



**Nation Media Group**

Media of Africa for Africa

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**2020 Annual Report & Financial Statements**



***Media of Africa for Africa***

**NATION**

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2020 Annual Report & Financial Statements



A herd of elephants migrating  
across the African savannah

*Media of Africa for Africa*





Nation Media Group is the leading media company with businesses in print, broadcasting and digital. NMG uses its industry leading operating scale and brands to create, package and deliver high quality content on a multi-platform basis. As the largest independent media house in East and Central Africa, we attract and serve unparalleled audiences in Kenya, Uganda, Tanzania, and Rwanda. We are committed to generating and creating content that will inform, educate and entertain our consumers across the different platforms, keeping in mind the changing needs and trends in the industry. In our journey, nothing matters more than the integrity, transparency, and balance in journalism that we have publicly committed ourselves to. NMG journalism seeks to positively transform the society it serves, by influencing social, economic and political progress.

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NATION

Empower Africa

→ nation.africa

<b>Nation Centre</b> Kimathi Street P O Box 49010 00100 Nairobi	Registered Office	Afisi Ilioandikishwa
<b>Hamilton Harrison &amp; Mathews</b> Delta Suites Waiyaki Way, Nairobi	Advocates	Wakili
<b>PricewaterhouseCoopers LLP</b> PwC Tower,Waiyaki Way/ Chiromo Road Westlands, Nairobi	Auditors	Wakaguzi wa Hesabu
<b>Standard Chartered Bank of Kenya Limited, Chiromo</b> No. 48 Westlands Road, Nairobi	Bankers	Benki
<b>Angela Namwakira</b> Adili Corporate Services Kenya ALN House, Eldama Ravine Road, Westlands, Nairobi P O Box 764 00606, Nairobi	Company Secretary	Katibu

