



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 29 FEBRUARY 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 29/02/2020 P'000's Audited | Year ended 28/02/2019 P'000's Audited |
|---|--|--|
| CONTINUING OPERATIONS | | |
| Revenue | 373 941 | 339 590 |
| Other operating income | 21 912 | 20 826 |
| Amortisation of intangible assets | (5 637) | (5 137) |
| Depreciation | (37 174) | (25 816) |
| Write-off of goodwill | - | (7 419) |
| Other operating expenses | (215 479) | (209 726) |
| Operating profit | 137 563 | 112 318 |
| Finance income | 360 | 179 |
| Finance cost | (3 791) | (571) |
| Net income before share of results of associate | 134 132 | 111 926 |
| Share of net loss of associates accounted for using equity method | (866) | (1 094) |
| Profit before income tax | 133 266 | 110 832 |
| Income tax expense | (35 871) | (29 307) |
| Profit for the year | 97 395 | 81 525 |
| Other comprehensive income | | |
| Exchange difference on translation of foreign operations | (231) | (635) |
| Other comprehensive loss for the year | (231) | (635) |
| Total comprehensive income for the year | 97 164 | 80 890 |
| Attributable to | | |
| Owners of the parent | 97 059 | 80 829 |
| Non-controlling interest | 105 | 61 |
| | 97 164 | 80 890 |
| Earnings per share (thebe) - basic | 108.78 | 91.08 |
| Number of shares in issue during the period | 89 439 642 | 89 439 642 |
| Occupancy | 58% | 58% |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 29/02/2020 P'000's Audited | As at 28/02/2019 P'000's Audited |
|--------------------------------------|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 260 332 | 218 600 |
| Right of use assets | 40 608 | - |
| Goodwill | 54 227 | 54 227 |
| Land lease rights | 74 142 | 64 086 |
| Other intangible assets | 1 859 | 2 169 |
| Investment in associate | 2 761 | 3 627 |
| Deferred income tax assets | 3 403 | 3 327 |
| | 437 332 | 346 036 |
| Current assets | | |
| Inventory | 11 463 | 12 963 |
| Trade and other receivables | 18 315 | 16 525 |
| Current income tax receivable | 2 388 | 4 753 |
| Cash and cash equivalents | 63 733 | 66 057 |
| | 95 899 | 100 298 |
| Total assets | 533 231 | 446 334 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Stated capital | 102 899 | 102 899 |
| Foreign currency translation reserve | (1 450) | (1 219) |
| Other reserve | 5 296 | - |
| Retained income | 266 537 | 228 207 |
| | 373 282 | 329 887 |
| Non-controlling interest | 957 | 852 |
| Total equity | 374 239 | 330 739 |
| Liabilities | | |
| Non-current liabilities | | |
| Deferred income tax liabilities | 22 967 | 21 376 |
| Deferred lease obligations | - | 12 457 |
| Lease liability | 52 836 | - |
| | 75 803 | 33 833 |
| Current liabilities | | |
| Lease liability | 2 777 | - |
| Current income tax payable | 4 389 | 5 218 |
| Advance travel receipts | 31 543 | 29 752 |
| Trade and other payables | 44 480 | 46 792 |
| | 83 189 | 81 762 |
| Total liabilities | 158 992 | 115 595 |
| Total equity and liabilities | 533 231 | 446 334 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Year ended 29/02/2020 P'000's Audited | Year ended 28/02/2019 P'000's Audited |
|--|--|--|
| Operating activities | | |
| Cash generated from operations | 170 090 | 160 954 |
| Interest paid | (103) | (571) |
| Income tax paid | (32 808) | (29 741) |
| Cash generated from operating activities | 137 179 | 130 642 |
| Investing activities | | |
| Purchase of property, plant and equipment | (45 891) | (82 401) |
| Proceeds on sale of property, plant and equipment | 572 | 1 131 |
| Payment for acquisition of subsidiaries | (35 077) | - |
| Interest received | 360 | 179 |
| Net cash used in investing activities | (80 036) | (81 091) |
| Financing activities | | |
| Proceeds from borrowings | - | 15 000 |
| Lease rental paid | (5 803) | - |
| Bank loan paid out | - | (15 000) |
| Dividends paid | (53 664) | (44 720) |
| Net cash used in financing activities | (59 467) | (44 720) |
| Net (decrease) / increase in cash and cash equivalents | (2 324) | 4 831 |
| Movement in cash and cash equivalents | | |
| At beginning of year | 66 057 | 61 226 |
| (Decrease) / increase in the year | (2 324) | 4 831 |
| At end of year | 63 733 | 66 057 |
| Represented by: | | |
| Cash and cash equivalents | 63 733 | 66 057 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the parent | | | | | Total P'000's |
|------------------------------------|--------------------------------------|---------------------------------|--|-----------------------------|---|------------------|
| | Stated capital P'000's | Retained earnings P'000's | Foreign currency translation reserve P'000's | Other reserve P'000's | Non controlling interest P'000's | |
| Balance at 1 March 2019 | 102 899 | 228 207 | (1 219) | - | 852 | 330 739 |
| Profit for the year | - | 97 290 | - | - | 105 | 97 395 |
| Other comprehensive loss | - | - | (231) | - | - | (231) |
| Transfer to other reserve | - | (5 296) | - | 5 296 | - | - |
| Dividend paid (final 2019) | - | (53 664) | - | - | - | (53 664) |
| Balance at 29 February 2020 | 102 899 | 266 537 | (1 450) | 5 296 | 957 | 374 239 |

Highlights

- Occupancy levels flat.
- A 10% increase in revenue.
- A 22% increase in operating profits.
- Costs contained at inflationary levels.
- A 19% increase in profit after tax.
- Cash and cash equivalents of P63.7 million.
- Acquisition of vehicles, aircraft and property improvements P45.9 million.
- Acquisition of game farms for P15.4 million.
- Acquisition of a hotel for P30.0 million.

