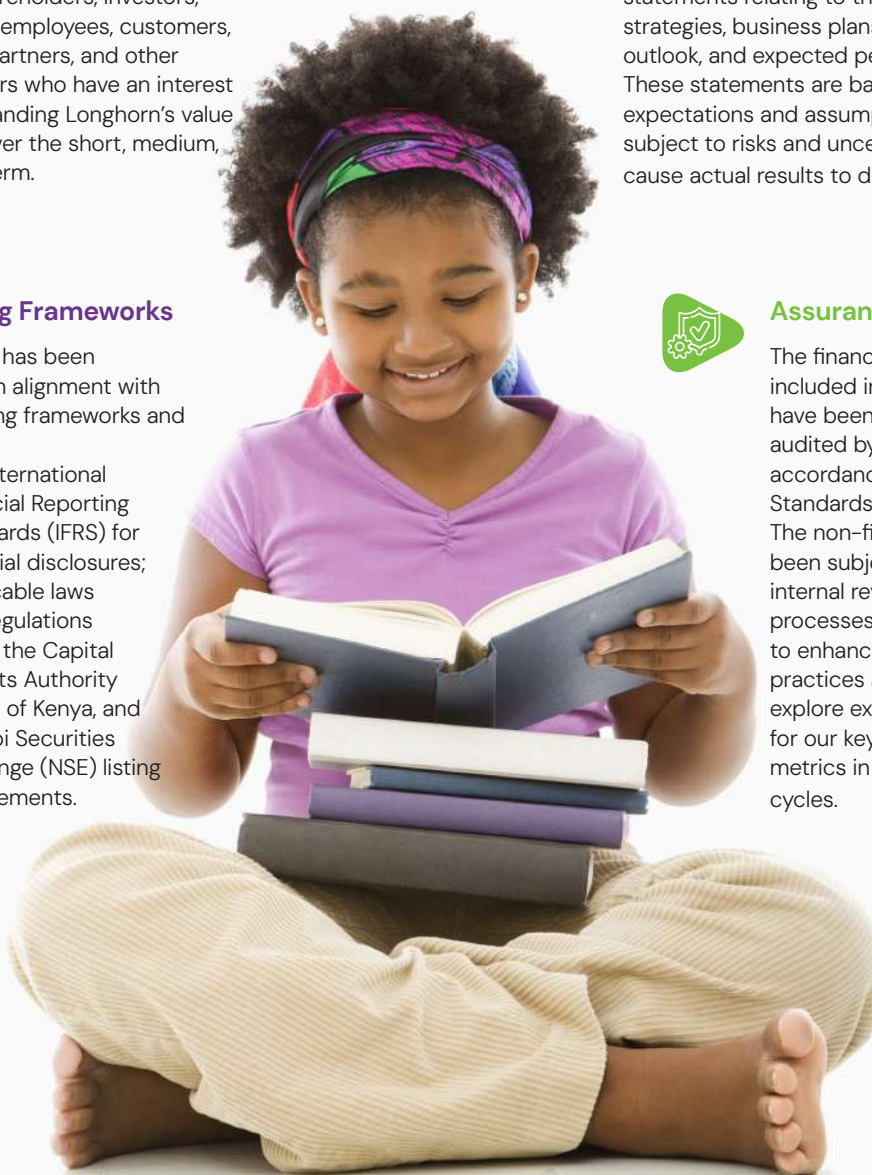
The report has been prepared in alignment with the following frameworks and standards:

- The International Financial Reporting Standards (IFRS) for financial disclosures;
- Applicable laws and regulations under the Capital Markets Authority (CMA) of Kenya, and Nairobi Securities Exchange (NSE) listing requirements.



Assurance

The financial statements included in this report have been independently audited by KPMG Kenya in accordance with International Standards on Auditing (ISA). The non-financial data has been subject to rigorous internal review and validation processes. We are committed to enhancing our assurance practices and will continue to explore external verification for our key sustainability metrics in future reporting cycles.



Overview of the business

Who We Are

Longhorn Publishers plc is East Africa's leading indigenous educational publishing house, with a proud heritage spanning six decades of nurturing minds and shaping futures through quality educational content. Established in 1965, we have grown from a modest local publisher to a regional powerhouse, listed on the Nairobi Securities Exchange and commanding a significant presence across Kenya, Uganda, Tanzania, Rwanda, Democratic Republic of the Congo (DRC) and Cameroon.



Our Purpose: Expanding minds



Our Vision: To be the number one provider of innovative learning solutions in Africa.



Our Mission: To enrich lives through knowledge.



Our Core Values: Integrity, Innovation, Professionalism, Get it done



How we will get there: Collaboration, Innovation, Fast Execution and Customer First



Our Identity: Content creators and platform business provider

Our Strategic Positioning

Longhorn Publishers occupies a unique position in the East African educational landscape. We are:

- A diversified content provider spanning print, digital, and hybrid learning solutions
- A vertically integrated business with capabilities across content development, distribution, and retail
- A curriculum-aligned partner to ministries of education and examining bodies
- A trusted brand recognized for quality, reliability, and pedagogical excellence

Our competitive advantages include deep curriculum expertise, strong relationships with education stakeholders, an extensive distribution network, a diverse portfolio spanning multiple subjects and levels, and our proven ability to adapt quickly to curriculum changes and market needs.

Business Model

Our business model is designed to create sustainable value for all stakeholders by transforming educational needs into high-quality learning solutions that reach millions of learners across East Africa.

Value Creation Inputs

Financial Capital: Shareholder equity, retained earnings, and prudent debt financing support our operations and growth investments.

Intellectual Capital: Our repository of approved titles, curriculum expertise, digital platforms, proprietary content management systems, and strong brand equity.



Overview of the business (Continued)

Human Capital: Over 200 employees including experienced editors, subject specialists, designers, sales professionals, and support staff committed to excellence.

Manufacturing Capital: Warehousing infrastructure, and eLearning, eBooks and digital delivery platforms.

Social and Relationship Capital: Trusted relationships with authors, illustrators, education ministries, schools, teachers, distributors, and community partners built over decades.

Natural Capital: Responsible use of paper, energy, and other natural resources in our operations.

Business Activities

1. Content Development and Publishing

Our core activity involves identifying curriculum needs, commissioning and developing educational content, and managing the editorial process from manuscript to final approved product. We publish textbooks, workbooks, teacher guides, reference books, law books and supplementary materials across:

- Primary education (all subjects and grade levels)
- Secondary education (sciences, humanities, languages, technical subjects)
- Children's literature and leisure reading
- Tertiary education and general education

2. Digital Learning Solutions

Recognizing the transformative potential of technology in education, we have invested significantly in digital platforms offering:

- Interactive eBook and multimedia content
- Learning accessibility and inclusion suite
- Assessment and progress tracking tools
- Teacher support and professional development resources
- Mobile-optimized content for accessibility

4. Distribution and Logistics

We operate a multi-channel distribution network comprising direct sales to schools and institutions, wholesale distribution through approved booksellers, retail sales through our bookshop chain, and myBidhaa, our digital distribution via online platform. Our logistics capabilities ensure timely delivery across our operating markets, including hard-to-reach areas.

5. Language Services

We offer high-quality, accurate and professional language services to companies and individuals in Africa and the rest of the world. The language services include interpretation, translation, simultaneous, interpretation equipment, executive public address systems, desktop publishing, rapporteur services, transcription, software localization, mobile localization, website localization.

Value Creation Outputs and Outcomes

For Shareholders: Sustainable returns through dividends and capital appreciation, transparent governance, and prudent risk management.

For Customers: Affordable, quality educational materials aligned with curricula, innovative digital solutions enhancing learning outcomes, and responsive customer service.

For Authors and Partners: Fair remuneration and royalties, professional development support, and collaborative partnerships that respect intellectual property.

For Employees: Competitive compensation and benefits, professional development opportunities, a safe and inclusive work environment, and opportunities for career advancement.

For Communities and Society: Improved educational outcomes contributing to social progress, job creation and economic opportunity, support for literacy and reading culture, and responsible environmental stewardship.

For Government: Tax revenues, compliance with education policies, partnership in curriculum implementation, and contribution to national development goals.



Our core activity involves identifying curriculum needs, commissioning and developing educational content, and managing the editorial process from manuscript to final approved product. We publish textbooks, workbooks, teacher guides, reference books, law books and supplementary materials.

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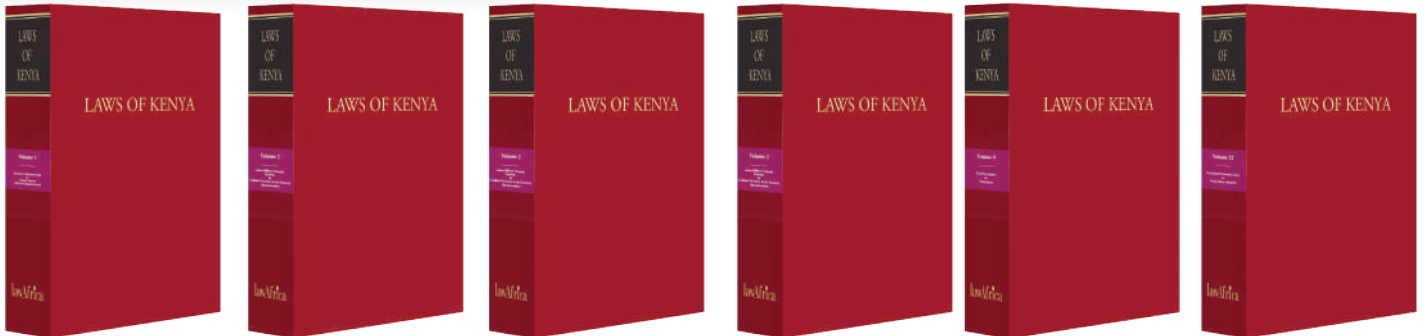
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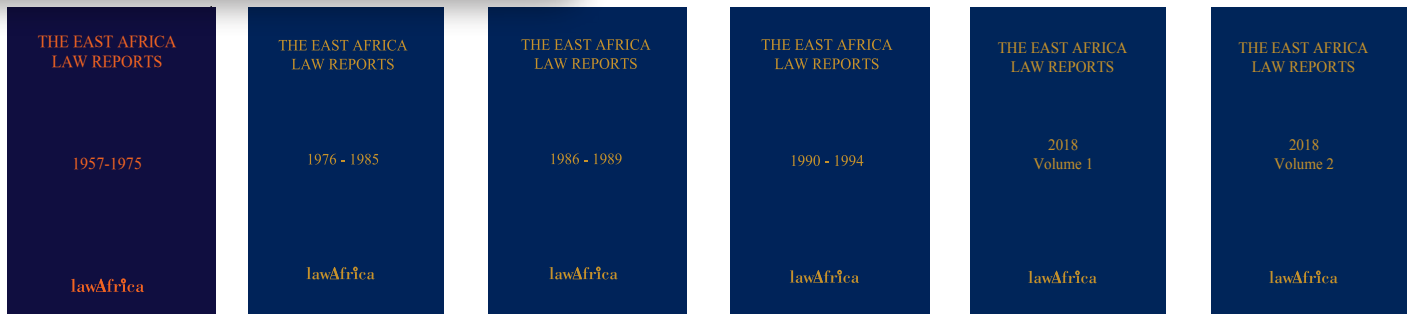
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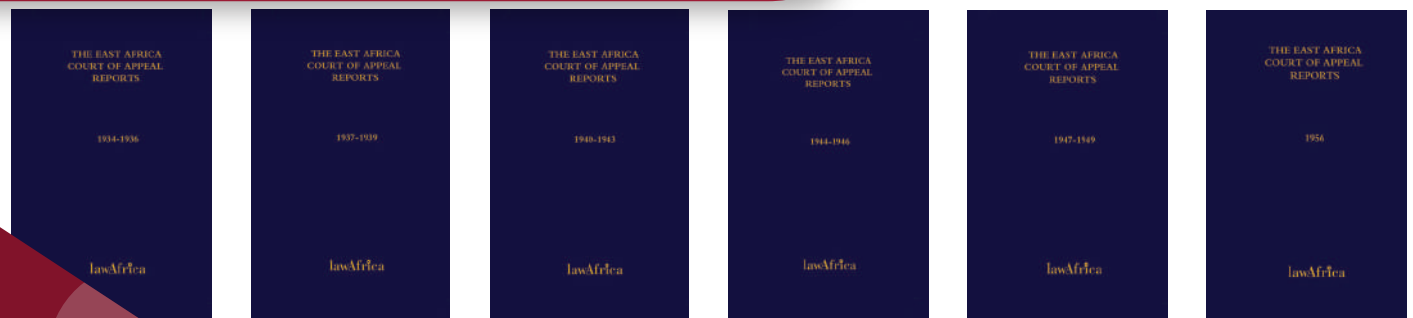
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Environmental, Social and Governance (ESG)

This report outlines the Environmental, Social, and Governance (ESG) commitment of Longhorn Publishers.

We strive 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 informs every

aspect of our business, including how we design and commercialize new projects, operate our portfolio, collaborate with stakeholders and report progress.

Our Nominations and Governance Committee oversees our policies and operational controls for environmental, health, safety and social risks. The Committee meets regularly to set goals, budgets, and implementation timelines and monitor progress and results.



Guided by innovation and strong ESG values, we are committed to building sustainable, equitable, healthy, and diverse communities. Through responsible governance, continuous learning, and collaboration with stakeholders, we ensure that every project we design and deliver creates lasting positive impact for people and the planet.



Environmental, Social and Governance (ESG) (Continued)

Environmental Stewardship

1.1 Overview

We aim to embed environmental stewardship in everything we do. We believe we have a responsibility to minimize the energy, carbon, water and waste impacts of our business and recognize that these impacts occur not just in the daily operations of our portfolio but also through our entire value chain. As a result, we strive to reduce environmental impacts across the full life cycle of our buildings and our corporate operations.

1.2 Statement on Climate Change

We are committed to driving down our energy and carbon impacts, as we believe that climate change is one of the greatest risks to our world and know that buildings contribute 40% of global greenhouse gas (GHG) emissions. Our sustainability program is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, tenants and community.

1.3 Energy & Water Consumption and Efficiency

We have a long-term environmental performance target that addresses energy and water consumption. To achieve our targets, our building is monitored periodically by our third party consultants and the results are reviewed by our Management Committee. Our energy consumption initiatives include energy management system upgrades and equipment upgrades. Our water consumption initiatives include water-efficient fixtures.

1.4 Waste management

We seek to implement practices to reduce, reuse, and recycle materials, as well as minimizing overall environmental impact. These practices include:



- Reducing paper usage by introducing digital platforms (LoHo eLearning and eBooks)
- Partnering with local recycling facilities to ensure proper disposal and recycling of materials.
- Use of eco-friendly packaging materials.

Social Responsibility

2.1. Overview

A deep commitment to social responsibility is core to who we are as a company. We believe people are at the heart of our business and take pride in our outstanding work culture. We strive to be an optimal employer to our workforce, as well as a valued partner to our communities.

2.2. Compensation and Benefits

We know that the first step in hiring and retaining the best talent is to create safe and inspiring workplaces where people feel valued. We offer competitive compensation and benefits to all regular full-time employees, including but not limited to sick leave, retirement savings plans and medical, dental, and vision coverage. We also offer a very generous equity compensation program that empowers our team members to act and feel like owners, not just employees.

2.3. Culture, Engagement and Growth

We create fun, spirited work environments that reward innovation and collaboration at all levels. Every new employee is given a copy of the Human Resource Policy which is a set of key operating principals that we all strive to embody every day. Leaders are encouraged to demonstrate an "open door policy" and employees can provide feedback through their annual performance reviews. We hold periodic employee events such as the annual staff party, luncheon and game parties. We also aim to foster both personal and professional growth for employees at all levels of the organization through annual performance reviews, role-specific training and professional development opportunities.

2.4. Health and Safety

The health and safety of our employees and suppliers is of the utmost importance to us. We adhere to leading health and safety standards across our portfolio, and each year, we conduct various health seminars and require our all employees to complete safety training.

Environmental, Social and Governance (ESG) (Continued)

2.5. Diversity and Inclusion

We embrace and value diversity in all its forms, whether gender, age, ethnicity or cultural background. Equal opportunity is integral to our recruitment process, as we aim to develop a community of diverse talent. We seek to maintain a positive workplace, free from discrimination and harassment. We champion pay equity and mutual respect, promoting an environment of fairness and equality. Our commitment to diversity and inclusion applies to the highest levels of the organization, including at the board level, where we recognize that diversity strengthens board performance and promotes long-term shareholder value.

2.6. Community Engagement

We have a long history of providing meaningful, and often transformational, support to the communities in which we operate. We also provide charitable support to key industry and professional organizations, often in the form of event sponsorships and book donations.

2.7. Support for human rights and labour laws

Our Human Resource Policy reflects our dedication to the adherence of labour laws in the countries we operate in and preservation of basic rights and human dignity.

Governance

3.1. Overview

We view good governance as essential to creating and preserving value for our shareholders and other stakeholders. This includes a sound approach to corporate governance



that complies with all applicable laws, rules, regulations and policies as well as unwavering adherence to our values.