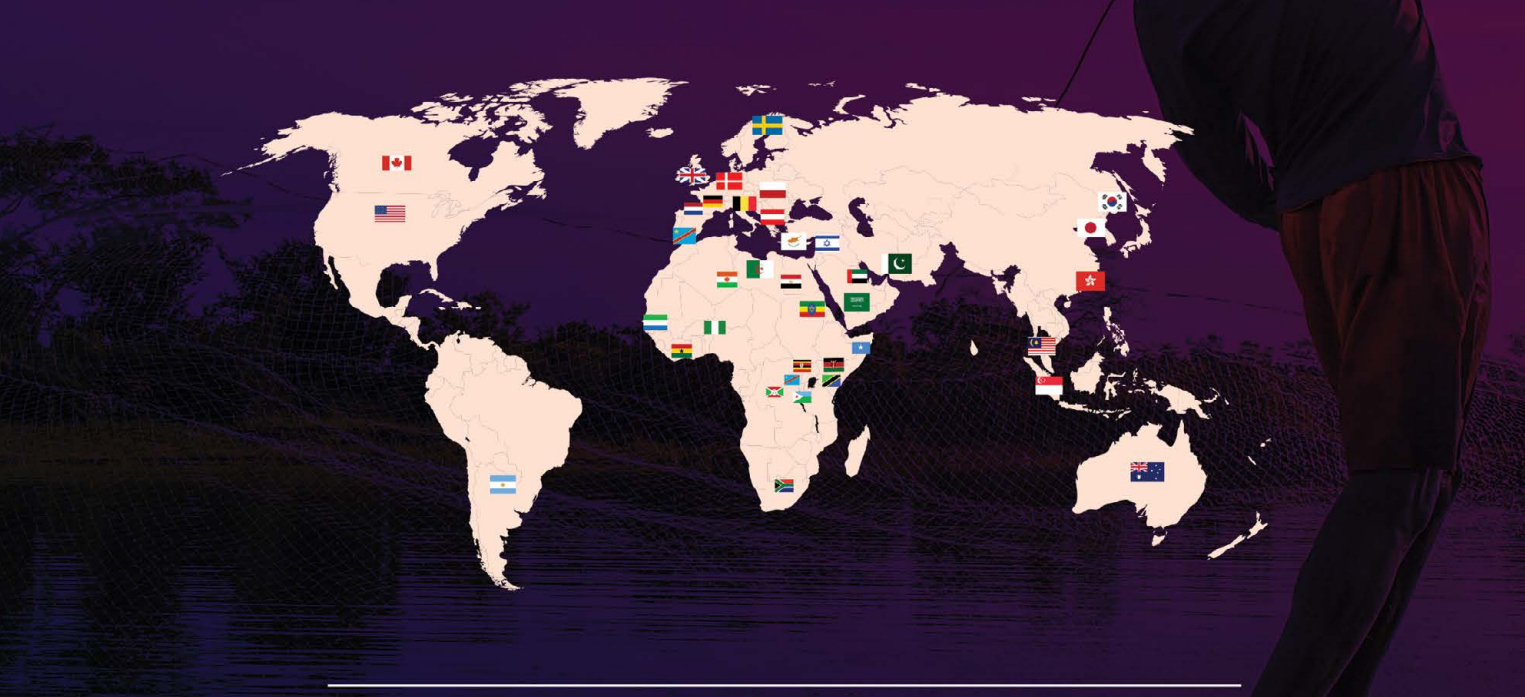
Media of Africa for Africa





# KUSI 2020 STORY

The second edition of the Kusi Ideas Festival was held in the face of a global pandemic. Even with the setbacks, Africa’s resilience and ingenuity to find homegrown solutions shone through. The conference was a testament to the great ideas and resolutions that are born when the continent comes together.



- Kenya • Rwanda • United States • Uganda • France • Netherlands • Tanzania • Ghana • Ethiopia • Australia • United Arab Emirates • United Kingdom • Finland • South Africa • Canada • India • Malaysia • Somalia • South Korea • Switzerland • Algeria • Austria • Germany • Israel • Japan • Djibouti • Egypt • Hong Kong • Niger • Pakistan • Poland • Saudi Arabia • Sierra Leone • Singapore • Sweden

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## Notice of Annual General Meeting

Due to the ongoing Covid-19 global pandemic and the resultant directives issued by the Government of Kenya under the Public Health (Prevention, Control and Suppression of Covid19) Rules, 2020 which restrict gatherings and congregations of persons, including the normal method of holding General meetings by congregations of Shareholders in person at a single venue and further in accordance with the provisions of the Companies Act, No. 17 of 2015 as amended by the Business Laws (Amendment) (No. 2) Act, 2021, Notice is hereby given that the Fifty-Eighth Annual General Meeting of the shareholders of Nation Media Group PLC will be held virtually at 3.00 pm on Friday, 25 June 2021 to conduct the business stated below.

All resolutions will be conducted by way of a Poll.

### As ordinary business to consider and, if thought fit, pass the following ordinary resolutions:

- To receive the financial statements for the year ended 31 December 2020, and the Chairman's, Directors' and Auditors' reports thereon.
- To confirm that PricewaterhouseCoopers LLP continue in office as the Company's Auditors in accordance with section 721(2) of the Kenyan Companies Act 2015 and to authorise the directors to fix the remuneration of the Auditors.
- To elect and re-elect the following directors:
  - in accordance with Article 110 of the Company's Articles of Association, Mr. Dennis Aluanga retires by rotation and being eligible, offers himself for re-election;
  - in accordance with Article 110 of the Company's Articles of Association, Mr. Stephen Dunbar-Johnson retires by rotation and being eligible, offers himself for re-election;
  - in accordance with Article 110 of the Company's Articles of Association, Mr. Louis Otieno retires by rotation and being eligible, offers himself for re-election;
  - in accordance with the provisions of section 769(1) of the Companies Act 2015, the following directors being members of the Audit, Risk and Compliance Committee be elected to continue to serve as members of the said Committee:
    - Mr. Leonard Mususa
    - Mr. Anwar Poonawala
    - Mr. Al-Noor Ramji
- To receive, consider and if thought fit approve the Directors' Remuneration Report and the remuneration paid to the Directors for the year ended 31 December 2020 and to authorise the directors to fix the remuneration of the Non-Executive Directors.