Basic of Preparation

The audited financial statements for the year ended 29th February 2020 have been prepared based on accounting policies which comply with International Financial Reporting Standards ("IFRS"). The accounting policies applied are consistent with those of the annual financial statements for the year ended 28th February 2019, as described in those annual financial statements, save for new standards that became effective during this financial year, the most significant being "IFRS16 Leases".

This summarised financial information has been extracted from the audited financial statements.

The Group's external auditors, PricewaterhouseCoopers (PwC), have issued an unqualified audit opinion on the consolidated and separate financial statements of the Group and Company (respectively) for the year ended 29 February 2020. This summary has not been audited or reviewed by PwC.

Financial Results

During the period under review occupancy remained fairly flat when compared to the same period in the prior year due to increased competition and perhaps the effects of negative press around the lifting of the hunting suspension.

A 10% increase in revenue was recorded as a result of better achieved bed night rates in US Dollar terms and depreciation of the Pula against the US Dollar.

Other operating income comprises mainly foreign exchange gains.

An operating cost increase of 3% is testament to management's cost containment strategies.

The Group spent, from internally generated cash flows, P45.9 million on the purchase of game drive vehicles, a Cessna Caravan and significantly improving existing buildings and equipment.

As previously reported, the Company, through its wholly owned subsidiary Ker & Downey (Botswana) Proprietary Limited, acquired the entire issued stated capital of Nelie Investments Pro-

prietary Limited, a property owning company holding leases for two game farms in the Hai-navedi area for a cash consideration of P15.4 million financed using the Group's internal cash resources. These two properties will be utilized to increase the extent of the land holdings currently held by the Dinaka Conservancy.

Desert & Delta Safaris Proprietary Limited, a wholly owned subsidiary of the Company, acquired the entire shareholding and loans in Quadrum Proprietary Limited and Sedia Hotel Proprietary Limited ("the entities") with effect from 1st August 2019 for a total consideration of P30 million.

The entities own the land lease and operate Sedia Riverside Hotel, a 31-room hotel in Maun. P25m, financed from internally generated cash resources, was paid on the effective date with the balance payable on the anniversary of the effective date for the following five years in equal instalments of P1m each or the fulfilment of certain conditions.

The Group adopted IFRS16 Leases for the first time in compliance with International Financial Reporting Standards. This has resulted in significant increases in Depreciation, Finance cost, and recognition of Right of Use Assets and Lease Liability due to all of the Group's camps and lodges being on leased lands. The adoption of this standard has also resulted in Deferred Lease Obligation being reduced to zero.

Your directors approved a phantom share scheme during the year ended 28th February 2013 which allows the Group's employees to participate in the dividend distributions of the Group. The scheme allows all qualifying staff to share equally in a bonus which is calculated to be equal to the value of dividends attaching to three million shares in the Company. A total of P1,800,000 was distributed amongst qualifying employees during the year ended 29th February 2020.

Future Outlook

According to the World Tourism Organisation, the COVID-19 pandemic has caused a 22% fall in international tourist arrivals during the first quarter of 2020 and the crisis could lead to an annual decline of between 60% and 80% when compared with 2019 figures. It is anticipated that signs of recovery will start emerging in the last quarter of 2020 but mostly in 2021 with leisure tourism expected to recover quickly. The recovery is however dependent on containment of the virus, easing of travel restrictions and re-opening of borders.

The marketing push of "don't cancel, defer" has been largely successful with more than 70% of the confirmed bookings that were scheduled to travel in the period April - June 2020 deferring

their travel to 2021. Your Directors are therefore confident of a fairly quick recovery when it is deemed safe for international travel to resume.

During the last couple of years the group spent considerable cash resources to upgrade its aircraft, motor vehicles, boats, other equipment, buildings and other operating assets. All the Group's assets are secure and require minimal expense to keep them ready to perform. Policies and procedures are in place to ensure there is no adverse deterioration of assets during the lockdown.

The group's projected CAPEX needs for the next 5 years are minimal except for Xugana Island Lodge which will soon require a total rebuild at an estimated cost of P30 million.

The Group's strong cash and no debt position provides us with the ability to ride out the COVID-19 virus and the opportunity to take advantage of any expansion opportunities that may arise.

Dividends

Your Directors recognize the importance of prioritising the Group's cash resources towards preservation of assets, employee retention and marketing to secure the future earnings potential of the Group. The Directors have therefore elected to defer the declaration of a dividend until such time as the Group's earnings potential is restored and cash flow allows.

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 Proprietary Limited
PO Box 294, Gaborone
Tel. 3952011
Email: dolly@dpsconsultancy.com

By order of the Board of Directors

J M Gibson,
CEO & Deputy Chairman
19th May 2020



Directors

J. M. Nganunu-Macharia (Chairperson), J. M. Gibson (Deputy Chairman & CEO), R. Gerrard (Managing Director), J. A. Bescoby (British), A. D. Chilisa, B. D. Flatt, K. Ledimo, D. S. Ter Haar, A. M. Whitehouse (Australian)

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Independent Auditors
PricewaterhouseCoopers
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