3.2. Corporate Governance and Transparency

3.2.1. Corporate Governance

We have an effective and highly skilled Board of Directors with three committees: Audit and Risk, Nominations and Governance, and Operations and Strategy. We promote board independence and embrace board diversity in all its facets, including skills, experience, gender, ethnicity, and race. Our Corporate Governance Guidelines outline key principles and rules to help our Board of Directors exercise its responsibilities and serve the interests of the company and its stockholders.

3.2.2. Transparency

We believe that financial transparency improves stakeholder relations. It empowers employees with the knowledge and tools to participate in company finances and productivity

metrics, it can initiate a substantial cultural shift within Longhorn. This is done through the publication of the annual reports, monthly townhall meetings.

3.3. Ethical business practices

Our directors and all employees, including senior management, conduct themselves in accordance with the highest moral and ethical standards, informed by a robust Code of Business Conduct and Ethics. We are committed to ensuring a fair workplace for our employees as well as partners with whom we do business. We have strict policies to protect against unlawful discrimination and harassment. We have an Open-Door Policy to encourage honest and direct communication to resolve issues and concerns in an expeditious manner. We also have an Whistleblower Hotline that provides an alternative and anonymous method of reporting suspected compliance violations, unlawful or unethical behavior, or fraud.



Integrity and fairness guide everything we do — from upholding the highest ethical standards to fostering open communication and protecting every employee's right to a safe, respectful, and transparent workplace.



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Risk management

Introduction

We recognize that effective risk management is fundamental to achieving our strategic objectives, protecting stakeholder value, and ensuring the long-term sustainability of our business. Operating in the dynamic and evolving education sector across multiple East African markets exposes us to a diverse range of risks that require proactive identification, assessment, and mitigation.

Our approach to risk management is embedded in our corporate culture and integrated into our strategic planning, business operations, and decision-making processes. We view risk management not merely as a compliance requirement but as a strategic enabler that allows us to pursue opportunities with confidence while maintaining appropriate safeguards against potential threats.

The Board of Directors bears ultimate responsibility for the Group's risk management and maintains oversight of the risk management process through the Audit and Risk Committee. Management is

responsible for implementing the risk management framework and ensuring that appropriate risk mitigation strategies are in place and functioning effectively.

Risk Management Framework

Our risk management approach is designed to identify, evaluate, and mitigate risks across all levels of the organisation. The Board of Directors, through the Audit and Risk Committee, provides oversight of the risk management process, ensuring alignment with our corporate strategy and regulatory compliance. The

framework is guided by the following principles:

1. Risk Identification: Continuous identification of risks through market analysis, internal audits, and stakeholder feedback.
2. Risk Assessment: Evaluating risks based on their potential financial, operational, and reputational impact on the business.
3. Risk Mitigation: Implementing strategies to minimize, transfer, or eliminate risks where possible.
4. Risk Monitoring: Regularly reviewing risk exposure and the effectiveness of mitigation strategies through quarterly assessments.



Our Board provides strategic oversight of risk, ensuring strong governance while management drives effective implementation and mitigation across the Group.

Risk management (Continued)

Objectives of the Risk Management Framework:

- Promote a consistent and transparent approach to identifying and assessing risks.
- Establish clear ownership and accountability for risk management at all organizational levels.
- Integrate risk management into strategic planning, budgeting, and performance evaluation.
- Support informed decision-making by providing timely and accurate risk information to management and the Board.



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.

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 behavior 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 behavior, 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.



Senior management drives robust internal controls by fostering the right structures, culture, and competencies to ensure effective risk management and business resilience.

Risk management (Continued)

- the achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behavior; 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.

Key Risk Areas and Mitigation Strategies

1. Market Dynamics and Consumer Preferences
 - Risk:** Shifts in reader preferences, technological advancements, and increased competition from digital content providers may affect demand for traditional print books.
 - Mitigation:** We continuously diversify our product portfolio, including eLearning and eBooks platforms. Market research and analytics help us stay informed about emerging trends, allowing us to tailor our offerings to meet changing consumer demands.
2. Intellectual Property Rights and Copyright Infringement
 - Risk:** Copyright infringement and piracy pose significant threats to the publishing industry, potentially leading to revenue loss and brand damage.
 - Mitigation:** We employ stringent legal measures to protect our intellectual property. Additionally, we collaborate with Kenya Publishers Association, Kopiken Kenya to combat piracy and unauthorized distribution of our content.
3. Technological Disruption
 - Risk:** Rapid technological changes in the publishing sector, including self-publishing platforms and digital distribution, may challenge traditional publishing models.



Risk management (Continued)

- **Mitigation:** Our strategic investments in digital platforms and launch of our eCommerce platform, MyBidhaa, position us to capitalize on the market. We also explore opportunities in AI-driven content creation and marketing to enhance operational efficiency and market reach.
4. Supply Chain and Production Risks
- **Risk:** Disruptions in the supply chain, including paper shortages, printing delays, and logistical challenges, can impact the timely delivery of products to customers.
 - **Mitigation:** To minimize supply chain risks, we maintain diversified supplier relationships and adopt flexible production strategies.
5. Regulatory and Compliance Risks
- **Risk:** The publishing industry is subject to various regulatory requirements, including data protection and censorship laws in certain regions, which could restrict our ability to operate or expose us to penalties.
 - **Mitigation:** Regular legal and compliance audits are conducted, and employee training programs are in place to raise awareness of legal obligations.



6. Financial Risks
- **Risk:** Currency fluctuations, interest rate changes, and macroeconomic conditions may adversely impact our financial performance.
 - **Mitigation:** Diversifying our revenue streams across markets also helps cushion against economic downturns in specific regions.
7. Talent Acquisition and Retention
- **Risk:** The ability to attract and retain skilled employees, authors, illustrators, designers and other publishing professionals is crucial to maintaining our competitive edge.
 - **Mitigation:** We foster a culture of innovation, offering competitive compensation packages, and a collaborative work environment to retain top talent.

Emerging Risks and Opportunities

The publishing industry is rapidly evolving, and with it, new risks and opportunities are emerging. We are proactively monitoring trends such as artificial intelligence in content creation, blockchain for copyright protection, and the growing role of social media in book promotion. Our risk management approach is adaptive, allowing us to pivot quickly in response to these changes.

We are committed to maintaining a robust risk management framework that protects shareholder interests while enabling us to pursue strategic growth opportunities. By anticipating and addressing potential risks, we ensure the long-term sustainability of our business and the continued delivery of value to our shareholders.



As the publishing landscape transforms, we embrace innovation and adaptability—leveraging emerging technologies and trends to turn risks into opportunities for growth.

Group Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Longhorn Publishers PLC Annual Report and Financial Statements for the year ended 30 June 2025. This year marked a pivotal period of transition, consolidation, and renewed strategic focus for our Company as we positioned Longhorn for long-term, sustainable growth across the African continent.

Strategic Progress

The past few years have reshaped the education landscape in Kenya and the wider region. The transition to the Competency Based Education (CBE) presented short-term challenges, but it also created opportunities to redefine our content portfolio and reinforce Longhorn's leadership in educational publishing.

During the year, the Company embarked on the rationalisation of its learning materials to align with the finalised CBC framework, a major milestone that restores stability to the core Kenyan market. At the same time, Longhorn continued to advance its regional expansion strategy, strengthening its footprint in Uganda, Tanzania, the Democratic Republic of Congo (DRC), and Cameroon.

These markets offer strong growth potential as governments and institutions invest in curriculum reform, digital learning, and access to quality educational materials. The Board views regional diversification as a key growth driver and a natural extension of Longhorn's mission to enrich learning experiences across Africa.

Governance and Leadership

The Board continues to uphold the highest standards of governance, accountability, and ethical leadership. During the year, we enhanced Board oversight of strategic execution, risk management, and sustainability performance. Particular attention was given to ensuring that the

leadership structure supports agility and operational efficiency across all subsidiaries and regional markets.

We are encouraged by the dedication and professionalism of our management team, whose leadership has been critical in guiding the business through an evolving operating environment. The Board remains confident in the team's ability to execute our growth strategy and create long-term value for shareholders.

Sustainability and Stakeholder Engagement

Longhorn's impact extends beyond publishing, it lies in empowering teachers, learners, and communities through knowledge. Our commitment to sustainability is reflected in our efforts to integrate environmental, social, and governance (ESG) principles into every facet of our operations. We continue to promote local content development, educational inclusion, and responsible production practices across all markets where we operate.

We also value our partnerships with our stakeholders across the region. These collaborations enable us to support national education goals and contribute meaningfully to literacy, digital adoption, and lifelong learning.

Future Outlook

Longhorn is well positioned to capitalise on upcoming opportunities, including the completion of the CBC rollout to Grade 12 and expansion in the digital learning ecosystem. Our digital platforms

currently reach over 300 schools and 50,000 learners, and this base continues to grow as technology becomes more embedded in learning delivery.

Our growing presence in Uganda, Tanzania, DRC, and Cameroon positions the Group as a pan-African education solutions provider. As we continue to deepen our regional reach and invest in technology-driven learning, Longhorn is well placed to deliver sustainable growth and enhanced shareholder value.

Appreciation

On behalf of the Board, I extend heartfelt appreciation to our shareholders for their continued trust, to our management and employees for their dedication, and to our authors, partners, and customers for their loyalty. Together, we are shaping the next chapter of Longhorn's journey, one defined by innovation, integrity, and impact across Africa.



Prof. Githu Muigai
Group Chairman

Taarifa ya Mwenyekiti

Kwa niaba ya Bodi ya Wakurugenzi, nina furaha kuwasilisha Ripoti ya kila Mwaka na Taarifa za Kifedha za Longhorn Publishers PLC za mwaka wa kifedha uliokamilika tarehe 30 Juni 2025. Mwaka huu umekuwa kipindi muhimu cha mpito, uimarishaji, na uzingativu upya wa mikakati ya maendeleo ya Kampuni yetu, jinsi tulivyoweke Longhorn katika nafasi bora ya ukuaji endelevu wa muda mrefu barani Afrika.

Maendeleo ya Kimkakati

Miaka michache iliyopita imebadilisha mandhari ya elimu nchini Kenya na katika eneo pana. Uhamiaji katika Mtaala wa Kiumilisi (CBC) ulileta changamoto za muda mfupi, lakini pia ulitoa fursa za kubadili upya mkondo wa uchapishaji wetu na kuweka thabiti uongozi wa Longhorn katika uandishi na uchapishaji wa kielimu. Mwaka huu, kampuni ilianzisha mchakato wa kurekebisha vitabu na nyenzo nyingine za ujifunzaji ili ziambatane na mfumo ulioboreshwa wa CBC, hii ikiwa ni hatua muhimu ambayo ilirejesha uthabiti katika soko kuu la Kenya. Wakati huohuo, Longhorn iliendelea kupevusha mkakati wake wa upanuzi wa kikanda, ikiimarisha uwepo wake nchini Uganda, Tanzania, Jamhuri ya Kidemokrasia ya Kongo (DRC), na Cameroon. Masoko haya yanaonyesha nafasi kubwa ya ukuaji kwa vile serikali na taasisi

zake zinawekeza katika mageuzi ya mitaala, ujifunzaji wa kidijitali, na upatikanaji wa vifaa bora vya elimu. Bodi inatazama mseto wa kikanda kuwa kichocheo muhimu katika ukuaji na uendelezaji wa madhumuni ya Longhorn ya kuboresha shughuli za ujifunzaji barani Afrika.

Utawala na Uongozi

Bodi inaendelea kudumisha viwango vya juu zaidi vya utawala bora, uwajibikaji, na uongozi wa kimaadili. Katika mwaka huu, tuliboresha usimamizi wa Bodi katika utekelezaji wa mikakati, udhibiti wa hasara, na utendaji endelevu. Umakini maalum ulishirikishwa kuhakikisha kuwa muundo wa uongozi unaimarisha wepesi wa maamuzi na ufanisi wa kiutendaji katika kampuni tanzu na masoko yote ya kikanda. Tunafurahishwa na kujitolea na utaalamu wa timu yetu ya usimamizi, ambayo uongozi wake umekuwa muhimu katika kuelekeza biashara katika mazingira ya kibiashara yanayobadilika. Bodi ina imani thabiti katika uwezo wa timu hii kutekeleza mkakati wetu wa ukuaji na kuunda thamani ya kudumu kwa wanahisa.

Uendeleu na Ushirikiano na Wadau

Mchango wa Longhorn unaenea hadi nje ya mawanda ya uchapishaji. Mbali na uchapishaji, Longhorn inawawezesha walimu, wanafunzi, na jamii kupitia maarifa. Kujitolea kwetu kwa maendeleo endelevu kunadhihirika kupitia juhudi za kushirikisha kanuni za

kimazingira, kijamii, na kiutawala (ESG) katika kila nyanja ya shughuli zetu. Tunaendelea kukuza utayarishaji wa maudhui ya kiasili, ujumuishaji wa elimu, na mbinu bora za uzalishaji katika masoko yote tunayofanyia kazi. Pia, tunathamini ushirikiano wetu na wadau mbalimbali katika kanda hii. Ushirikiano huu unatupa uwezo wa kuhimili malengo ya kitaifa ya elimu na kuchangia kikamilifu katika kusoma, matumizi ya teknolojia, na ujifunzaji wa kudumu.

Mustakabali Wetu

Longhorn ipo katika nafasi nzuri ya kunufaika na fursa zijazo, ikiwemo kukamilisha utekelezaji wa CBC hadi Gredi ya 12 na upanuzi katika mfumo wa ujifunzaji wa kidijitali. Mifumo yetu ya kidijitali kwa sasa inafikia zaidi ya shule 300 na wanafunzi 50,000, na idadi hii inaendelea kuongezeka kadiri teknolojia inavyozidi kupenyezwa katika mbinu za ujifunzaji. Uwepo wetu nchini Uganda, Tanzania, DRC, na Cameroon unaozidi kukua unaainisha Longhorn kama msuluhishaji wa elimu wa bara zima la Afrika. Tunapoendelea kuimarisha uwepo wetu wa kikanda na kuwekeza katika ujifunzaji unaoendeshwa na teknolojia, Longhorn ipo tayari kutoa ukuaji endelevu na kuongeza thamani kwa wanahisa.

Shukrani

Kwa niaba ya Bodi, ninatoa shukrani za dhati kwa wanahisa wetu kwa kuendelea kuwa na imani nasi, kwa timu yetu ya usimamizi na wafanyakazi kwa kujituma kwao, na kwa waandishi wetu, washirika, na wateja kwa uaminifu wao. Pamoja, tunaunda ruwaza ijayo ya safari ya Longhorn, ruwaza inayotaambulishwa kwa ubunifu, uadilifu, na athari chanya kote barani Afrika.



Prof. Githu Muigai
Mwenyekiti wa Bodi

Group Managing Director's Statement

The financial year ended 30 June 2025 was one of the most transformative in Longhorn Publishers' history. It tested our resilience as an organisation, demanded bold decisions, and ultimately strengthened our foundation for sustainable growth.

Navigating a Year of Transition

The year began amid market hesitation as schools, parents, and government agencies awaited the final approval of Competency Based Education (CBE) materials. This uncertainty slowed purchasing decisions in both private and public sectors, resulting in a 56% decline in revenue. In addition, the late commencement of government procurement delayed recognition of Kes 463 million in revenue to the next financial year.

Despite these setbacks, we maintained operational stability and focus. Management implemented decisive cost optimisation measures that reduced operating expenses by 20% year-on-year, preserving cash flow and mitigating the impact of the revenue shortfall. These efforts enabled the Group to narrow its comprehensive loss from Kes 266 million to only Kes 5 million, signalling a strong turnaround and demonstrating the effectiveness of our recovery strategy.

Operational Progress and Strategic Execution

This year, our efforts were guided by three priorities: stabilisation, efficiency, and innovation. We reviewed and streamlined our content portfolio, aligning it with the revised national curriculum and ensuring compliance with new approval frameworks. Our teams worked tirelessly to deliver quality materials across all learning levels while improving production efficiencies and reducing inventory risk.

Digital transformation remained a key strategic pillar. Our eLearning

platform now serve over 300 schools and 50,000 learners, providing interactive, curriculum-aligned digital content that supports modern teaching and learning methods. We also strengthened partnerships with regional distributors and education ministries to position Longhorn as a leading provider of blended learning solutions across East and Central Africa.

Building for the Future

With the curriculum reforms now complete, Longhorn enters FY2026 with renewed clarity and strategic focus. The Group will continue to leverage its robust brand equity, diversified catalogue, and digital ecosystem to drive revenue recovery and margin improvement.

Our strategic priorities for the coming year include:

- Deepening market penetration in Kenya and expanding regional presence.
- Accelerating digital learning adoption by enhancing platform features and broadening content offerings.
- Strengthening working capital management to support efficient order fulfilment and cash generation.

- Continuing to embed sustainability and ESG principles in our operations to ensure long-term stakeholder value.

