



# CHOBE HOLDINGS LIMITED

## CHOBE HOLDINGS LIMITED

("the Group" or "the Company")

Incorporated in the Republic of Botswana (Registration Number BW00001487283)

### CONDENSED AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2021

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | Year ended<br>28/02/2021<br>P'000's<br>Audited | Year ended<br>29/02/2020<br>P'000's<br>Audited |
|---|--|--|
| Revenue   | 27 784   | 373 941  |
| Other operating income  | 5 116  | 21 912   |
| Amortisation of intangible assets                                 | (5 638)  | (5 637)  |
| Depreciation  | (34 988)                                       | (37 174)                                       |
| Other operating expenses  | (73 325)                                       | (215 479)                                      |
| Operating (loss) / profit   | (81 051)                                       | 137 563  |
| Finance income  | 11   | 360  |
| Finance cost  | (3 557)  | (3 791)  |
| Share of net loss of associates accounted for using equity method | (857)  | (866)  |
| (Loss) / profit before income tax                                 | (85 454)                                       | 133 266  |
| Income tax credit / (expense)                                     | 17 600   | (35 871)                                       |
| <b>(Loss) / profit for the year</b>                               | <b>(67 854)</b>                                | <b>97 395</b>                                  |
| <b>Other comprehensive income</b>                                 |  |  |
| Exchange difference on translation of foreign operations          | 128  | (231)  |
| Other comprehensive income/ (loss) for the year                   | 128  | (231)  |
| <b>Total comprehensive (loss) / income for the year</b>           | <b>(67 726)</b>                                | <b>97 164</b>                                  |
| <b>Attributable to</b>  |  |  |
| Owners of the parent  | (67 628)                                       | 97 059   |
| Non-controlling interest  | (98)   | 105  |
|   | (67 726)                                       | 97 164   |
| (Loss) / earnings per share (thebe) - basic                       | (75.76)  | 108.78   |

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                      | As at<br>28/02/2021<br>P'000's<br>Audited | As at<br>29/02/2020<br>P'000's<br>Audited |
|--------------------------------------|---|---|
| <b>ASSETS</b>                        |   |   |
| <b>Non-current assets</b>            |   |   |
| Property, plant and equipment        | 237 678                                   | 260 332                                   |
| Right-of-use assets                  | 35 942                                    | 40 608                                    |
| Goodwill                             | 54 227                                    | 54 227                                    |
| Land lease rights                    | 68 813                                    | 74 142                                    |
| Other intangible assets              | 1 550                                     | 1 859                                     |
| Investment in associate              | 1 904                                     | 2 761                                     |
| Deferred income tax assets           | 15 035                                    | 3 403                                     |
|                                      | 415 149                                   | 437 332                                   |
| <b>Current assets</b>                |   |   |
| Inventory                            | 9 443                                     | 11 463                                    |
| Trade and other receivables          | 8 674                                     | 18 315                                    |
| Assets classified as held for sale   | 10 052                                    | -   |
| Current income tax receivable        | 1 921                                     | 2 388                                     |
| Cash and cash equivalents            | 15 951                                    | 63 733                                    |
|                                      | 46 041                                    | 95 899                                    |
| <b>Total assets</b>                  | <b>461 190</b>                            | <b>533 231</b>                            |
| <b>EQUITY AND LIABILITIES</b>        |   |   |
| <b>Equity</b>                        |   |   |
| Stated capital                       | 102 899                                   | 102 899                                   |
| Foreign currency translation reserve | (1 322)                                   | (1 450)                                   |
| Other reserves                       | 5 108                                     | 5 296                                     |
| Retained income                      | 198 969                                   | 266 537                                   |
| Non-controlling interest             | 305 654                                   | 373 282                                   |
|                                      | 859                                       | 957                                       |
| Total equity                         | 306 513                                   | 374 239                                   |
| <b>Liabilities</b>                   |   |   |
| <b>Non-current liabilities</b>       |   |   |
| Deferred income tax liabilities      | 15 759                                    | 22 967                                    |
| Lease liability                      | 49 291                                    | 52 836                                    |
|                                      | 65 050                                    | 75 803                                    |
| <b>Current liabilities</b>           |   |   |
| Current income tax payable           | 3 751                                     | 4 389                                     |
| Bank overdraft                       | 11 622                                    | -   |
| Advance travel receipts              | 34 218                                    | 31 543                                    |
| Lease liability                      | 3 545                                     | 2 777                                     |
| Trade and other payables             | 36 491                                    | 44 480                                    |
|                                      | 89 627                                    | 83 189                                    |
| Total liabilities                    | 154 677                                   | 158 992                                   |
| <b>Total equity and liabilities</b>  | <b>461 190</b>                            | <b>533 231</b>                            |