### As special business to consider and, if thought fit, pass the following resolutions:

#### 5. As an ordinary resolution:

**THAT** the following directors who have reached the age of 70 years to continue to serve as directors of the Company:

- "That Dr. Wilfred Kiboro, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a period of one year."
- "That Prof. Lee Huebner, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall not withstanding that fact, be re-elected as a director of the Company for a period of one year."
- "That Mr. Anwar Poonawala, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall not withstanding that fact, be re-elected as a director of the Company for a period of one year."
- "That Mr. Francis O. Okello, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall not withstanding that fact, be re-elected as a director of the Company for a period of one year."

#### 6. As a special resolution

**THAT** a new article to be numbered as Article 13A is inserted into the Company's Articles of Association immediately following the current Article 13 as follows:

13A. The Company may acquire its own shares in accordance with Part XVI of the Companies Act, 2015."

#### 7. As a special resolution

**THAT** a new article to be numbered as Article 68A is inserted into the Company's Articles of Association immediately following the current Article 68 as follows:

68A(i) The Board may, whenever it thinks fit:

- convene a shareholders' meeting entirely by electronic communication; or
- provide for one or more shareholders, or proxies for shareholders to participate by electronic communication in all or part of a shareholders meeting that is being held in person, as long as the electronic communication employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting.



## Notice of Annual General Meeting (continued)

68A(ii) If shareholder participation in a meeting is by electronic communication, as contemplated in Article 68A(i)

- the notice of that meeting must inform shareholders of the availability of that form of participation, and provide any necessary information to enable shareholders or their proxies to access the available medium or means of electronic communication; and
- access to the medium or means of electronic communication is at the expense of the shareholder or proxy, except to the extent that the Company determines otherwise.

#### 8. As an ordinary resolution

**THAT**, in accordance with Section 458 of the Companies Act, 2015, the Company be and is hereby authorised to make market purchases of paid-up and issued ordinary shares of KES 2.50 each in the capital of the Company (**"Ordinary Shares"**) in connection with a buyback for Ordinary Shares on the terms and conditions set out in the Circular to the Company's shareholders dated Monday, 31 May 2021 (the **"Buyback"**) and which circular was made available to the shareholders together with the notice for the annual general meeting (and is also available on the Company's website), provided that:

- the maximum number of Ordinary Shares that may be purchased pursuant to the terms of this resolution is 20,739,652 Ordinary Shares;
- the maximum price that may be paid for any Ordinary Share shall be KES 25.00 as recommended by the Board;
- the minimum price that may be paid for any Ordinary Share shall be KES 2.50 being the nominal value of the shares; and
- this authority shall expire at the end of 18 months from the date of the annual general meeting of the Company held on Friday, 25 June 2021, unless previously varied, revoked or renewed in accordance with the provisions of the Companies Act, 2015."

#### 9. As an ordinary resolution

**THAT**, in accordance with section 329 of the Companies Act 2015 the directors of the Company be generally and unconditionally authorised to re-allot such Ordinary Shares as may be purchased by the Company pursuant to the Buyback provided that this authority shall, unless renewed, varied or revoked by the Company, expire no later than five years from the effective date of these resolutions."

10. Any other Business for which valid Notice shall have been given.

#### By Order for the Board

**Angela Namwakira**

Company Secretary

31 May 2021





## Taarifa Kuhusu Mkutano Mkuu Wa Kila Mwaka

Kutokana na tandavu ya Covid-19 inayoendelea kote duniani na maagizo yanayoambatana nayo yaliyotolewa na Serikali ya Kenya chini ya Kanuni za Afya ya Umma za 2020 (Kuzuia, Kudhibiti na Kupunguza Covid19), ambazo zimeweka vikwazo dhidi ya mikutano na kukusanyika kwa watu, ikiwa ni pamoja na njia ya kawaida ya kufanya mikutano Mikuu kupitia mikutano ya ana kwa ana ya Wenye hisa mahali pamoja pa mkutano na kwa mujibu wa Sheria ya Kampuni, Nambari 17 ya 2015 kama ilivyofanyiwa marekebisho kupitia Sheria za Biashara (Marekebisho) (Nambari 2) ya 2021, Taarifa inatolewa kwamba Mkutano wa Mkuu wa Kila Mwaka awamu ya Hamsini na Nane wa wenye hisa wa Shirika la Nation Media Group PLC utafanywa mtandaoni tarehe 25 Mei 2021 saa 9.00 jioni ili kuendesha shughuli zilizotajwa hapo chini.