Appreciation

I extend my heartfelt gratitude to our Board of Directors for their guidance, to our employees for their unwavering commitment. To our shareholders, partners, and stakeholders, thank you for your continued support and confidence in Longhorn. Together, we have built a strong foundation for the future, one anchored in innovation, resilience, and purpose.



Simon Ngigi
Incoming Group Managing Director



Kauli ya Mkurugenzi Mtendaji

Mwaka wa kifedha uliokamilika tarehe 30 Juni 2025 ulikuwa miongoni mwa miaka ya mageuzi makubwa zaidi katika historia ya Shirika la Uchapishaji la Longhorn. Ulijaribisha stahamala yetu kama shirika, ukahitaji maamuzi yenye ujasiri kufanywa, na hatimaye ukaimarisha msingi wetu wa ukuaji endelevu.

Mpito wa Mwaka wa Mabadiliko

Mwaka ulianza huku kukiwa na hali ya kusitasita sokoni kwani shule, wazazi, na taasisi za serikali zilikuwa zikisubiri kuidhinishwa kwa mara ya mwisho kabisa kwa vitabu vya Mtaala wa Kiumilisi (CBC). Kutokuwa na uhakika huku kulichelewesha maamuzi ya ununuzi katika sekta za binafsi na za umma, na kusababisha upungufu wa mapato kwa asilimia 56. Aidha, kuanza kwa kuchelewa kwa ununuzi wa serikali kulisababisha mapato ya shilingi milioni 463 kutotambuliwa hadi mwaka wa kifedha unaofuata.

Licha ya changamoto hizi, tuliendeleza uthabiti wa kiutendaji na umakini. Usimamizi ulitekeleza hatua madhubuti za kudhibiti gharama – hatua ambazo zilizopunguza gharama ya matumizi kwa asilimia 20 ikilinganishwa na mwaka uliopita, na hivyo kuhifadhi mtiririko wa fedha na kupunguza athari za upungufu wa mapato. Jitihada hizi

ziliwezesha kampuni kupunguza hasara yake ya jumla kutoka shilingi milioni 266 hadi shilingi milioni 5, ikiwa ni ishara ya mwelekeo mzuri wa marejeo na ithibati ya ufanisi wa mikakati yetu ya urejeshaji.

Maendeleo ya Kiutendaji na Utekelezaji wa Mkakati

Mwaka huu, jitihada zetu ziliongozwa na vipaumbele vitatu: uthabiti, ufanisi, na ubunifu. Tulipitia upya na kurekebisha vitabu na nyenzo za ujifunzaji ili kuziambatanisha na mtaala wa kitaifa uliorekebisha na kuhakikisha ufuataji wa mifumo mipya ya uidhinishwaji. Timu zetu zilifanya kazi kwa bidii kuhakikisha utoaji wa vifaa bora vya kujifunzia katika ngazi zote za elimu huku zikiboresha ufanisi wa uzalishaji na kupunguza uwezekano wa kupata hasara nyingi.

Mabadiliko ya kidijitali yaliendelea kuwa nguzo kuu ya kimkakati. Jukwaa letu la ujifunzaji mtandaoni sasa linahudumia zaidi ya shule 300 na wanafunzi 50,000, likiwa na maudhui shirikishi na yanayolingana na mtaala, na yanayowiana na mbinu za kisasa za ufundishaji na ujifunzaji. Pia, tuliimarisha ushirikiano wetu na wasambazaji wa kikanda pamoja na wizara za elimu, ili kuiainisha Longhorn kama mtoaji mkuu wa huuduma mseto za ujifunzaji katika Afrika Mashariki na Kati.

Kujenga kwa Ajili ya Siku za Usoni

Kwa kukamilika kwa mageuzi ya mtaala, Longhorn inaingia mwaka wa kifedha wa 2026 ikiwa na mwelekeo mpya na mkakati uliobainishwa wazi. Kampuni itaendelea kutumia nguvu yake imara ya uchapishaji, orodha mbalimbali za bidhaa, na mfumo wa kidijitali kuendesha urejeshaji wa mapato na kuboresha faida.

Vipaumbele vyetu vya kimkakati mwaka ujao ni pamoja na:

- Kuimarisha uenezaji wa soko nchini Kenya na kupanua uwepo wa kikanda.
- Kuhimiza ujifunzaji wa kidijitali kwa kuboresha majukwaa yetu ya kidijitali na kupanua wigo wa huduma zetu za kidijitali.
- Kuimarisha usimamizi wa mtaji wa kazi ili kuwezesha utoaji wa oda kwa ufanisi na uzalishaji wa fedha.
- Kuendelea kuingiza kanuni za uendelevu na ESG katika shughuli zetu ili kuhakikisha thamani ya muda mrefu kwa wadau wote.

Shukrani

Ninatoa shukrani za dhati kwa Bodi yetu ya Wakurugenzi kwa mwongozo wao, na kwa wafanyakazi wetu kwa kujitolea kwao bila kuyumba. Kwa wanahisa, washirika, na wadau wetu wote, asanteni kwa msaada na imani yenu kwa Longhorn. Pamoja, tumejenga msingi imara wa baadaye, msingi unaoongozwa na ubunifu, stahamala, na dhamira.



Simon Ngigi
Mkurugenzi Mtendaji (Anayeingia)



Board of Directors



Prof. Githu Muigai
Group Chairman

Board of Directors (Continued)



Maxwell Wahome
Outgoing Group Managing Director



Dr Shikoh Gitau
Director (Non-Executive, Independent)



Thomas Omondi
Director (Non-Executive)



Fred Murimi
Director (Non-Executive)



Emma Miloyo
Director (Non-Executive, Independent)



Ali Hussein Kassim
Director (Non-Executive)



Makenna Wambui Nyammo
Director (Non-Executive)



Dancan Irungu
Director (Non-Executive, Independent)



Anne Nelima Otunga
Company Secretary

Management Team



Simon Ngigi
Incoming Group Managing Director



Maxwell Wahome
Outgoing Group Managing Director



Michael Mwaura
Chief Finance and Operations Officer



Patricia Mganda
Publishing Manager



Charles Sseruwu
Country Manager, Uganda



Hillary Kiprop
Senior HR Business Partner



Anna Mlaki
Country Manager, Tanzania



Sonny-Mattieu
Country Manager, DRC



Nzume Elango
Country Manager, Cameroon

Corporate Governance Statement

1. Introduction

At Longhorn Publishers PLC, we are dedicated to fostering long-term value for our stakeholders through the highest standards of corporate governance, ethics, and social responsibility. We believe that a solid governance framework not only reflects our core values but also ensures that we maintain a transparent and accountable relationship with all our stakeholders, including shareholders, regulatory bodies, employees, customers, suppliers, and the wider community.

Our governance philosophy goes beyond mere regulatory adherence. We are committed to embedding corporate governance principles throughout our operations, fostering a culture of transparency, accountability, and integrity. Through this, we aim to protect shareholder interests, uphold ethical standards, and drive sustainable value creation across all levels of our business.

2. Board of Directors

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 that business partners are also complying with the highest standards of integrity and business ethics.

Longhorn continues to adhere to core governance principles that have propelled our growth and leadership in the publishing industry:-



Fairness: We are committed to ensuring that all stakeholders—including employees, shareholders, customers, and partners—are treated equitably and with respect.



Accountability: The Board takes responsibility for overseeing Longhorn's strategic direction and for providing clear, balanced, and timely information to stakeholders.



Responsibility: The Board accepts full responsibility for overseeing the management of the company's affairs, ensuring that all actions are aligned with Longhorn's strategic goals.



Transparency: We ensure that stakeholders are fully informed of Longhorn's activities, strategies, and potential risks through accurate, timely, and comprehensive disclosures.



Sustainability: The Board emphasizes environmental, social, and governance (ESG) principles in all our operations, ensuring that Longhorn conducts its business with meaningful regard for sustainability.

Corporate Governance Statement (Continued)

3. Board Charter and Committees' Charters

The Board Charter outlines the governance parameters within which the Board operates, setting out the specific responsibilities to be discharged by the directors both collectively and individually. These include areas such as board structure, roles, responsibilities, and operational protocols to ensure effective governance.

Each Board Committee operates under a specific charter, with clearly defined mandates to ensure that their oversight functions are carried out effectively. This delegation of authority ensures accountability while supporting efficient decision-making.

4. Board Roles and Responsibilities

In performing its roles and duties, 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;
- 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;
- Nominate for appointment Board members who will add value to the Company;
- appoint the Group 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.

5. Board Composition

The Board is composed of nine (9) directors comprising one executive director and eight non-executive directors. Three of the non-executive directors are independent directors. The Chairman of the Board who is a non-executive director, and the Group Managing Director roles are separate, ensuring independent oversight.

Board members have diverse skills, experience, and expertise relevant to the business and a summary of the variety of skills and expertise includes business management, information technology, marketing and public relations, governance and leadership, legal, banking and finance, accounting, strategy and human resources management.



The Board Charter outlines the governance parameters within which the Board operates, setting out the specific responsibilities to be discharged by the directors both collectively and individually.

Corporate Governance Statement (Continued)

The structure of the Board of Directors is outlined below:-

Name of 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 Ali Hussein Kassim	Kenyan	Non-Executive	01/03/2014
Mr Muigai Githu	Kenyan	Non-Executive	20/08/2015
Mr Fred 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
Dr Dancan Irungu	Kenyan	Independent Non-Executive	18/05/2023
Mr Thomas Omondi	Kenyan	Alternate Director to Centum Investment Company PLC	01/05/2022
Dr Shikoh Gitau	Kenyan	Independent Non-Executive	15/03/2024
Prof Githu Muigai	Kenyan	Non-Executive	19/12/2024
Makena Nyammo	Kenyan	Non-Executive	19/12/2024

**Francis T. Nyammo retired as a director with effect from 21st November 2024.*

**Muigai Githu retired as a director with effect from 19th December 2024.*

6. Board Operations

The Board meets at least once every quarter and holds additional meetings as needed to address emerging issues. The Board operates under a well-structured Annual Work Plan, which ensures that all aspects of governance and performance oversight are covered comprehensively.

Directors receive timely and regular updates on the company's operations and performance, enabling them to scrutinize and guide the company's strategic direction effectively. Additionally, new directors undergo a structured induction process, ensuring they are well-versed with the company's business and governance practices.

A summary of attendance at Board meetings held in the course of the financial year 2024/2025 is shown below:-

Director	10 September 2024	14 November 2024	19 December 2024	20 February 2025	30 June 2025
F T Nyammo (Board Chairman)	✓	✓	-	-	-
M Wahome	✓	✓	✓	✓	✓
Centum Investment Company PLC (Represented by T Omondi)	✓	✓	✓	✓	✓
A K Hussein	✓	✓	✓	✓	✓
M Githu	✓	✓	✓	-	✓
F Murimi	✓	✓	✓	✓	✓
E Miloyo	✓	✓	✓	-	✓
D Irungu	-	✓	✓	-	✓
S Gitau	✓			-	✓
Prof G Muigai (Board Chairman)				✓	✓
M Nyammo				✓	✓

** F T Nyammo (Board Chairman) retired as a director with effect from 21 November 2024*

** Muigai Githu retired as a director with effect from 19 December 2024*

*** Makenna Nyammo was appointed as a director with effect from 19 December 2024*

*** Prof Githu Muigai was appointed as a director and Board Chairman with effect from 19 December 2024*

Corporate Governance Statement (Continued)

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 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 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 should they deem it necessary.

7. 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 their respective Terms of Reference as well as in the Board Charter to ensure accountability. The minutes of meetings of the Board Committees are tabled at subsequent Board meetings and Committee decisions and recommendations ratified or approved by the Board as may be applicable.

The Board has constituted three standing committees as follows:-



Dancan Irungu
Chairperson

7.1 Board 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, ensuring adequate systems and control processes, and the preparation of accurate financial statements in compliance with all applicable legal requirements and accounting standards. The Audit and Risk Committee also regularly reviews the effectiveness of the controls. Specifically, the Committee has oversight over the following areas:-

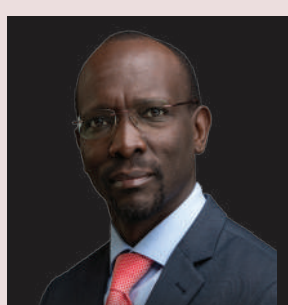
- Financial reporting and disclosure matters which include review of periodic accounts before their publishing as well as considering the internal and external audit findings in order to identify any material weaknesses in financial and accounting control systems.
- Risk Management and Internal Controls 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 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.



Dr Shikoh Gitau
Member



Emma Miloyo
Member



Thomas Omondi
Member



Fred Murimi
Member

Corporate Governance Statement (Continued)

The Audit and Risk Committee currently has four 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	10 September 2024	14 November 2024	30 January 2025	8 May 2025
D Irungu (Chair)	-	✓	✓	✓
Centum Investment Company PLC (Represented by T Omondi)	✓	✓	✓	✓
F Murimi	✓	✓	✓	✓
S Gitau	✓	-	✓	✓
E Miloyo	✓	✓	✓	✓



Thomas Omondi
Chairperson

7.2 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, makes recommendations to the Board with respect to major acquisition and disposition opportunities.
- Financial Planning: The Committee reviews and when appropriate, makes recommendations to the Board with respect to the capital structure of the Company, financial plans, 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.



Dr Shikoh Gitau
Member



Fred Murimi
Member



Ali Hussein Kassim
Member



Makena Nyammo
Member



Emma Miloyo
Member



Dancan Irungu
Member

Corporate Governance Statement (Continued)

The Committee is comprised of six (6) members, three of whom are independent non-executive directors.

A summary of attendance at the Operations and Strategy Committee meetings held in the course of the financial year 2024/2025 is indicated below:-

Member	26 July 2024	14 November 2024	30 January 2025	8 May 2025	19 June 2025
Centum Investment Company PLC (Represented by T Omondi) (Chair)	✓	✓	✓	✓	✓
D Irungu	✓	✓	✓	✓	✓
S Gitau	✓	-	✓	✓	-
F Murimi	✓	✓	✓	✓	✓
E Miloyo	✓	✓	-	✓	✓
M Nyammo	-	-	✓	✓	✓
A Hussein	✓	✓	✓	✓	✓



Emma Miloyo
Chairperson

7.3 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 Group 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 making 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.



Fred Murimi
Member



Dancan Irungu
Member



Dr Shikoh Gitau
Member

Corporate Governance Statement (Continued)

The Nominations, Governance and Human Resource Committee has five non-executive directors.

A summary of attendance at the Nominations, Governance and Human Resources Committee meetings held in the course of the financial year 2024/2025 is indicated below:-

Member	26 July 2024	14 November 2024	30 January 2025	8 May 2025
E Miloyo (Chair)	✓	✓	✓	✓
F Murimi	✓	✓	✓	✓
D Irungu	✓	✓	✓	✓
S Gitau	✓	-	✓	✓

8. Separation of oversight and managing roles

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

9. Company Secretary

The Company Secretary plays a pivotal role in supporting the Board by ensuring compliance with statutory and regulatory requirements. The Secretary ensures the effective flow of information between the Board and Management, facilitates Board inductions, and maintains formal records of Board discussions and decisions. The Secretary also ensures that the company complies with corporate governance best practices.

The Company Secretary is a registered Practising Member of the Institute of Certified Secretaries and an Accredited Governance Auditor by the Institute of Certified Secretaries.

10. Board Policies

In addition to the Board Charter, 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.

10.1 Conflict of Interest Policy

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 conflicts 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.

10.2 Anti-Bribery and Corruption Policy

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.



We uphold transparency and integrity by ensuring every director discloses any conflict of interest, reinforcing trust and accountability in all Board decisions.

Corporate Governance Statement (Continued)

10.3 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.

10.4 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.

10.5 Communication Policy

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

10.6 Stakeholders Engagement and Management Policy

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

10.7 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.

10.8 Data Privacy Policy

In accordance with the Data Protection Act, the Board established a Data Privacy Policy that governs how the Company and its subsidiaries collect, uses, and discloses personal data. Personal data in this context means information relating to an identified or identifiable natural person.

11. 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.

12. Board Induction and Development

New directors receive a comprehensive induction to familiarize them with Longhorn's business, governance structure, and industry dynamics. Continuous professional development is provided to all directors, ensuring they are equipped to perform their roles effectively and contribute to the success of the company.

13. Board Performance Evaluation

Longhorn is committed to the ongoing improvement of our corporate governance practices. Regular evaluations of the Board's performance are undertaken 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 an action plan from 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 2024 engaged an Independent Consultant to undertake an evaluation of the performance of the Board for the financial year ended 30 June 2025.

14. Principal Activity

Longhorn Publishers Plc is a pan-African publishing house whose shares are listed on the Nairobi Securities Exchange (NSE). The Company has grown its dominance in the publishing sector by establishing its presence throughout the region and has operations across African countries including Uganda, Cameroon, DRC, and Ghana through distributor partnerships.

Corporate Governance Statement (Continued)

15. Compliance

Longhorn's shares are listed on the NSE and the Company operates within the requirements of the Companies Act of Kenya and is regulated by the Capital Markets Authority (CMA), 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).