#### CONSOLIDATED STATEMENT OF CASH FLOWS

|  | Year ended<br>28/02/2021<br>P'000's<br>Audited | Year ended<br>29/02/2020<br>P'000's<br>Audited |
|--|--|--|
| <b>Operating activities</b>                          |  |  |
| Cash (used in) / generated from operations           | (34 285)                                       | 170 090  |
| Interest paid  | (22)   | (103)  |
| Income tax paid                                      | (1 398)  | (32 808)                                       |
| Cash (used in) / generated from operating activities | (35 705)                                       | 137 179  |
| <b>Investing activities</b>                          |  |  |
| Purchase of property, plant and equipment            | (17 785)                                       | (45 891)                                       |
| Proceeds on sale of property, plant and equipment    | 387  | 572  |
| Payment for acquisition of subsidiaries              | -  | (25 000)                                       |
| Payment for acquisition of leasehold rights          | -  | (10 077)                                       |
| Interest received                                    | 11   | 360  |
| Net cash used in investing activities                | (17 387)                                       | (80 036)                                       |
| <b>Financing activities</b>                          |  |  |
| Lease rental paid                                    | (6 312)  | (5 803)  |
| Dividends paid                                       | -  | (53 664)                                       |
| Net cash used in financing activities                | (6 312)  | (59 467)                                       |
| Net decrease in cash and cash equivalents            | (59 404)                                       | (2 324)  |
| <b>Movement in cash and cash equivalents</b>         |  |  |
| At beginning of year                                 | 63 733   | 66 057   |
| Decrease in the year                                 | (59 404)                                       | (2 324)  |
| At end of year                                       | 4 329  | 63 733   |
| <b>Represented by:</b>                               |  |  |
| Cash and cash equivalents                            | 4 329  | 63 733   |

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|                                    | Attributable to owners of the parent |                                 |  |                              |  | Total<br>P'000's |
|------------------------------------|--------------------------------------|---------------------------------|--|------------------------------|--|------------------|
|                                    | Stated<br>capital<br>P'000's         | Retained<br>earnings<br>P'000's | Foreign<br>currency<br>translation<br>reserve<br>P'000's | Other<br>reserves<br>P'000's | Non-<br>controlling<br>interest<br>P'000's |                  |
| Balance at 1 March 2020            | 102 899                              | 266 537                         | (1 450)  | 5 296                        | 957  | 374 239          |
| Loss for the year                  | -                                    | (67 756)                        | -  | -                            | (98)                                       | (67 854)         |
| Other comprehensive income         | -                                    | -                               | 128  | -                            | -  | 128              |
| Transfer from other reserves       | -                                    | 188                             | -  | (188)                        | -  | -                |
| <b>Balance at 28 February 2021</b> | <b>102 899</b>                       | <b>198 969</b>                  | <b>(1 322)</b>   | <b>5 108</b>                 | <b>859</b>                                 | <b>306 513</b>   |

#### HIGHLIGHTS

- Occupancy levels down 89%
- Revenues down 93%
- Operating costs down 66%
- Operating profits down 159%
- Profit after tax down 170%
- Net cash outflow for the year P59 million.
- Government wage subsidy received P9.6 million

#### BASIS OF PREPARATION

The condensed results have been extracted from the audited financial statements for the year ended 28th February 2021, which have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). This extract has not been reviewed by the auditors. The accounting policies applied are consistent with those of the annual financial statements for the year ended 29th February 2020, as described in those financial statements.

The company's auditors, PricewaterhouseCoopers, have issued an unqualified audit opinion on the annual financial statements of which these condensed results are based. A copy of their opinion and the full set of annual financial statements are available for inspection at the registered office.

#### FINANCIAL RESULTS

During the last half of the financial year Directors have done within reason all they could to contain costs across the board, never however losing sight of the fact that as the grip of COVID-19 releases through the roll out of vaccines, particularly so in our traditional source markets, tourism will return to Botswana thus necessitating the ongoing maintenance of our properties so that we can take immediate advantage of improving trade. To protect our staff, the established COVID policies with regards to salaries have been maintained, the lowest paid being protected by the lowest cuts whilst those further up the scale, including Directors, endure cuts up to a maximum of 75%. The extending of the government wage subsidy for a further three months to the end of December has again played a significant role in shoring up the group's cash resources, the Group having received P9.6 million in this regard.