Maamuzi yote yataendeshwa kupitia Kura.

Kama shughuli ya kawaida, kuzingatia na, ikiidhinishwa, kupitisha maamuzi yafuatayo ya kawaida:

1. Kupokea taarifa za kifedha za mwaka uliokamilika tarehe 31 Disemba 2020, na ripoti za mwenyekiti, Wakurugenzi Watendaji na Wakaguzi.
2. Kuthibitisha kwamba kampuni ya PricewaterhouseCoopers LLP itaendelea kuhudumu kama Mkaguzi wa Kampuni kwa mujibu wa kifungu cha 721(2) cha Sheria ya Kampuni ya Kenya 2015 na kuidhinisha wakurugenzi kusuluhisha mshahara wa Wakaguzi.
3. Kuchagua na kuchagua tena wakurugenzi wafuatao:
  - a) kwa mujibu wa Ibara ya 110 ya Taarifa ya Ushirika ya Kampuni, Bw. Dennis Aluanga, anastaafu kwa mzunguko na kwa kuwa anastahiki, amejitosa ulingoni ili kuchaguliwa tena;
  - b) kwa mujibu wa Ibara ya 110 ya Taarifa ya Ushirika ya Kampuni, Bw. Stephen Dunbar-Johnson, anastaafu kwa mzunguko na kwa kuwa anastahiki, amejitosa ulingoni ili kuchaguliwa tena;
  - c) kwa mujibu wa Ibara ya 110 ya Taarifa ya Ushirika ya Kampuni, Bw. Louis Otieno, anastaafu kwa mzunguko na kwa kuwa anastahiki, amejitosa ulingoni ili kuchaguliwa tena;
  - d) kwa mujibu wa kifungu cha 769(1) cha Sheria ya Kampuni ya 2015, wakurugenzi wafuatao kwa kuwa wanachama wa Kamati ya Bodi ya Ukaguzi, Hatari na Utiifu wachaguliwe ili kuendelea kuhudumu kama wanachama wa Kamati iliyotajwa:
    - i. Bw. Leonard Mususa
    - ii. Bw. Anwar Poonawala
    - iii. Bw. Al-Noor Ramji
4. Kupokea, kuzingatia na ikifikiri kuwa ni sawa, iidhinisha Ripoti ya Mshahara wa Wakurugenzi na mshahara uliilipwa kwa Wakurugenzi kwa mwaka uliokamilika tarehe 31 Disemba 2020 na kuidhinisha wakurugenzi kurekebisha mshahara wa Wakurugenzi Wasio Watendaji.

**Kama shughuli maalum, kuzingatia na, ikiidhinishwa, kupitisha maamuzi yafuatayo:**

### 5. Kama uamuzi wa kawaida:

**KWAMBA** wakurugenzi wafuatao ambao wamefikisha umri wa miaka 70 waendeleo kuhudumu kama wakurugenzi wa Kampuni:

- a) "Kwamba Dkt. Wilfred Kiboro, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."
- b) "Kwamba Prof. Lee Huebner, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."
- c) "Kwamba Bw. Anwar Poonawala, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."
- d) "Kwamba Bw. Francis O. Okello, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

### 6. Kama uamuzi maalum:

**"KWAMBA** kifungu kipya kitakachopewa nambari kama Kifungu cha 13A kijumuishwe katika Vifungu vya Taarifa ya Ushirika ya Kampuni mara moja chini ya Kifungu cha sasa cha 13 ifuatavyo:

13A. Kampuni inaweza kununua hisa zake zenyewe kwa mujibu wa Sehemu ya XVI ya Sheria ya Kampuni, 2015."