The Board members are made aware of the CMA Code through the Annual Board Workplan on activities touching on compliance with the Code.

16. 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.

17. Capital Structure

The issued and fully paid-up share capital of Longhorn Publishers Plc is KES 272,440,473.00 made up of 272,440,473 Ordinary Shares of KES 1.00 each.

18. Top Ten Shareholders as at 30 June 2025

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	15,834,095	5.81%
5	Kamami Investments Limited	3,114,050	1.14%
6	Gurbir Singh Amrik Singh Heer	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 8	1,479,400	0.54%
10	The Estate of the Late Ephantus M'Mwiandi Mugiri	1,477,600	0.54%
11	Others	30,759,806	11.29%
Total Issued Shares		272,440,473	100.00%

19. 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 Ltd A/C R98301.

** Hon. Francis Thombe Nyammo has a beneficial interest 35,011,750 shares (12.85%) held by Pacific Futures and Options Limited.

It is highlighted that Muigai Githu has a beneficial interest in Halifax Capital Corporation Limited which holds 15,834,095 shares (5.81%) in the Company.

Corporate Governance Statement (Continued)

20. Distribution of shareholders as at 30 June 2025

	No. of shareholders	No. of shares	%
Less than 500	1,614	274,937	0.10%
501 – 1,000	349	295,166	0.11%
1,001 – 5,000	619	1,596,655	0.59%
5,001 – 10,000	221	1,647,797	0.60%
10,001 – 50,000	233	5,214,494	1.91%
50,001 – 100,000	34	2,497,999	0.92%
100,001 – 500,000	29	6,979,388	2.56%
500,001 – 1,000,000	5	3,559,650	1.31%
Above 1,000,000	17	250,374,287	91.90%
Totals	3,121	272,440,473	100.00%

21. Shareholder Rights

Longhorn is committed to protecting shareholder rights and ensures equitable treatment of all shareholders. Shareholders are encouraged to participate in general meetings and exercise their voting rights.

22. Conclusion

Longhorn is dedicated to maintaining and enhancing its corporate governance practices to serve the best interests of its stakeholders. We will continue to adapt to changes in regulations, market dynamics, and emerging best practices to ensure a sustainable and successful future.

By order of the Board



Prof. Githu Muigai
Chairman of the Board
Longhorn Publishers PLC

Date: 23 October 2025



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Directors and Statutory Information

For the year ended 30 June 2025 (continued)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

DIRECTORS

Prof. Githu Muigai	– Group Chairman (appointed on 19 December 2024)
Hon. Francis Nyammo	– Former Group Chairman (retired on 21 November 2024)
Simon Ngigi	– Acting Group MD and CEO (appointed on 01 October 2025)
Maxwell Wahome	– Former Group MD and CEO (retired on 30 September 2025)
Emma Miloyo	
Ali Hussein Kassim	
Muigai Githu	– Retired on 19 December 2024
Dr Dancan Njagi	
Dr Silvian Gitau	
Makenna Nyammo	– Appointed on 19 December 2024
Fred Murimi	
Centum Investment Plc	– Represented by Thomas Omondi

COMPANY'S SECRETARY

Bellmac Consulting
3rd Floor, I&M Bank House
2nd Ngong Avenue
P.O. Box 102-00202
Nairobi

AUDITORS

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
P O Box 40612 – 00100
Nairobi

MAIN BANKERS

Standard Chartered Bank Kenya Limited
48 Westlands Road
P O Box 30003 – 00100
Nairobi

KCB Bank Kenya Limited
Industrial Area
P O Box 18031 – 00500
Nairobi

NCBA Kenya Plc
Mara and Ragati Road, Upper Hill
P O Box 49599 – 00100
Nairobi

Report of the Directors

For the year ended 30 June 2025

The Directors have the pleasure of submitting their audited consolidated and separate financial statements for the year ended 30 June 2025 (herein “financial statements”), which disclose the state of affairs of the Group and the Company.

1. Activities

The principal activity of Longhorn Publishers Plc continues to be the publishing of high quality educational and general books, provision of innovative digital learning solutions and sale of proprietary rights in respect of textbooks.

2. Operating environment

We have seen an improved macroeconomic environment with declining interest rates and easing inflation. However, the Education industry and our business faced several challenges, including delayed approvals for revised titles, reduced education budget allocation, the proliferation of secondhand and pirated books, and declining school spending driven by reduced disposable incomes.

3. Financial highlights

The Group’s revenue for the year decreased by KShs 850 million representing 56% decline compared to the previous year. This was primarily attributed to the reduced government orders and delay in purchasing by the open market owing to curriculum changes.

Total operating expenses (selling and distribution costs, expected credit losses and administrative expenses) decreased by 20% for the Group compared to the previous period, mainly due to the continued success of the lean business model that we implemented in the previous financial year. However, total operating expenses for the Company increased by 133% primarily due to provisions for related party receivables KShs 365 million (2024 – 5 million) which are eliminated on consolidation.

There was no significant movement in finance costs compared to previous year primarily due to stable overall debt levels.

Operating loss, excluding provisions and impairment losses brought about by curriculum changes, was KShs 35 million and KShs 4 million compared to an operating profit in prior year of KShs 165 million and KShs 193 million for the Group and Company respectively. Loss after tax was KShs 261 million and KShs 587 million compared to loss for the prior year of KShs 238 million and KShs 132 million for the Group and Company respectively, impacted by the impairment losses.

(a) Key performance ratios

The table below highlights some of the key performance indicators:

	Group		Company	
Performance ratios	2025	2024	2025	2024
Revenue in (KShs’000)	672,088	1,521,825	536,128	1,127,195
Gross profit margin	22%	21%	28%	26%
Operating (loss)/profit margin	(25%)	(5%)	(87%)	2%
Loss before income tax (KShs’000)	(373,149)	(285,125)	(669,542)	(179,087)
Net assets (KShs ’000)	18,108	23,429	(1,131)	352,319

Report of the Directors

For the year ended 30 June 2025 (continued)

(b) Future outlook

We expect a stronger performance during the next financial year to be boosted by revenues from the delayed government contracts across the region and purchases from private schools following the approval of all the new titles in 2025.

We have made significant strides in developing our digital products and securing funding to scale the same. We currently have over 350 schools using our digital content and over 50,000 active subscribers (2024 – 180 schools and 20,000 subscribers). The foundation to growing the active users to 500,000 within the next 3 years is taking shape with our online platform already holding over 350 interactive books from various publishers, 3000+ videos, and simulation. The evolving culture of adopting blended learning is encouraging, having successfully implemented full digital learning in 10 schools.

We are confident of success in our market penetration initiatives and the achievement of our long-term strategic objectives. The focus in the coming financial year will be to ensure that the business channels its returns on reducing its debt levels which will in turn reduce finance costs that have shrunk shareholder returns. Further, the business still needs to continue investing in the new curriculum grades 10 to 12 which are critical to ensure long-term business survival.

(c) Dividend

The Directors do not recommend payment of a dividend (2024 – KShs Nil).

(d) Directors

The Directors who served during the year and up to the date of this report are set out on page 1.

(e) Relevant audit information

The Directors in office at the date of this report confirm that:

- (i) 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
- (ii) Each Director has 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.

(f) Auditor

The Company's auditor, KPMG Kenya, is eligible and hereby offer themselves for re-appointment in accordance with the requirements of the Kenyan 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.

(g) Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the Directors held on



BY ORDER OF THE BOARD
SECRETARY

Date: 23 October 2025

Statement of Directors' Responsibilities

For the year ended 30 June 2025

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of Longhorn Publishers PLC (the Group and Company) set out on pages 47 to 92 which comprise the consolidated and company statements of financial position as at 30 June 2025, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements including material accounting policies and the information identified as subject to audit in the Directors' remuneration report.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the consolidated and separate financial statements in the circumstances, preparation and presentation of consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare consolidated and separate financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the profit or loss and cash flow of the Group and Company for that year. It also requires the Directors to ensure the company, and its subsidiaries keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company and of the Group and Company profit or loss and cash flows.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have assessed the Group's and Company's ability to continue as a going concern and as disclosed at Note 2(i)(d) to the consolidated and separate financial statements, believe that based on plans disclosed at Note 2(i)(d), the Group and the Company will continue to be going concerns for at least the next twelve months from the date of this statement.

Approval of the financial statements

The consolidated and separate financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on



Prof. Githu Muigai
Group Chairman



Dancan Irungu
Director

Date: 23 October 2025

Directors' Remuneration Report

For the year ended 30 June 2025

Information not subject to audit

The information not subject to audit with respect to Directors comprise policy on Directors' remuneration and any substantial changes to Directors' remuneration during the year.

The Company had ten (10) directors comprising one Executive Director and nine Non-Executive Directors. Three of the non-executive directors are independent directors. The Chairman of the Board who is a Non-Executive Director, and the Managing Director roles are separate.

Policy on Directors' remuneration

The report sets out the policy that the Company has applied to remunerate Executive and Non-Executive Directors. The remuneration policy supports the achievement of the strategic objectives through balancing rewards for both short-term and long-term sustainable performance. Oversight of the remuneration approach is provided by the Board's Nominations and Governance Committee. The Committee reviews the remuneration of the Executive Director annually and for Non-Executive Directors every two years to ensure the Company appropriately adapts to changing market dynamics and any changes in the responsibilities of the Non-Executive Directors. The recommendations by the Committee are then presented to the Board for approval.

The remuneration for Non-Executive Directors is determined by the Nominations and Governance Committee and comprises a monthly allowance and sitting allowances for board and committee meetings. The Non-Executive Directors are also eligible to other benefits such as communication allowance, travel allowance and reimbursement of expenses incurred by them as Directors of the Company in respect to the performance of their duties. The Non-Executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting.

The Executive Director's remuneration is fixed in the employment contract. The remuneration is competitively structured in line with remuneration for other Directors in competing sectors and is aligned with the business strategy and long-term objectives of the Group. The Board's Nominations and Governance Committee reviews the performance of the Executive Director on an annual basis and considers how the remuneration may be upgraded considering such factors as the Company's performance.

Information subject to audit

The following table shows the remuneration for the Directors of the Company in respect of qualifying services for the year ended 30 June 2025 together with the comparative figures for the prior year.

For the year ended 30 June 2025	Salary	Fees	Total	Paid	Unpaid
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Prof. Githu Muigai	-	702	702	702	-
Hon. Francis T. Nyammo	-	1,177	1,177	1,177	-
Maxwell Wahome*	18,480	-	18,480	18,480	-
Muigai Githu	-	416	416	416	-
Emma Miloyo	-	1,150	1,150	1,150	-
Ali Hussein Kassim	-	878	878	878	-
Dr Dancan Njagi	-	1,150	1,150	1,150	-
Dr Silvian Gitau	-	1,014	1,014	1,014	-
Makenna Nyammo	-	377	377	377	-
Centum Investment Plc**	-	2,347	2,347	-	2,347
	18,480	9,211	27,691	25,344	2,347

Directors' Remuneration Report

For the year ended 30 June 2025

Information subject to audit (Continued)

For the year ended 30 June 2024	Salary	Fees	Total	Paid	Unpaid
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Hon. Francis T. Nyammo	-	1,970	1,970	1,970	-
Maxwell Wahome*	18,480	-	18,480	18,480	-
Muigai Githu	-	1,014	1,014	1,014	-
Emma Miloyo	-	1,014	1,014	1,014	-
Ali Hussein Kassim	-	1,060	1,060	1,060	-
Truphosa Kwaka-Sumba	-	630	630	630	-
Dr Dancan Njagi	-	1,105	1,105	1,105	-
Dr Silvian Gitau	-	208	208	208	-
Centum Investment Plc**	-	2,301	2,301	-	2,301
	18,480	9,302	27,782	25,481	2,301

*Executive Director. The rest of the directors are non-executive.

**Centum Investment Plc is represented by Thomas Omondi. The amount also includes fees for Fred Murimi.

Approval of the Directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the IFRS accounting standards as issued by the international Accounting Standards (IFRS Accounting Standards).

BY ORDER OF THE BOARD



Prof. Githu Muigai
Group Chairman

Date: 23 October 2025

Independent Auditor's Report

For the year ended 30 June 2025

Report on the audit of the consolidated and separate financial statements

Our opinion

We have audited the consolidated and separate financial statements of Longhorn Publishers Plc ("the Group and Company") set out on pages 47 to 92, which comprise the consolidated and company statements of financial position at 30 June 2025, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Longhorn Publishers Plc as at 30 June 2025, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan 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 consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of deferred tax asset in the consolidated and separate financial statements

See Note 2(ii)(c), 3, and 15 to the consolidated and separate financial statements

Key audit matter

The Group and Company has recognised deferred tax assets of KShs 185 million and KShs 161 million respectively for deductible temporary differences and unused tax losses that it believes are recoverable.

The recoverability of recognised deferred tax assets is in part dependent on the Group's and Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses.

We have determined recognition of deferred tax assets to be a key audit matter because of the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences, especially in the light of the recent history of losses.

How the key audit matter was addressed in our audit

Our audit procedures in this area included:

- Using our own tax specialist to evaluate the accuracy of tax computations and temporary differences upon which the Group and Company has recognized deferred tax assets.
- Assessing the reasonableness of forecast future taxable profits by comparing the forecast taxable profits to our own understanding of the business plans used to support the going concern assumptions and to projected revenue based on sales orders relating to the subsequent year received at the reporting date.
- Evaluating the adequacy of the consolidated and separate financial statements disclosures, including disclosures of key assumptions and judgements.

Independent Auditor's Report

For the year ended 30 June 2025

Report on the audit of the consolidated and separate financial statements (Continued)

Key audit matters (continued)

Determining useful life and impairment of Pre-publishing costs in the consolidated and separate financial statements	
See Note 2(ii)(e), 3 and 13(b) to the consolidated and separate financial statements	
Key audit matter	How the key audit matter was addressed in our audit
The Group and Company has recognised pre-publishing costs with a carrying amount of KShs 749 million and KShs 555 million respectively. Pre-publishing costs represent direct costs incurred in the development of titles prior to their publication. We determined this area to be a key audit matter because of the following: - Significant judgements in estimating the useful life of the costs which depends on the period over which the government would continue with the related curriculum. - Significant judgement in estimating the recoverable amount of pre-publishing costs based on factors such as expected revision and/or amendments in the related curriculum that affects the useful life of the asset hence the recoverable amounts. - Pre-publishing costs forms a material size of the Group's and Company's assets.	Our procedures in this area include: - We evaluated the Group's and Company's process of identifying and assessing indicators of impairment and compared this against our understanding of government policies on education. - We evaluated the reasonableness of the useful life estimated based on historical trends and existing expectation on curriculum changes. - We evaluated the adequacy of the consolidated and separate financial statements disclosures, including disclosures of key assumptions and judgements.

Going concern assumption in the consolidated and separate financial statement	
See Note 2(i)(d) and 3 to the consolidated and separate financial statements	
Key audit matter	How the key audit matter was addressed in our audit
The Group and Company incurred a loss of KShs 260 million KShs 587 million respectively during the year ended 30 June 2025, and as of that date, the Group's and Company's current liabilities exceeded their current assets by KShs 872 million and KShs 628 million respectively. The Company was also in breach of the debt coverage ratio requirement of not less than 0.1 as of 30 June 2025 by having a ratio of -1.21. The Group and Company's ability to continue as a going concern is dependent on financial support of the shareholders and the successful outcome of projected revenues. We determined going concern to be a key audit matter because of the significant judgements and assumptions regarding plans put in place by directors to ensure the Group and the Company continues to have adequate cash flows to meet their financial obligations in the normal course of business.	Our procedures in this area include: We evaluated the directors' assessment of the Group's and Company's going concern including plans in place to manage liquidity requirements for at least 12 months from the date of approval of the financial statements. This included: Evaluating the reasonableness of the projected cash inflows from expected sales by comparing the projections to trends during the year and to existing contacts/orders with the key customers. Evaluated the plans put in place by the directors with respect to funding initiatives for reasonableness by obtaining directors approval of such plans, inspecting subsequent funds received and obtaining evidence of expected funding. Evaluating the adequacy of the disclosures in the consolidated and separate financial statements regarding key judgements around the going concern in accordance with IAS 1 Presentation of Financial Statements

Independent Auditor's Report

For the year ended 30 June 2025

Report on the audit of the consolidated and separate financial statements (Continued)

Impairment of Investment in Subsidiary in the separate financial statements

See Note 2(ii)(a)(i), 3 and 14 to the separate financial statements

Key audit matter	How the key audit matter was addressed in our audit
As at 30 June 2025, the Company had investments in subsidiaries of KShs 42.5 million, most of which relating to investment in Longhorn Publishers Tanzania Limited of KShs 41.7 million. During the year ended 30 June 2025, Longhorn Publishers Tanzania Limited reported a loss of KShs 39.5 million and was in a net liability position of KShs 214 million. These conditions indicate potential impairment of the Company's investment in Longhorn Publishers Tanzania Limited.	Our procedures in this area include: We compared the carrying amount of investment in subsidiaries to the net assets/liability attributable to the Company for possible indicators of impairment. We assessed the reasonableness of directors plans to return the subsidiary into profitability and positive cash flows, including changes in the business model by comparing projected future cash flows to subsequent sales patters and to sales orders received and expected to be delivered in the coming financial years.