The financial results for the year under review however reflect the continuing impact of COVID-19 on the tourism industry world-wide. Some recovery of business in the form of domestic tourism was achieved when towards the calendar year end travel restrictions were somewhat eased, this so despite the heavy

burden on both travellers and staff in the implementation of the many COVID protocols we are subject to. The substantially lower than normal rates achieved, and the relative thinness of this market precluded the generation of a meaningful impact on our bottom line. This initiative did however give our own citizens an opportunity to enjoy Botswana's wildlife and landscapes at a more affordable price, from a group perspective, it ensured that our properties were brought back to standard, and most importantly, it also allowed for the remobilisation of a number of staff at full salaries.

During the last half of the year our marketing and reservations offices continued to pursue our "don't cancel but defer policy" with encouraging success. We thus continue to hold advance travel receipts, to the value of about P34 million at the financial year end.

Despite our best efforts to preserve cash resources and remain debt free, the ongoing crisis forced us to draw into our prearranged overdraft facility of P25 million to the extent of P11.6 million.

#### FUTURE OUTLOOK

Both our marketing and reservations teams report particularly strong interest from our traditional northern hemisphere suppliers such that there seems little doubt that if people can travel freely, business will recover strongly. To do so however, intercontinental air carriers need to be able to re-establish reliable schedules to the sub-continent, COVID-19 protocols on both arrival and departure need to be clearly understood and flawlessly applied and the vaccine roll out accelerated, particularly so to the staff of tourism establishments thus protecting both our staff and our guests. As almost all foreign travellers enter and exit Botswana through neighbouring states, it remains essential our COVID-19 protocols are harmonised with those neighbouring states to safely ease the flow of travellers. The extension of the State of Emergency for a further six months again dealt a heavy blow to the industry as the connotations of such a proclamation cause many countries to advise their nationals not to travel to countries under a state of emergency, and in many instances, travel insurances cannot be obtained by persons travelling to countries being governed under such proclamations. Should however travel restrictions continue to ease during the course of the forthcoming year your board is confident we can continue to successfully build our occupancies on both domestic and foreign travel to former levels. We in this regard, are encouraged to find that through

the generation of new reservations and the continuing application of judicious cost control strategies we have achieved cash flow stability in terms of maintaining our bank overdraft at current levels. As the group's assets were always maintained to high standards, future capital expenditure requirements are limited with the exception of the necessity to rebuild Camp Xugana within next few years.

Events arising in the last half of the year culminated in the Managing Director, Rodney Gerard tendering his resignation. CEO Jonathan Gibson has been appointed to assume the duties of Managing Director in his place until a suitable replacement is identified and appointed. To strengthen the executive, Lempheditse Odumetse has been promoted to the post of Operations Director.

Whilst the toll of COVID-19 has been demonstrably heavy from a financial perspective, sight should not be lost of the human toll. A number of both our staff and management have suffered the debilitating effects of the illness, but infinitely more serious, COVID has taken the lives of three senior and valued members of our management team, whilst a sad and severe loss to the company and work colleagues, most surely devastating losses to their families and friends.

#### DIVIDEND

In view of the results no dividend has been recommended.

#### UNCLAIMED DIVIDENDS

The Directors wish to bring to the notice of shareholders that there are certain amounts of unclaimed dividends in the Company's records. In terms of clause 27.5 of the Company's Constitution, dividends unclaimed for three years after due date for payment may become the property of the Company and used for the benefit of the Company. The shareholders concerned are therefore advised to claim their unclaimed dividends within the prescribed three-year period. Shareholders can claim their unclaimed dividends by contacting the Company's transfer secretaries:

DPS Consulting Services Proprietary Limited  
PO Box 294, Gaborone  
Tel: 3952011

#### By order of the Board of Directors

**J M Gibson**  
Deputy Chairman & CEO  
20th May 2021



Directors  
J. M. Nganunu-Macharia (Chairperson), J. M. Gibson (Deputy Chairman & CEO),  
J. A. Bescoby (British), A. C. Dambe, B. D. Flatt, K. Ledimo, D. S. Ter Haar,  
A. M. Whitehouse (Australian), S. D. S. Fernando (Sri Lankan), L. Odumetse,  
J. K. Gibson (British)

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Transfer Secretaries  
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Independent Auditors  
PricewaterhouseCoopers  
PO Box 294 Gaborone