Impairment of Investment in Subsidiary in the separate financial statements

See Note 2(ii)(a)(i) and 14(b) to the separate financial statements

Key audit matter	How the key audit matter was addressed in our audit
Assessing whether an impairment exists involves significant judgment, including comparing the carrying value of investments with the subsidiaries' net assets/liability position and evaluating the director's assessment of future profitability.	We evaluated the reasonableness of the discount rate used to determine the net present value of future cash flows by comparing it to long term yield on bonds and estimated weighted average cost of capital.
We considered this area to be a key audit matter due to the subsidiary's loss making and net liability position, and the significant judgments made by the directors in determining the recoverable amount of investment in subsidiaries.	We assessed the adequacy of disclosures in the separate financial statements, including key judgements in determination of recoverable amount of investment in subsidiaries.

Other information

The directors are responsible for the other information. The other information comprises *the Directors' report, Statement of Directors' responsibilities and Directors' Remuneration report* but does not include the consolidated and separate financial statements, and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the rest of the other information to be included in the *Longhorn Publishers Plc Integrated Report and Financial Statements* which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the consolidated and separate 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 consolidated and separate 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 that we have obtained 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.

Independent Auditor's Report

For the year ended 30 June 2025

Report on the audit of the consolidated and separate financial statements (Continued)

Directors' responsibilities for the consolidated and separate financial statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and Company'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 and Company'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 consolidated and separate 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 and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 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.

Independent Auditor's Report

For the year ended 30 June 2025

Report on the audit of the consolidated and separate financial statements (Continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements – continued

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you, solely based on our audit of the consolidated and separate financial statements, that in our opinion:

- (a) The information given in the report of the Directors on page 37 to 38 is consistent with the consolidated and separate financial statements; and
- (b) The auditable part of the Directors' Remuneration Report on pages 40 to 41 has been prepared in accordance with the requirements of the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Stephen Obock, Practicing Certificate No. P/2384.



For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100 GPO
Nairobi, Kenya

Date: 06 November 2025



Financial Statements

For the year ended 30 June 2025

Consolidated statement of profit or loss and other comprehensive income

		2025	2024
	Notes	KShs'000	KShs'000
Revenue from contracts with customers	5(b)	672,088	1,521,825
Cost of sales	6	(521,027)	(1,207,666)
Gross profit		151,061	314,159
Other income		7,802	16,363
Selling and distribution costs		(55,080)	(82,126)
Expected credit losses	17	(11,573)	(57,232)
Administrative expenses	7	(261,466)	(271,641)
Operating loss		(169,256)	(80,477)
Finance costs	22(a)	(203,893)	(204,648)
Loss before income tax		(373,149)	(285,125)
Income tax credit	9(a)	111,705	47,220
Loss for the year		(261,444)	(237,905)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange difference on translation of foreign operations, net of tax		2,040	(28,446)
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation surplus on land and building (net of tax)	12(b)	254,083	-
Total comprehensive income for the year		(5,321)	(266,351)
Earnings per share attributable to equity holders of the Company			
Basic and diluted loss per share (KShs)	10	(0.96)	(0.87)
Loss attributed to:			
Owners of the parent		(261,868)	(237,553)
Non-controlling interest	20(d)	424	(352)
		(261,444)	(237,905)

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Financial Statements

For the year ended 30 June 2025

Company statement of profit or loss and other comprehensive income

		2025	2024
	Notes	KShs'000	KShs'000
Revenue from contracts with customers	5(b)	536,128	1,127,195
Cost of sales	6	(385,844)	(837,608)
Gross profit		150,284	289,587
Other income		3,918	1,675
Selling and distribution costs		(46,998)	(59,661)
Expected credit losses	17	(364,900)	(18,158)
Administrative expenses	7	(207,953)	(187,965)
Operating profit/(loss)		(465,649)	25,478
Finance costs	22(b)	(203,893)	(204,565)
Loss before income tax		(669,542)	(179,087)
Income tax credit	9(a)	82,533	46,968
Loss for the year		(587,009)	(132,119)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation surplus on land and building (net of tax)	12(b)	233,559	–
Total comprehensive income for the year		(353,450)	(132,119)

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Financial Statements

For the year ended 30 June 2025

Consolidated statement of financial position

		2025	2024
ASSETS	Notes	KShs'000	KShs'000
Non-current assets			
Property and equipment	12(a)	479,698	166,409
Intangible assets –Software	13(a)	50,383	45,302
Intangible assets –Pre-publishing costs	13(b)	748,624	793,624
Deferred income tax	15	185,201	148,908
		1,463,906	1,154,243
Current assets			
Inventories	16	482,259	401,909
Trade and other receivables	17	113,830	155,689
Contract asset	18	81,814	324,485
Current income tax recoverable	9(b)	-	6,417
Cash and bank balances	19	89,023	27,533
		766,926	916,033
TOTAL ASSETS		2,230,832	2,070,276
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	20(a)	272,440	272,440
Share premium	20(b)	368,289	368,289
Accumulated losses		(789,360)	(527,492)
Revaluation surplus	12(b)	253,611	-
Translation reserve, net of tax	20(c)	(81,927)	(83,967)
		23,053	29,270
Non-controlling interest	20(d)	(4,945)	(5,841)
Total equity		18,108	23,429
Non-current liabilities			
Borrowings	22(b)	573,400	-
		573,400	-
Current liabilities			
Trade and other payables	21	1,193,999	1,007,358
Borrowings	22(a)	442,424	1,019,989
Current income tax	9(b)	2,901	-
Bank overdraft	19	-	19,500
		1,639,324	2,046,847
TOTAL EQUITY AND LIABILITIES		2,230,832	2,070,276

The consolidated and separate financial statements set out on pages 47 to 92 were approved and authorised for issue by the Board of Directors on 23 October 2025 and signed on its behalf by:



Prof. Githu Muigai
Group Chairman



Dancan Irungu
Director

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Financial Statements

For the year ended 30 June 2025

Company statement of financial position

		2025	2024
ASSETS	Notes	KShs'000	KShs'000
Non-current assets			
Property and equipment	12(a)	400,186	114,945
Intangible assets –Software	13(a)	40,595	42,144
Intangible assets –Pre-publishing costs	13(b)	555,449	569,820
Investment in subsidiaries	14	42,465	42,465
Deferred income tax	15	161,881	147,156
		1,200,576	916,530
Current assets			
Inventories	16	329,108	210,596
Trade and other receivables	17	93,085	111,260
Contract asset	18	81,814	324,485
Due from subsidiary companies	24(a)	278,801	642,249
Current income tax recoverable	9(b)	70	5,955
Cash and bank balances	19	84,663	22,023
		867,541	1,316,568
TOTAL ASSETS		2,068,117	2,233,098
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	20(a)	272,440	272,440
Share premium	20(b)	368,289	368,289
Retained earnings		(875,419)	(288,410)
Revaluation surplus	12(b)	233,559	–
Total equity		(1,131)	352,319
Non-current liabilities			
Borrowings	22(a)	573,400	–
		573,400	–
Current liabilities			
Trade and other payables	21	1,025,163	813,029
Due to subsidiary company	24(b)	69,083	69,083
Borrowings	22(a)	401,602	979,167
Bank overdraft	19	–	19,500
		1,495,848	1,880,779
TOTAL EQUITY AND LIABILITIES		2,068,117	2,233,098

The consolidated and separate financial statements set out on pages 47 to 92 were approved and authorised for issue by the Board of Directors on 23 October 2025 and signed on its behalf by:



Prof. Githu Muigai
Group Chairman



Dancan Irungu
Director

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Financial Statements

For the year ended 30 June 2025

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings/ (accumulated losses)	Translation reserve	Revaluation surplus	Non-controlling interest	Total equity
Year ended 30 June 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
As start of year	272,440	368,289	(289,939)	(55,521)	-	(5,489)	289,780
Loss for the year	-	-	(237,553)	-	-	(352)	(237,905)
Other comprehensive loss	-	-	-	(28,446)	-	-	(28,446)
At end of year	-	-	(237,553)	(28,446)	-	(352)	(266,351)
At end of year	272,440	368,289	(527,492)	(83,967)	-	(5,841)	23,429

Year ended 30 June 2025	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	272,440	368,289	(527,492)	(83,967)	-	(5,841)	23,429
Loss for the year	-	-	(261,868)	-	-	424	(261,444)
<i>Other comprehensive income</i>							
Revaluation surplus	-	-	-	-	330,002	673	330,675
Deferred tax	-	-	-	-	(76,391)	(201)	(76,592)
Exchange difference on translation	-	-	-	2,040	-	-	2,040
At end of year	272,440	368,289	(789,360)	(81,927)	253,611	(4,945)	18,108

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Financial Statements

For the year ended 30 June 2025

Company statement of changes in equity

	Share capital	Share premium	Retained earnings/ (accumulated losses)	Revaluation surplus	Total equity
Year ended 30 June 2024	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	272,440	368,289	(156,291)	-	484,438
Loss and total comprehensive loss for the year	-	-	(132,119)	-	(132,119)
At end of year	272,440	368,289	(288,410)	-	352,319
Year ended 30 June 2025					
At start of year	272,440	368,289	(288,410)	-	352,319
Loss for the year	-	-	(587,009)	-	(587,009)
Other comprehensive income for the year:					
Revaluation surplus	-	-	-	301,381	301,381
Deferred tax	-	-	-	(67,822)	(67,822)
At end of year	272,440	368,289	(875,419)	233,559	(1,131)

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Financial Statements

For the year ended 30 June 2025

Consolidated statement of cash flows

		2025	2024
	Notes	KShs'000	KShs'000
Cash flows from operating activities			
Loss before income tax		(373,149)	(285,125)
Adjustments for:			
Depreciation	12(a)	19,481	14,749
Amortisation of intangible assets	13(a)	2,331	3,099
Amortisation and impairment of pre-publishing costs	13(b)	87,416	186,854
Unrecoverable tax write off	9(b)	7,424	-
Loss on disposal of property and equipment		120	1,457
Interest expense	22(b)	203,893	204,648
Working capital changes:			
• Inventories		(80,350)	333,066
• trade and other receivables		41,859	109,507
• contract assets		242,671	88,656
• trade and other payables		186,641	(255,827)
Income tax paid	9(b)	(143)	(2,057)
Net cash generated from operating activities		338,194	399,027
Cash flows from investing activities			
Purchase of property and equipment	12(a)	(1,454)	(5,281)
Purchase of intangible assets (software)	13(a)	(7,411)	(5,662)
Pre-publishing costs paid	13(b)	(39,356)	(41,306)
Net cash used in investing activities		(48,221)	(52,249)
Cash flows from financing activities			
Proceeds from borrowings	22(a)	1,007,683	1,049,709
Repayments – principal	22(a)	(1,041,883)	(1,254,803)
Repayments – interest	22(a)	(173,858)	(200,050)
Net cash used in financing activities		(208,058)	(405,144)
Net decrease in cash and cash equivalents		81,915	(58,366)
At start of year		8,033	68,733
Effects of exchange rate changes on cash and cash equivalents		(925)	(2,334)
At end of year	19	89,023	8,033

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Financial Statements

For the year ended 30 June 2025

Company statement of cash flows

		2025	2024
	Notes	KShs'000	KShs'000
Cash flows from operating activities			
Loss before income tax		(669,542)	(179,087)
Adjustments for:			
Depreciation	12(a)	16,791	11,014
Amortisation of intangible assets	13(a)	1,549	2,519
Amortisation and impairment of pre-publishing costs	13(b)	49,456	133,886
Unrecoverable tax write off	9(b)	5,871	-
Loss on disposal of property and equipment		120	233
Interest expense	22(b)	203,893	204,565
Working capital changes:			
• inventories		(118,512)	118,286
• trade and other receivables		18,175	33,682
• contract assets		242,671	88,656
• trade and other payables		212,134	(59,663)
• amounts due from subsidiaries		363,448	42,902
Net cash generated from/(used in) operating activities		326,054	396,993
Cash flows from investing activities			
Purchase of property and equipment	12(a)	(771)	(4,784)
Purchase of intangible assets (software)	13(a)	-	(2,062)
Pre-publishing costs paid	13(b)	(35,085)	(38,371)
Net cash used in investing activities		(35,856)	(45,217)
Cash flows from financing activities			
Proceeds from borrowings	22(a)	1,007,683	1,049,709
Repayments – Principal	22(a)	(1,041,883)	(1,254,555)
Repayments – Interest	22(a)	(173,858)	(199,417)
Net cash used in financing activities		(208,058)	(404,263)
Net decrease in cash and cash equivalents		82,140	(52,487)
At start of year		2,523	55,010
At end of year	19	84,663	2,523

The notes set out on pages 55 to 92 form an integral part of the consolidated and separate financial statements.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025

1 Reporting entity

Longhorn Publishers Plc ("the Company") is a limited liability company incorporated in Kenya under the Companies Act, 2015 and is domiciled in Kenya. The consolidated financial statements of the company for the year ended 30 June 2025 comprise the company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in publishing of high quality educational and general books and provision of innovative digital learning solutions. The address of its registered office and principal place of business is:

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

The shares of the Company are listed on the Nairobi Securities Exchange (NSE). On 30 June 2025, the Company's market capitalisation, based on the closing share price on the Nairobi Securities Exchange, was KShs 790,077,000 (2024: KShs 569,400,000) compared to the Group net assets of KShs 23,254,000 (2024: KShs 29,270,000). The Group and Company's market capitalisation exceeded its net assets indicating that there is no impairment trigger under IAS 36.

Where reference is made to material accounting policies to Group or Company it should be interpreted as being applicable to consolidated or separate financial statements as the context requires.

2 (i) Basis of preparation

(a) Basis of Accounting and preparation

The consolidated and separate financial statements (the financial statements) are prepared in accordance with and comply with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and the Kenya Companies Act, 2015. Details of the Group's and Company's material accounting policies are included in Note 2 (ii).

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

(b) Basis of measurement

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below (e.g., land and building revalued amounts).

(c) 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 (KShs) which is also the Company's functional currency. All financial information presented in Kenya Shillings have been rounded to the nearest thousand (KShs'000) except when otherwise indicated.

(d) Going concern

The Group and Company recorded a loss of KShs 261,444,000 and KShs 587,009,000 during the year ended 30 June 2025 respectively and, as of the year-end date, the Group's and Company's current liabilities exceeded their current assets by KShs 872,398,000 and KShs 628,307,000 respectively. The loss is attributed to:

- reduction in revenue primarily attributed to delays in government procurement process,
- inventories write-off and impairment of pre-publication costs due to changes in curriculum KShs 122,598,000 and KShs 97,036,000 for the Group and Company respectively (2024 – KShs 188,529,000 and KShs 132,040,000), Note 6 and
- provision for doubtful debt KShs 11,573,000 and KShs 364,900,000 for the Group and Company respectively (2024 – KShs 57,232,000 and KShs 18,158,000), Note 17.

The net current liability position is partly 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 therefore, receive payment from the government. Once the curriculum development process is completed in 2026/7, there will be a significant decline in finance costs and borrowings.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (i) Basis of preparation (continued)

The Group and Company has put in place the following initiatives to manage going concern risks:

- The board approved shareholder support of KShs 200 million. The parent Company has issued a letter of support committing to provide financial support to the Group and Company for the next 12 months. Subsequent to the year end, the Company has received financial support of KShs 30 million from the parent Centum Investment Company Plc.
- Increased product offering following approvals of revised titles. The underlying value of the business (intellectual property) continues to grow with the new products and will continue to sell for at least 10 years unless the curriculum is changed. The Group recorded revenue of KShs 128 million from the revised titles despite cautious consumer behaviour and expect higher revenue of KShs 200 million in the next financial year.
- The Government remains a key customer of the Group. Expected government revenues from supplies to public schools in the next financial year is KShs 252,000,000 for Kenya which will be generated from orders for two titles in grades five and eight and KShs 207,562,000 expected from Uganda order for Kamusi ya Kiingereza, from which profits will be utilized to settle inter-company debt and further reduce loans in Kenya.
- The regional market, particularly Cameroon continues to grow. The Group recorded revenue of KShs 124,690,000 (2024 – KShs 82,238,000), a growth trend that is expected to continue.

Based on the above, the Directors are satisfied that the Group and Company will return to profitability and generate or access sufficient funds to meet all its obligations over the next twelve-month period from the date of approval of the financial statements. The financial statements have been prepared on a going concern basis as directors believe that the financial support from the shareholders, including the subsequent support received and other informal initiatives regarding discussions with suppliers, significantly mitigates going concern risks and consequently, there is no material uncertainty related to going concern. The parent company has confirmed its

intention to provide financial support to the Company and the entity has also sought for financial support from major shareholders.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires directors to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 3.

(f) 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

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

of that entity, the entity is consolidated on the basis of the Group's rights over those assets and liabilities.

(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 less accumulated impairment in the Company's separate 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.

2 (ii) *Material accounting policies*

(a) *Consolidation*

(i) *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.

(ii) *Separate financial statements*

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted

to reflect changes in consideration arising from contingent consideration amendments.

Cost also includes direct attributable costs of investment.

(b) *Revenue recognition*

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

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 performance obligation is the delivery of the books, rights and digital material. For each of the revenue streams (sales of books, intellectual property rights on textbooks and digital material), the Group recognises revenue at a point in time specifically after the performance obligation to the customer has been fulfilled. Delivery entails physical delivery of books to the customer and for digital materials it entails granting access to a digital version. Sale of rights is recognized upon completion of transfer of intellectual property rights in the textbooks to the purchaser and entails a contractual agreement that stipulates the price.

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 contract assets due to unbilled revenue from government contracts relating to supply of books to public schools in Kenya where delivery had happened, but invoicing had not been done at the reporting date. The share of revenue generated from government contracts was 20% (2024: 60%).

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (ii) Material accounting policies (continued)

(c) 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 which the tax is also recognised in other comprehensive income or directly in equity respectively.

(i) 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.

(ii) 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.

(ii) Deferred income tax (continued)

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. 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.

(d) Property and equipment

Property and equipment are initially stated at historical cost and subsequently at cost less accumulated depreciation and impairment other than land and buildings that are subsequently measured at revalued amounts less accumulated depreciation and impairment. 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 and buildings are revalued on a periodic basis, but at least triennial by external independent valuers. Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

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:

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (ii) Material accounting policies (continued)

(d) Property and equipment (continued)

Leasehold land	Over the lease period
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. Property and equipment are reviewed 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 to sell and value in use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income.

(e) Intangible assets

Pre-publishing costs and intellectual property

Pre-publishing costs represent direct costs such as editorial, typesetting and staff costs incurred in the development of titles prior to their publication. These costs are carried forward as intangible assets where the title will generate future economic benefits and costs can be measured reliably.

Intellectual property relates to brand names (book titles), 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.

Pre-publication costs and intellectual property are both subjected to the same assessment in terms of useful life. These costs are amortised upon publication of the title over estimated economic life of twenty years, being an estimate of the expected operating life cycle of the title. This useful life is also aligned to the curriculum cycle in which titles remain in use until the next curriculum changes or major revision. The Group performs annual reviews to assess

useful life and estimate recoverability of pre-publication assets and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Amortisation of pre-publishing costs is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful life of twenty years.

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.

Impairment

The Group reviews the carrying amounts of its intangible assets based on triggering events 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.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of printing books 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. Provisions are made for obsolete, slow moving and defective inventories.

(g) 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.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (ii) Material accounting policies (continued)

(h) Employee benefits

(i) Group's defined contribution retirement benefits scheme

The Group operates a defined contribution pension scheme for its eligible employees. 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 a minimum of KShs 480 by the employee and employer each 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.

(i) Intangible assets

(i) 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.

(j) 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:

- 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.
- Financial liabilities that are held for trading and financial guarantee contracts are classified and measured at fair value through profit or loss.

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, receivables are measured at their transaction price and 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.

(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.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (ii) Material accounting policies (continued)

(j) Financial instruments (continued)

(v) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial 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.

In addition, the Group assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

(vi) Derecognition/write-off

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.

(k) 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 – continued

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 the rates prevailing on the

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (ii) Material accounting policies (continued)

(k) Foreign currency translation (continued)

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.

Transactions and balances

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.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short-term liquid investments which are readily convertible into known amounts of cash, and which were within three months of maturity when acquired, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(m) 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.

(n) Reserves

The nature and purpose of each reserve included within equity is as follows:

- (i) Share premium comprises amounts received in excess of the nominal value of shares issued.
- (ii) Revaluation reserve or surplus represents gains arising from the revaluation of property, plant and equipment and is not available for distribution. Subsequent transfers to retained earnings are made on the disposal or use of the related assets. The movements in this reserve are also presented within Other Comprehensive Income in the Statement of Profit or Loss and Other Comprehensive Income
- (iii) Foreign currency translation reserve arises from the translation of the financial statements of foreign operations. The cumulative amount is reclassified to profit or loss upon disposal of the foreign operation. Movements in this reserve are also included within Other Comprehensive Income.

(o) 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 are recognised in profit or loss over the period of the borrowings, using the effective interest method.

(p) 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.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (ii) Material accounting policies (continued)

(q) 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

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.

(r) Contract asset

Contract asset is recognised when the Group has fulfilled its performance obligation that has been recognised as revenue to date but has not yet issued an invoice or received payment for that work.

(s) New standards, amendments and interpretations

(i) New standards, amendments and interpretations effective and adopted during the year

The following new standards and amendments became effective during the year ended 30 June 2025

New standard or amendments	Effective for annual periods beginning on or after
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor and its Associate or Joint Venture	1 January 2024
Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024

The above standards or amendments did not have a material impact on the amounts and disclosures of the Group and Company's financial statements.

(ii) New standards, amendments and interpretations issued but not yet effective for the year ended 30 June 2025

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2025 and have not been applied in preparing these financial statements. The Group and Company do not plan to adopt these standards early. These are summarised below;

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

2 (ii) Material accounting policies (continued)

(s) New standards, amendments and interpretations (continued)

(ii) *New standards, amendments and interpretations issued but not yet effective for the year ended 30 June 2025 – continued*

New standard or amendments	Effective for annual periods beginning on or after
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
Annual Improvements to IFRS Accounting Standards – Amendments to: • IFRS 1 First-time Adoption of International Financial Reporting Standards • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7 • IFRS 9 Financial Instruments • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash flows	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18–Presentation and Disclosure in the financial statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	To be determined

The Group and Company have not early adopted any new or amended standards and interpretations that have been issued but are not yet effective. The adoption of these changes is not expected to have a material impact on the amounts and disclosures of the Group's and Company's financial statements apart from IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements for the structure, presentation and disclosure of financial statements, with the objective of improving comparability, consistency and transparency across entities.

The standard is effective for annual periods beginning on or after 1 January 2027. The Group and Company have not yet completed an assessment of the potential impact of IFRS 18 on their financial statements. Directors anticipates that the most significant changes will relate to the presentation of the statement of profit or loss, including the introduction of new subtotals and the potential requirement to disclose management-defined performance measures. At this stage, the quantitative impact of adoption has not been determined.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

3 Critical accounting estimates and judgements

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 and Company 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 and Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company'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. In the process of applying the group's accounting policies, Directors have made judgements in determining:

- Whether the Group and Company are a going concern (See Note 2 (i) (d));
- Recognition of deferred tax asset arising from tax losses carried forward (See Note 2(c) and 15);
- Impairment of financial assets (see Note 17 and Note 18)
- Impairment of investment in subsidiaries (see Note 14)
- Determination of useful life and impairment of Pre-publishing costs (See Note 2(e) and 13(b))

Revaluation of property and equipment

The Group and Company applies the revaluation model in accordance with IAS 16 Property, Plant and Equipment for land and buildings. Under this model, assets are carried at fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses.

During the year, the Group and Company changed its accounting policy for land and buildings from the cost model to the revaluation model. Directors considers the revaluation model to provide more relevant information on the fair value of these assets considering their significance to the financial position of the Group and Company. This change has been applied prospectively from the date of revaluation. Revaluations will be conducted regularly, and at a minimum every three years, or more frequently if there is an indication that the carrying amount of an asset differs materially from its fair value. The most recent revaluation was carried out as at 18th October 2024

The basis of valuation is fair value, determined by reference to current market conditions, recent transactions for similar assets in active markets, and valuation techniques appropriate to the nature and use of the asset. Valuations are performed by independent professionally qualified valuers, or internally by directors where appropriate, using methods consistent with industry practice and IFRS requirements.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profits or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

4 Financial Risk Management Objectives and Policies

The Group's and Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Directors review and agree policies for managing these 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.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables

such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimising on the return on the 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.

Directors' policy to manage foreign exchange risk is to hold foreign currency bank accounts to hedge against any foreign currency denominated amounts payable. The summary quantitative data about the Group's and Company's exposure to currency risks as at 30 June is as follows:

Group				
As at 30 June 2025				
	USD	UGX	TZS	Total
	KShs '000	KShs '000	KShs '000	KShs '000
Bank balances	2,666	1,091	462	4,219
Trade receivables	50,690	-	-	50,690
Trade payables	(34,140)	(13,106)	(4,044)	(51,290)
Net exposure	19,216	(12,015)	(3,582)	3,619
As at 30 June 2024				
	USD	UGX	TZS	Total
	KShs '000	KShs '000	KShs '000	KShs '000
Bank balances	18,043	2,258	476	20,777
Trade receivables	50,609	-	-	50,609
Trade payables	(60,704)	(20,917)	(11,111)	(92,732)
Net exposure	7,948	(18,659)	(10,635)	21,346

Company				
	As at 30 June 2025		As at 30 June 2024	
	USD	Total	USD	Total
	KShs '000	KShs '000	KShs '000	KShs '000
Bank balances	2,666	2,666	18,043	18,043
Trade receivables	50,690	50,690	50,609	50,609
Trade payables	(34,140)	(34,140)	(60,704)	(60,704)
Net exposure	19,216	19,216	7,948	7,948

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

4 Financial Risk Management Objectives and Policies (continued)

(a) Market risk (continued)

(ii) Price risk

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

(iii) Interest rate risk

The Group and Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The average interest rates for the current period were 20% and 16% for fixed and floating interest rates respectively (2024 – 20% for both fixed and floating interest rates).

The interest rate profile of the Group's and Company's interest-bearing financial instruments as the reporting date was as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs '000	KShs '000	KShs '000	KShs '000
Borrowings – fixed	140,864	108,485	140,864	108,485
Borrowings – variable	874,960	911,504	834,138	870,682
Total Borrowings	1,015,824	1,019,989	975,002	979,167

Sensitivity analysis

The Group and Company does not have interest rate risk exposure on fixed financial instruments. A change of 10% in interest rates would have increased or decreased profit or loss by KShs 13,999,000 and 13,346,000 for the Group and Company respectively (2024– KShs 18,230,000 and KShs 17,414,000). This analysis assumes that all other variables remain constant.

b) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from cash and bank balances, trade and other receivables, amounts due from subsidiary companies and contract assets. 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, contract assets 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 and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

4 Financial Risk Management Objectives and Policies (continued)

(b) Credit risk (continued)

Trade receivables, contract assets and related party receivables – continued

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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 applicable to trade and other receivables.

Country Classification / ratios	KE (Company)		UG		TZ		RW	
	LGD	PD	LGD	PD	LGD	PD	LGD	PD
Active customers	12%	18%	44%	9%	50%	10%	100%	100%
Inactive customers	59%	100%	82%	100%	100%	100%	100%	100%
Government	0%	10%	0%	9%	-	-	-	-
Staff	37%	24%	33%	9%	-	-	-	-
Export customers	58%	17%	-	-	-	-	-	-

Loss rates for 2024:

Country Classification / ratios	KE (Company)		UG		TZ		RW	
	LGD	PD	LGD	PD	LGD	PD	LGD	PD
Active customers	27%	19%	42%	26%	46%	14%	100%	100%
Inactive customers	53%	100%	76%	80%	87%	87%	100%	100%
Government	1%	18%	0%	9%	-	-	-	-
Staff	26%	26%	30%	42%	57%	69%	-	-
Export customers	58%	27%	-	-	-	-	-	-

PD-Probability of default, LGD-Loss given default

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

4 Financial Risk Management Objectives and Policies (continued)

(b) Credit risk (continued)

Trade receivables, contract assets and related party receivables – continued

The table below details the maximum exposure to credit risk:

Group		Gross amounts	Expected credit loss (ECL)	Total
30 June 2025	Note	KShs'000	KShs'000	KShs'000
Trade receivables	17	257,493	(171,832)	85,661
Contract assets	18	81,978	(164)	81,814
Staff receivables	17	4,905	(379)	4,526
Other receivables	17	3,518	-	3,518
Bank balances	19	89,023	-	89,023
		436,917	(172,375)	264,542

		Gross amounts	Expected credit loss (ECL)	Total
30 June 2024	Note	KShs'000	KShs'000	KShs'000
Trade receivables	17	286,921	(176,057)	110,864
Contract assets	18	325,101	(616)	324,485
Staff receivables	17	5,474	(695)	4,779
Other receivables	17	10,893	-	10,893
Bank balances	19	27,533	-	27,533
		655,922	(177,368)	478,554

Company		Gross amounts	Expected credit loss (ECL)	Total
30 June 2025	Note	KShs'000	KShs'000	KShs'000
Trade receivables	17	114,756	(41,412)	73,344
Contract assets	18	81,978	(164)	81,814
Staff receivables	17	4,266	(233)	4,033
Other receivables	17	3,518	-	3,518
Due from subsidiaries	24(a)	649,489	(370,688)	278,801
Bank balances	19	84,663	-	84,663
		938,670	(412,497)	526,173

		Gross amounts	Expected credit loss (ECL)	Total
30 June 2024	Note	KShs'000	KShs'000	KShs'000
Trade receivables	17	137,808	(57,557)	80,251
Contract assets	18	325,101	(616)	324,485
Staff receivables	17	4,035	(202)	3,833
Other receivables	17	3,517	-	3,517
Due from subsidiaries	24(a)	648,037	(5,788)	642,249
Bank balances	19	22,023	-	22,023
		1,140,521	(64,163)	1,076,358

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

4 Financial Risk Management Objectives and Policies (continued)

(b) Credit risk (continued)

Trade receivables, contract assets and related party receivables – continued

The movement in expected credit loss provisions has been disclosed under Notes 17 and 18.

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.

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulties in meeting its obligations from its financial liabilities. The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining cash balances in the bank by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Further, the Group utilises 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 therefore, receive payment from the government. The Group expects increased revenue from government orders and increased product approvals as disclosed under Note 2(i) (d) to mitigate liquidity risk from a going concern perspective. The Group manages liquidity risk by maintaining cash and available credit facilities, and by continuously monitoring forecast and actual cash flows.

The table below analyses the Group and Company'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	Between 1–2 years	Between 3–5 years	Total
At 30 June 2025	Note	KShs'000	KShs'000	KShs'000	KShs'000
Trade and other payables	21	1,136,707	–	–	1,136,707
Borrowings		457,938	249,539	515,816	1,223,293
		<u>1,594,645</u>	<u>249,539</u>	<u>515,816</u>	<u>2,360,000</u>

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

4 Financial Risk Management Objectives and Policies (continued)

(c) Liquidity risk (continued)

		Less than 12 months	Between 1-2 years	Between 3-5 years	Total
At 30 June 2024	Note	KShs'000	KShs'000	KShs'000	KShs'000
Trade and other payables	21	961,302	-	-	961,302
Borrowings		1,168,499	-	-	1,168,499
Bank overdraft	19	19,500	-	-	19,500
		<u>2,149,301</u>	<u>-</u>	<u>-</u>	<u>2,149,301</u>

Company		Less than 12 months	Between 1-2 years	Between 3-5 years	Total
At 30 June 2025	Note	KShs'000	KShs'000	KShs'000	KShs'000
Trade and other payables	21	998,723	-	-	998,723
Due to related party	24(b)	69,083	-	-	69,083
Borrowings		417,114	249,539	515,816	1,182,469
Bank overdraft	19	-	-	-	-
		<u>1,484,920</u>	<u>249,539</u>	<u>515,816</u>	<u>2,250,275</u>

Company		Less than 12 months	Between 1-2 years	Between 3-5 years	Total
At 30 June 2024	Note	KShs'000	KShs'000	KShs'000	KShs'000
Trade and other payables	21	790,532	-	-	790,532
Due to related party	24(b)	69,083	-	-	69,083
Borrowings	22(a)	979,167	-	-	979,167
Bank overdraft	19	19,500	-	-	19,500
		<u>1,858,282</u>	<u>-</u>	<u>-</u>	<u>1,858,282</u>

Trade and other payables exclude payroll accruals.

(d) Capital management

The Group and Company 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. The gearing ratios at 30 June 2025 and 30 June 2024 were as follows:

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

4 Financial Risk Management Objectives and Policies (continued)

(d) Capital management (continued)

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Total equity (A)	18,108	23,429	(1,131)	352,319
Borrowings	1,015,824	1,019,989	975,002	979,167
Bank overdraft	-	19,500	-	19,500
Less: Cash and bank balances	(89,023)	(27,533)	(84,663)	(22,023)
Net debt (B)	926,801	1,011,956	890,339	976,644
Gearing ratio (B/A)	5118%	4319%	-78721%	277%

Borrowings support the investments the Group is making in product diversification and the regional expansion plans. The borrowings will reduce significantly over the next 3 years when the Group anticipates to have finalised the investments in product development.

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 e.g. maths, languages and science titles are similar.

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 2025. 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
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
30 June 2025						
Sales	586,622	6,572	78,894	-	-	672,088
Other income	7,366	431	5	-	-	7,802
Cost of sales and other expenses	(1,051,008)	(46,418)	(94,540)	(268)	364,900	(827,334)
Depreciation and amortisation	(19,948)	(84)	(1,780)	-	-	(21,812)
Interest expense	(203,893)	-	-	-	-	(203,893)
Loss before income tax	(680,861)	(39,499)	(17,421)	(268)	364,900	(373,149)
Income tax credit	81,525	(1,311)	31,491	-	-	111,705
Loss for the year	(599,336)	(40,810)	14,070	(268)	364,900	(261,444)

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

5 (a) Operating segments (continued)

	Kenya	Tanzania	Uganda	Rwanda	Inter-segment transactions	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
30 June 2025						
Additions to non-current assets	883	-	571	-	-	1,454
Deferred tax asset	161,882	-	23,319	-	-	185,201
Total assets	2,176,891	28,175	274,108	455	(248,797)	2,230,832
Liabilities	2,257,112	245,987	276,492	8,084	(574,951)	2,212,724

	Kenya	Tanzania	Uganda	Rwanda	Inter-segment transactions	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
30 June 2024						
Sales	1,172,246	31,399	317,834	346	-	1,521,825
Other income	15,427	-	582	354	-	16,363
Cost of sales and other expenses	(1,152,834)	(84,351)	(354,760)	(8,872)	-	(1,600,817)
Depreciation and amortisation	(14,886)	(973)	(1,929)	(60)	-	(17,848)
Interest expense	(204,648)	-	-	-	-	(204,648)

	Kenya	Tanzania	Uganda	Rwanda	Inter-segment transactions	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
30 June 2024						
Loss before income tax	(184,695)	(53,925)	(38,273)	(8,232)	-	(285,125)
Income tax credit	47,220	-	-	-	-	47,220
Loss for the year	(137,475)	(53,925)	(38,273)	(8,232)	-	(237,905)
Additions to non-current assets	4,784	-	497	-	-	5,281
Deferred tax asset	147,156	-	-	-	-	147,156
Total assets	2,309,589	67,051	271,517	562	(578,443)	2,070,276
Liabilities	2,031,252	246,286	302,010	8,709	(541,410)	2,046,847

Inter segment transactions relates to intercompany transactions.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

5 (b) Revenue from contracts with customers

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Recognised at a point in time:				
Sale of books and e-learning materials	672,088	1,461,056	536,128	1,075,195
Sale of proprietary rights in respect of textbooks *	-	60,769	-	52,000
	672,088	1,521,825	536,128	1,127,195

*Sale of rights relates to textbooks for Malawi and Zambia for the Company and for Tanzania, Malawi and Zambia for the Group. Timing of revenue recognition, performance obligation and payment terms disclosed under Note 2(ii) (b).

6 Cost of sales

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Printing costs	294,557	919,226	222,059	609,868
Increase/(decrease) in inventory provision	14,974	(37,019)	(3,707)	(6,884)
Stock loss write off *	74,738	53,469	74,973	31,141
Royalty	46,073	79,268	39,868	64,422
Amortisation of pre-publication costs (Note 13(b))	39,556	51,794	27,393	32,987
Impairment of pre-publication costs (Note 13(b))	47,860	135,060	22,063	100,899
Packaging materials	3,269	5,868	3,195	5,175
	521,027	1,207,666	385,844	837,608

*Relates to write off of old curriculum books following the change from 8-4-4 to Competency-Based Curriculum (CBC) in Kenya.

7 Administrative expenses

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Depreciation (Note 12(a))	19,481	14,749	16,791	11,014
Amortisation of intangible assets (Note 13(a))	2,331	3,099	1,549	2,519
Auditors' remuneration	8,147	8,640	4,500	4,500
Staff costs (Note 8)	134,550	142,694	98,176	91,606
Directors' emoluments (Note 24(d))	27,904	28,312	27,691	27,782
Telephone, email and internet	5,616	4,192	4,582	2,356
Professional fees	25,172	23,438	19,164	12,597
Utilities	8,932	8,962	8,013	7,820
Unrealized forex gain/(loss)	-	(595)	-	202
Other expenses	29,333	38,150	27,487	27,569
	261,466	271,641	207,953	187,965

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

8 Staff costs

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Salaries and wages	100,912	99,782	73,773	61,625
Pension costs – NSSF	3,571	3,931	2,066	999
Pension costs – defined contribution scheme	5,627	5,337	5,627	5,337
Leave expense	1,561	2,177	911	1,307
Other staff costs	11,349	18,949	7,078	13,654
Staff medical expenses	11,530	12,518	8,721	8,684
	134,550	142,694	98,176	91,606

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

	Group		Company	
	2025	2024	2025	2024
Number of employees	78	89	69	59

9 (a) Income Tax credit

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Current income tax charge	2,037	14	14	14
Deferred income tax credit (Note 15)	(113,742)	(47,234)	(82,547)	(46,982)
Income tax credit	(111,705)	(47,220)	(82,533)	(46,968)

The tax on the Group's and Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Loss before income tax	(373,149)	(285,125)	(669,542)	(179,087)
Tax at the applicable rate of 30%	(111,945)	(85,538)	(200,863)	(53,726)
Tax effects of:				
– Expenses not deductible for tax purposes	(617)	34,108	8,860	2,548
– Unrecognised deferred tax asset	-	-	109,470	-
– Prior year deferred tax adjustment	857	4,210	-	4,210
Income tax credit	(111,705)	(47,220)	(82,533)	(46,968)

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

9 (b) Current income tax

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	6,417	4,374	5,955	5,969
Tax paid	143	2,057	-	-
Tax charge	(2,037)	(14)	(14)	(14)
Unrecoverable tax write off	(7,424)	-	(5,871)	-
At end of year (Payable)/recoverable	(2,901)	6,417	70	5,955

10 Earnings per share – basic and diluted

	2025	2024
Loss attributable to ordinary shareholders (KShs'000)	(260,562)	(237,553)
Ordinary/weighted average number of ordinary shares in issue	272,440,000	272,440,000
Basic and diluted loss per share (KShs)	(0.96)	(0.87)

11 Dividends per share

The Directors do not recommend payment of dividends for the year (2024 – Nil).

12 (a) Property and equipment

Group				
Year ended 30 June 2024	Land and buildings	Motor vehicles	Furniture and equipment	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
1 July 2023	216,880	31,917	105,759	354,556
Additions	-	-	5,281	5,281
Disposals	-	(10,171)	(44,223)	(54,394)
At 30 June 2024	216,880	21,746	66,817	305,443
Depreciation				
1 July 2023	(61,376)	(24,965)	(87,810)	(174,151)
Depreciation charge	(7,195)	(2,869)	(4,685)	(14,749)
Depreciation on disposals	-	10,171	42,766	52,937
Exchange adjustment	(2,370)	(8)	(693)	(3,071)
At 30 June 2024	(70,941)	(17,671)	(50,422)	(139,034)
Carrying amount				
At 30 June 2024	145,939	4,075	16,395	166,409

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

12 (a) Property and equipment (continued)

Year ended 30 June 2025	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
1 July 2024	216,880	21,746	66,817	305,443
Revaluation	260,662	-	-	260,662
Additions	-	-	1,454	1,454
Disposals	-	(4,854)	(998)	(5,852)
At 30 June 2025	477,542	16,892	67,273	561,707
Depreciation				
1 July 2024	(70,941)	(17,671)	(50,422)	(139,034)
Depreciation charge	(13,073)	(2,574)	(3,834)	(19,481)
Revaluation adjustment	70,013	-	-	70,013
Depreciation on disposals	-	4,854	878	5,732
Exchange adjustment	696	-	65	761
At 30 June 2025	(13,305)	(15,391)	(53,313)	(82,009)
Carrying amount				
At 30 June 2025	464,237	1,501	13,960	479,698

Company				
Year ended 30 June 2024	Land and buildings	Motor vehicles	Furniture and equipment	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
1 July 2023	157,322	23,867	79,437	260,626
Additions	-	-	4,784	4,784
Disposals	-	(7,542)	(38,774)	(46,316)
At 30 June 2024	157,322	16,325	45,447	219,094
Depreciation				
1 July 2023	(51,877)	(17,218)	(70,123)	(139,218)
Depreciation charge	(5,723)	(2,574)	(2,717)	(11,014)
Depreciation on disposals	-	7,542	38,541	46,083
At 30 June 2024	(57,600)	(12,250)	(34,299)	(104,149)
Carrying amount				
At 30 June 2024	99,722	4,075	11,148	114,945

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

12 (a) Property and equipment (continued)

	Land and buildings	Motor vehicles	Furniture and equipment	Total
Year ended 30 June 2025	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
1 July 2024	157,322	16,325	45,447	219,094
Revaluation	242,678	-	-	242,678
Additions	-	-	771	771
Disposals	-	(1,569)	(155)	(1,724)
At 30 June 2025	400,000	14,756	46,063	460,819
Depreciation				
1 July 2024	(57,600)	(12,250)	(34,299)	(104,149)
Depreciation charge	(11,606)	(2,574)	(2,611)	(16,791)
Revaluation adjustment	58,703	-	-	58,703
Depreciation on disposals	-	1,569	35	1,604
At 30 June 2025	(10,503)	(13,255)	(36,875)	(60,633)
Carrying amount				
At 30 June 2025	389,497	1,501	9,188	400,186

Bank borrowings are secured by an all-asset debenture over the Company's assets amounting to KShs 700,000,000 and a legal charge over the land and buildings with a carrying amount of KShs 389,497,000 (2024 – KShs 99,722,000). The carrying amount of land and buildings would have been KShs 95,706,000 (2024: KShs 99,722,000) had they been carried under the cost model.

The Company's building and freehold land was revalued on 30 September 2024 by ProLand

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

12 (a) Property and equipment (continued)

Realtors Limited, an independent professional valuer, on the market value basis as disclosed in note 2(ii)(d). The table summarizes the valuation techniques and significant unobservable inputs applied in arriving at the fair value.

Valuation technique and significant unobservable inputs	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The valuer has applied Cost Approach, under which they have taken the open market value of land as though vacant and added into it the depreciated replacement cost of the developments. The book values of the assets were adjusted to the revalued amounts, and the resultant surplus net of deferred tax was credited to the revaluation reserve within shareholder's equity. The value of land was based on a hypothetical apportionment based on recent land transactions in the open market in the area. The balance was allocated to buildings. The current use of the assets and the ability to generate cash flows was considered in determining the fair value of the assets.	- The location of the property - The current user of the property - Demand for similar properties in the neighbourhood - The brand of the Company establishment built on the property. - The condition of the property - The industry trends - Discount rate 15% to 18% - Rental growth rate of 5%	The estimated fair values would increase/ (decrease); - If land and building prices near the location of the property were higher/ (lower). - With improvements/ (deterioration) in infrastructure development. - With improvements/ (deterioration) in market conditions affecting the current user of the property's financial performance. - If the actual operational condition of the furniture fittings and equipment is better - If the plant and machinery have an efficient functional and working condition. - With improvements in the plant and machinery

The net revaluation gain recognised in Other Comprehensive Income amounted to KShs 254,083,000 and KShs 233,559,000 for the Group and Company respectively after charging related deferred tax of KShs 76,592,000 and KShs 67,822,000 for the Group and Company respectively. The revaluation gain has been credited to the Revaluation Surplus within equity.

12 (b) The net revaluation surplus is as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Revaluation surplus	330,675	–	301,381	–
Deferred tax liability (Note 15(b))	(76,592)	–	(67,822)	–
Net revaluation surplus	254,083	–	233,559	–

The revaluation reserve relates to changes in the fair value of property, plant and equipment recognised in equity net of related deferred tax. The Group amount includes KShs 472,000 net of deferred tax attributable to non-controlling interest.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

13 (a) Intangible assets

Group

	Software	Work in progress	Total
Year ended 30 June 2024	KShs'000	KShs'000	KShs'000
Cost			
1 July 2023	58,562	39,731	98,293
Additions	5,662	-	5,662
Disposal	(26,546)	-	(26,546)
At 30 June 2024	37,678	39,731	77,409
Depreciation			
1 July 2023	(55,545)	-	(55,545)
Amortisation charge	(3,099)	-	(3,099)
Amortisation on disposal	26,546	-	26,546
Exchange adjustment	(9)	-	(9)
At 30 June 2024	(32,107)	-	(32,107)
Carrying amount			
At 30 June 2024	5,571	39,731	45,302
	Software	Work in progress	Total
Year ended 30 June 2025	KShs'000	KShs'000	KShs'000
Cost			
1 July 2024	37,678	39,731	77,409
Additions	7,411	-	7,411
Disposal	-	-	-
At 30 June 2025	45,089	39,731	84,820
Depreciation			
1 July 2024	(32,107)	-	(32,107)
Amortisation charge	(2,331)	-	(2,331)
Amortisation on disposal	-	-	-
Exchange adjustment	1	-	1
At 30 June 2025	(34,437)	-	(34,437)
Carrying amount			
At 30 June 2025	10,652	39,731	50,383

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

13 (a) Intangible assets (continued)

Company

	Software	Work in progress	Total
Year ended 30 June 2024	KShs'000	KShs'000	KShs'000
Cost			
1 July 2023	51,741	39,731	91,472
Additions	2,062	-	2,062
Disposal	(25,691)	-	(25,691)
At 30 June 2024	28,112	39,731	67,843
Depreciation			
1 July 2023	(48,871)	-	(48,871)
Amortisation charge	(2,519)	-	(2,519)
Amortisation on disposal	25,691	-	25,691
Exchange adjustment	-	-	-
At 30 June 2024	(25,699)	-	(25,699)
Carrying amount			
At 30 June 2024	2,413	39,731	42,144
Year ended 30 June 2025	KShs'000	KShs'000	KShs'000
Cost			
1 July 2024	28,112	39,731	67,843
Additions	-	-	-
Disposal	-	-	-
At 30 June 2025	28,112	39,731	67,843
Depreciation			
1 July 2024	(25,699)	-	(25,699)
Amortisation charge	(1,549)	-	(1,549)
Amortisation on disposal	-	-	-
Exchange adjustment	-	-	-
At 30 June 2025	(27,248)	-	(27,248)
Carrying amount			
At 30 June 2025	864	39,731	40,595

Work in progress relates to Somo which is an upskilling platform that provides learners with critical 21st century skills and connects them to opportunities to use those skills.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

13 (a) Intangible assets (continued)

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

The Group and Company tests investments for impairment frequently if there are indications that the carrying amount may not be recoverable. The directors monitor impairment at the level of the cash generating unit (CGU). The recoverable amount of the CGU has been determined based on value in use (VIU) calculations using discounted 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 key assumptions used in the VIU model are as follows:

- (i) Pre-tax discount rate: 20% (2024: 20%)
- (ii) Terminal growth rate beyond 5 years: 5% (2024: 5%)

Management believes that these assumptions are consistent with external market data and industry forecasts. Based on the above assumptions, the recoverable value of KShs 66,150,000 exceeded the carrying amount of Somo (WIP) of KShs 39,731,000 at 30 June 2025. Accordingly, the Group has not recognised an impairment charge (2024: Nil).

Significant estimate: Impact of possible changes in key assumptions

Management has considered the sensitivity of the impairment test to changes in key assumptions. The table below shows the impact on the recoverable value:

Assumption	Base case	Change considered	Impact on recoverable value	Headroom remaining
Discount rate	20%	+2%	↓ KShs 8,375,000	KShs 18,044,000
Terminal growth rate	5%	-2%	↓ KShs 7,819,000	KShs 18,599,000

The determination of VIU is categorised as level 3 measurement hierarchy and the table summarizes the valuation techniques and significant unobservable inputs applied in arriving at the VIU.

Valuation technique and significant unobservable inputs	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The recoverable amount of the CGU has been determined based on value in use (VIU) calculations using discounted 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.	– Pre-tax discount rate: 20% (2024: 20%) – Revenue growth of 73% (2024- 100%) – Terminal growth rate beyond 5 years: 5% (2024: 5%)	The estimated fair values would increase/(decrease); – If discount rate were lower/ (higher) – If the actual revenue growth is higher/(lower)

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

13 (b) Pre-publishing costs

Year ended 30 June	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Opening carrying amount	793,624	963,478	569,820	665,335
Additions	39,356	41,306	35,085	38,371
Impairment	(47,860)	(135,060)	(22,063)	(100,899)
At 30 June	785,120	869,724	582,842	602,807
Amortisation				
Amortisation charge	(39,556)	(51,794)	(27,393)	(32,987)
Exchange adjustment	3,060	(24,306)	-	-
At 30 June	(36,496)	(76,100)	(27,393)	(32,987)
Carrying amount				
At 30 June	748,624	793,624	555,449	569,820

Amortisation of pre-publishing costs is included in the statement of profit or loss under cost of sales. Impairment is carried out 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 and also is included in the statement of profit or loss under cost of sales. The Company estimates the useful life of the asset based on historical trends over which the government makes changes to the curriculum. Currently this is estimated to be 20 years.

14 Investment in subsidiaries – Company

	Country of incorporation	% interest held	2025	2024
			KShs'000	KShs'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 Grey Matter	DRC	50%	-	-
Law Africa Publishers (K) Limited	Kenya	92%	-	-
Longhorn Digital Ventures Limited	Kenya	100%	-	-
			42,465	42,465

The directors monitor impairment at the level of the subsidiary, being the cash generating unit (CGU). The recoverable amount of the CGU has been determined based on value in use (VIU) calculations using discounted cash flow projections covering a five-year period approved by management.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

14 Investment in subsidiaries – Company (Continued)

	Country of incorporation	% interest held	2025	2024
			KShs'000	KShs'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 Grey Matter	DRC	50%	-	-
Law Africa Publishers (K) Limited	Kenya	92%	-	-
Longhorn Digital Ventures Limited	Kenya	100%	-	-
			42,465	42,465

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 key assumptions used in the VIU model are as follows:

- (i) Pre-tax discount rate: 20% (2024: 20%)
- (ii) Terminal growth rate beyond 5 years: 5% (2024: 5%)

Management believes that these assumptions are consistent with external market data and industry forecasts. Based on the above assumptions, the recoverable value of KShs 50,659,000 (2024- KShs 51,094,000) exceeded the carrying amount of investment in the CGU at 30 June 2025 by KShs 8,962,000 (2024 – KShs 9,396,000). Accordingly, the Group has not recognised an impairment charge (2024 – Nil).

Significant estimate: Impact of possible changes in key assumptions

Management has considered the sensitivity of the impairment test to changes in key assumptions. The table below shows the impact on the recoverable value:

Assumption	Base case	Change considered	Impact on recoverable value	Headroom remaining
Discount rate	20%	+2%	↓ KShs 6,598,000	KShs 2,364,000
Terminal growth rate	5%	-2%	↓ KShs 5,182,000	KShs 3,779,000

The determination of VIU is categorised as level 3 measurement hierarchy and the table summarizes the valuation techniques and significant unobservable inputs applied in arriving at the VIU.

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

14 Investment in subsidiaries – Company (Continued)

Valuation technique and significant unobservable inputs	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The recoverable amount of the CGU has been determined based on value in use (VIU) calculations using discounted 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.	- Pre-tax discount rate: 20% (2024: 20%) - Revenue growth of 37% (2024: 7%) - Terminal growth rate beyond 5 years: 5% (2024: 5%)	The estimated fair values would increase/(decrease); - If discount rate were lower/ (higher) - If the actual revenue growth is higher/(lower)

15 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 income tax asset is attributable to the following items:

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Liabilities				
Accelerated capital allowances	32,792	27,148	25,144	27,401
Revaluation surplus	76,592	-	67,822	-
Assets				
Provisions	(54,488)	(41,315)	(32,863)	(41,315)
Restricted interest	(29,497)	(29,497)	(29,497)	(29,497)
Tax losses	(210,600)	(105,244)	(192,487)	(103,745)
Net deferred income tax asset	(185,201)	(148,908)	(161,881)	(147,156)

The movement on the deferred tax account is as follows:

	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	(148,908)	(100,400)	(147,156)	(100,174)
Credit to profit or loss (Note 9)	(113,742)	(47,234)	(82,547)	(46,982)
Credit to other comprehensive income (Note 12(b))	76,592	-	67,822	-
Deferred tax not recognized in prior years	857	(1,274)	-	-
At end of year	(185,201)	(148,908)	(161,881)	(147,156)

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

15 Deferred Income Tax (continued)

Deferred tax asset relating to subsidiary companies has been recognised to the extent that is recoverable from future profits. The Group and Company have recognised deferred tax asset arising from carried forward tax losses despite a recent history of losses based on the profit measures put in place as disclosed under Note 2(i) (d). The recognition of this asset is supported by projected taxable profits from expected revenue growth and government orders in the next financial year amounting to KShs 463,463,000 for the Group and KShs 284,392,000 for the Company, against which the deductible temporary differences and tax losses are expected to be utilized.

Unrecognised deferred tax asset

The Company has not recognised deferred tax asset on provisions (ECL) on amounts due from subsidiaries at the directors believe the recoverability of the related balances is uncertain as at the reporting date.

ECL on amounts due from subsidiary	-	-	(109,470)	-
At 1 July	-	-	-	-
Movement in the year	-	-	(109,470)	-
30 June	-	-	(109,470)	-

16 Investors

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Books – other	395,102	452,979	212,262	250,896
Books – government orders	153,439	-	153,439	-
Provision for obsolete inventories	(66,282)	(51,070)	(36,593)	(40,300)
	482,259	401,909	329,108	210,596

The cost of inventories recognised as an expense and included in cost of sales for the Group and Company amounted to KShs 170,476,985 (2024 – KShs 771,654,690) and KShs 118,646,583 (2024 – KShs 500,468,266), respectively.

The movement in provision was as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	51,070	89,836	40,300	47,183
Write-offs	238	(1,747)	-	-
Increase/(decrease) in provision	14,974	(37,019)	(3,707)	(6,883)
At end of year	66,282	51,070	36,593	40,300

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

17 Trade and other receivables

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Gross trade receivables	257,493	286,921	114,756	137,808
Less: Expected credit losses	(171,832)	(176,057)	(41,412)	(57,557)
Net trade receivables	85,661	110,864	73,344	80,251
Staff receivables	4,905	5,474	4,266	4,035
Less: Expected credit losses	(379)	(695)	(233)	(202)
Net staff receivables	4,526	4,779	4,033	3,833
Prepayments	20,125	29,153	12,190	23,659
Other receivables	3,518	10,893	3,518	3,517
	113,830	155,689	93,085	111,260

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

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	176,752	121,282	57,759	21,678
Due from subsidiaries	-	-	(364,900)	17,547
Contract asset	452	397	452	397
Bad debts write off	(16,566)	(2,159)	(16,566)	(21)
Increase in provision	11,573	57,232	364,900	18,158
At end of year	172,211	176,752	41,645	57,759

18 CONTRACT ASSETS

The Group has recognised the following assets related to contracts with customers:

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Contract assets	81,978	325,101	81,978	325,101
Less: Expected credit losses	(164)	(616)	(164)	(616)
Net contract assets	81,814	324,485	81,814	324,485

Movements on expected credit losses on contract assets are as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	616	1,013	616	1,013
Decrease in provision	(452)	(397)	(452)	(397)
At end of year	164	616	164	616

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

19 Cash and cash equivalents

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Cash at bank and in hand	<u>89,023</u>	<u>27,533</u>	<u>84,663</u>	<u>22,023</u>

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

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Cash at bank and in hand	89,023	27,533	84,663	22,023
Bank overdraft (Note 22)	-	(19,500)	-	(19,500)
	<u>89,023</u>	<u>8,033</u>	<u>84,663</u>	<u>2,523</u>

20 Share capital and equity— group and company

(a) Share capital

	2025	2024
	KShs'000	KShs'000
At 1 July 2023, 1 July 2024 and 30 June 2025		
272,440,000 ordinary shares of KShs 1 per share	<u>272,440</u>	<u>272,440</u>

Ordinary shares have a par value of KShs 1. They entitle the holder to participate in dividends, to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held and voting at the annual general meeting. The total authorised number of ordinary shares is 272,440,000 with a par value of KShs 1 per share and are all issued.

(b) Share premium

Share premium arose from issuance of 272,440,000 ordinary shares at a premium of KShs 1.34 per share.

	2025	2024
	KShs'000	KShs'000
Share premium	<u>368,289</u>	<u>368,289</u>

(c) Translation reserve

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.

	2025	2024
	KShs'000	KShs'000
Translation reverse	<u>(81,927)</u>	<u>(83,967)</u>

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

20 Share capital and equity– group and company

(d) Non-controlling interests (NCI)

The following table summarises information relating to NCI for one of the subsidiaries – Lawafrica Publishing Limited.

	2025 KShs'000	2024 KShs'000
Non-current assets	86,654	83,805
Current assets	79,862	92,838
Current liabilities	(228,329)	(249,652)
Net assets	(61,813)	(73,009)
NCI percentage	8%	8%
Net assets attributable to NCI	(4,945)	(5,841)

	2025 KShs'000	2024 KShs'000
Revenue	39,486	37,705
Profits	5,300	(4,397)
OCI	5,900	-
Total comprehensive income	(5,300)	(4,397)
Profits allocated to NCI	424	(352)
OCI allocated to NCI	472	-
Total Comprehensive income	896	(352)

21 Trade and other Payables

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Trade payables	520,629	329,055	490,128	299,696
Royalty accruals	329,099	317,279	276,308	258,718
Payroll accruals	57,292	46,056	26,440	22,497
Other payables	286,979	314,968	232,287	232,118
	1,193,999	1,007,358	1,025,163	813,029

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

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

22 (a) Borrowings

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
The borrowings are made up as follows:				
Short-term loans	62,556	268,098	21,734	227,275
Term loans	812,404	389,783	812,404	389,784
Commercial paper	140,864	108,485	140,864	108,485
Supplier finance	-	253,623	-	253,623
Total borrowings	1,015,824	1,019,989	975,002	979,167

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Of which:				
Payable within 12 months	442,424	1,019,989	401,602	979,167
Payable after 12 months	573,400	-	573,400	-
	1,015,824	1,019,989	975,002	979,167

Movement in borrowings	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	1,019,989	1,220,485	979,167	1,178,865
Additions – principal	1,007,683	1,049,709	1,007,683	1,049,709
Additions – interest	203,893	204,648	203,893	204,565
Payments in the year –principal	(1,041,883)	(1,254,803)	(1,041,883)	(1,254,555)
Payments in the year – interest	(173,858)	(200,050)	(173,858)	(199,417)
At end of year	1,015,824	1,019,989	975,002	979,167

- Short term loans mature within twelve (12) months and bear an average floating interest rate of 16% (2024 – 20%).
- Term loans were issued on 10/04/2025 and mature within thirty-nine (39) months and sixty (60) months and bear an average floating interest rate of 16% (2024 – 20%).
- Commercial papers mature at either six (6) or twelve (12) months and bear an average floating interest rate of 20% (2024 – 20%).
- Supplier finance mature within two hundred and seventy (270) days and bear an average floating interest rate of 16% (2024 – 20%).
- Outstanding short-term loans and supplier finance were termed out during the year (on 10/04/2025) for a tenure of 60 months.

All borrowings are denominated in Kenya Shillings.

Terms and conditions for the borrowings:

Bank borrowings are secured by an all-asset debenture of KShs 700,000,000 and a legal charge over LR. No. 209/5604, Funzi Road, Industrial area for KShs 325,000,000. There were no undrawn borrowing facilities on 30 June 2025 (2024 – KShs 37,899,000).

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

22 (a) Borrowings (Continued)

Terms and conditions for the borrowings: (Continued)

All facilities are subject to review annually in February. The bank overdraft facility may be drawn at any time and has a limit of KShs 13,000,000. As part of the borrowing conditions for the term loans, the Company is required to comply with specific covenants. The Company was in breach of the debt coverage ratio on 30 June 2025, when its ratio stood at -0.22 (2024 – ratio of 0.12). As a consequence of the breach, the bank has issued a waiver against the breach.

(b) Finance costs

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Interest expense	203,893	204,648	203,893	204,565

23 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. The Company had no contingent liabilities as at 30 June 2025 (2024 – KShs 100,000).

24 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.

	2025 KShs'000	2024 KShs'000
(a) Due from subsidiaries – Company		
Longhorn Publishers Uganda Limited	208,543	208,783
Longhorn Publishers Tanzania Limited	193,226	184,921
Longhorn Publishers Rwanda Limited	74,441	74,872
Law Africa Publishing (K) Limited	171,674	178,722
Longhorn Digital Ventures Limited	1,605	739
	649,489	648,037
Less: Expected credit losses	(370,688)	(5,788)
	278,801	642,249

Notes to the consolidated and separate financial statements for the year ended 30 June 2025 (continued)

24 Related party transactions (Continued)

(b) Due to subsidiaries – Company

	2025 KShs'000	2024 KShs'000
The movement in provision was as follows:		
At start of year	5,788	23,336
Increase/(decrease) in provision	364,900	(17,548)
At end of year	370,688	5,788
(c) Due to subsidiaries – Company		
Longhorn Publishers Rwanda Limited	69,083	69,083

(d) Key management compensation

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

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Salaries and other benefits	29,919	27,856	22,080	18,768

(e) Directors' emoluments

	Group		Company	
	2025	2024	2025	2024
	KShs'000	KShs'000	KShs'000	KShs'000
Fees for services as directors	9,424	9,832	9,211	9,302
Salary	18,480	18,480	18,480	18,480
	27,904	28,312	27,691	27,782

Director's emoluments for the Group comprise fees paid to directors of the Company and those of the subsidiaries.

25 Subsequent events

Subsequent to the year end, the Company has received financial support of Kshs 30 million from the parent Centum Investment Company Plc. Maxwell Wahome also resigned as Group Managing Director of the Company on 30 September 2025 and Simon Ngigi was appointed from 1st October 2025 as the new Group Managing Director.



Notice

93 – 96 Notice of Annual General Meeting

97 Proxy form

98 – 99 Electronic Communications Consent Form

Notice

TO ALL SHAREHOLDERS LONGHORN PUBLISHERS PLC

ORDINARY BUSINESS

1. The Secretary to read the notice convening the meeting and confirm the presence of quorum.
2. To approve the Minutes of the Annual General Meeting held on 21st November 2024.
3. To receive, consider and adopt the Financial Statements for the financial year ended 30 June 2025 together with the Chairman's Statement, and the Directors' and Auditors' reports thereon.
4. To note that the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2025.
5. Rotation, Election and Retirement of Directors: –
 - 5.1. Directors retiring by rotation:
 - (i) Ms. Emma Miloyo, who retires in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers herself for re-election.
 - (ii) Dr. Dancan Irungu, who retires in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.
 - (iii) Dr. Shikoh Gitau, who retires in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers herself for re-election.
 - 5.2. Retirement and appointment of Director:
 - (iv) Mr. Ali Hussein Kassim, who retires as an independent director in accordance with the regulations of the Capital Markets Authority, offers himself for election as a non-executive director subject to shareholders' approval.
 - (v) Dr. Sara Ruto, who retires in accordance with the provisions of Article 98 (a) of the Company's Articles of Association and, being eligible, offers herself for re-election.
6. To approve the Directors Remuneration Report for the financial year ended 30 June 2025.
7. To reappoint Messrs KPMG Kenya as Auditors of the Company in accordance with the provisions of Section 721(2) of the Companies Act, 2015, and to authorize the Directors to fix their remuneration for the ensuing financial year.
8. Any other business of which due notice has been given.

BY ORDER OF THE BOARD



FCS. ANNE OTUNGA
COMPANY SECRETARY
Date 28 October 2025

Notice

NOTES:

1. Longhorn Publishers PLC has convened and is conducting the 2025 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) 709 170 034 from 9:00 am to 5:00pm East African time from Monday to Friday. Any shareholder outside Kenya should send their details to **longhornagm@image.co.ke**.

Registration for the AGM will open on Friday, 31st October 2025 at 11:00 am and will close on Tuesday, 18th November 2025 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 2025.
4. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:-
 - (a) sending their written questions by email to **longhornagm@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. Upon 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.

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.

Notice

A completed form of proxy should be emailed to longhornagm@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, 18th November, 2025 at 11:00 a.m. East African time.

Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Tuesday, 18th November 2025 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, 19th November 2025 to allow time to address the issues.

9. 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 the conclusion of the AGM on the Company's website.

10. Shareholders are encouraged to continue monitoring the Company's website [www. longhornpublishers.com](http://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, 20th November 2025 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2025

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 2025 together with the Chairman's Statement, and the Directors' and Auditors' reports thereon.			
2. Re-election of Ms EmmaMs. Emma Miloyo, who retires in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers herself for re-election.			
3. Re-election of Mr. Dancan Irungu, who retires in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.			
4. Re-election of Dr. Shikoh Gitau, who retires in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers herselfforherself for re-election.			
5. ERe-election of Mr. Ali Hussein Kassim, who, having completed his term as retires as an independent director in accordance accordance with the regulations of the Capital Markets Authority,Authority, retires from the Board and offers himself for election as a non-executive director.			
6. Re-election of Dr. Sara Ruto, who retires in accordance with the provisions of Article 98 (a) of the Company's Articles of Association and, being eligible, offers herself for re-election.			
7. To approve the Directors Remuneration Report for the financial year ended 30 June 2025.			
8. To reappoint Messrs KPMG Kenya as Auditors of the Company in accordance with the provisions of Section 721(2) of the Companies Act, 2015, and to authorize the Directors to fix their remuneration for the ensuing financial year.			



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 20th November 2025.

☐

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 **longhornagm@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, 18th November 2025 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 (Continued)

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 **longhornagm@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. East African time on Tuesday, 18th November, 2025, 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

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

Auditor

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
P O Box 40612 – 00100, Nairobi
Tel: +254 20 514 0000, +254 20 680 000, +254 20 680 300, +254 20 680 301

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

Advocates

Danlex Partners
6th Floor, Crescent Business Centre
The Crescent, off Parklands Road
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