### 7. Kama uamuzi maalum:

**"KWAMBA** kifungu kipya kitakachopewa nambari kama Kifungu cha 68A kijumuishwe katika Vifungu vya Taarifa ya Ushirika ya Kampuni mara moja chini ya Kifungu cha sasa cha 68 ifuatavyo:

68A(i) Bodi inaweza, kila inapofikiria kuwa ni vyema:

- a) kuitisha mkutano wa wenye hisa kwa njia ya mawasiliano ya kielektroniki kikamilifu; au
- b) kutoa nafasi kwa mwenye hisa mmoja au zaidi, au washirika wa wenye hisa kushiriki kupitia njia ya mawasiliano ya kielektroniki katika mikutano yote au baadhi ya mikutano ya wenye hisa ambayo inafanywa ana kwa ana, alimradi njia ya mawasiliano ya kielektroniki inayotumika inawawezesha watu wote wanaoshiriki katika mkutano huo kuwasiliana kwa njia sambamba bila mtu wa kati, na kushiriki kwa ufanisi katika mkutano huo.



## Taarifa Kuhusu Mkutano Mkuu Wa Kila Mwaka (inaendelea)

68A(ii) Ikiwa wenye hisa wanashiriki katika mkutano kwa njia ya kielektroniki, kama ilivyoangaziwa katika Kifungu cha 68A(i)

- a) taarifa ya mkutano huo lazima iwajulishe wenye hisa kuhusu upatikanaji wa njia hiyo ya kushiriki na kutoa taarifa zozote zinazohitajika ili kuwezesha wenye hisa au washirika wao kufikia chombo au njia inayopatikana ya mawasiliano ya kielektroniki; na
- b) gharama ya kufikia chombo au njia ya mawasiliano ya kielektroniki zinalipwa na mwenye hisa au mshirika wake, isipokuwa ikiwa Kampuni itabaini vinginevyo.

### 8. Kama uamuzi wa kawaida

**"KWAMBA**, kwa mujibu wwa Sehemu ya 458 ya Sheria ya Kampuni ya 2015, Kampuni ipewe idhini na hivyo imeidhinishwa kufanya ununuzi wa hisa za kawaida zilizolipiwa na zilizotolewa za KES 2.50 kwa kila hisa kwenye mtaji wa Kampuni (**"Hisa za Kawaida"**) kuhusiana na kampuni kununua hisa zake yaani Hisa za Kawaida kulingana na sheria na masharti yaliyobainishwa kwenye Taarifa iliyotumwa kwa wenye hisa wa Kampuni mnamo tarehe 31 Mei 2021 (**"Kampuni kununua hisa zake"**) na taarifa hiyo ilitolewa pamoja na taarifa ya mkutano mkuu wa kila mwaka (na inapatikana kwenye tovuti ya Kampuni), ilisema kwamba:

- (a) idadi ya juu zaidi ya Hisa za Kawaida zinazoweza kununuliwa kwa mujibu wa sheria za azimio hili ni Hisa 20,739,652 za Kawaida;
- (b) bei ya juu zaidi inayoweza kulipwa kwa ajili ya Hisa za Kawaida itakuwa KES 25.00 kama inavyopendekezwa na Bodi;
- (c) bei ya chini zaidi inayoweza kulipwa kwa ajili ya Hisa yoyote ya Kawaida itakuwa KES 2.50 hii ikiwa ni thamani ya sarafu ya hisa hizo; na
- (d) muda wa mamlaka hii utaisha mwishoni wa miezi 18 kuanzia tarehe ambapo mkutano mkuu wa mwaka wa Kampuni utakaofanyika Ijumaa tarehe 25 Juni 2021, isipokuwa kama ilibadilishwa, kubatilishwa au kufanywa upya awali kwa mujibu wa kanuni za Sheria ya Kampuni 2015."

### 9. Kama uamuzi wa kawaida

**"KWAMBA**, kwa mujibu wa kipengele cha 329 cha Sheria za Kampuni 2015, wakurugenzi wa Kampuni kwa ujumla na bila masharti yoyote, waruhusiwe kugawa upya Hisa za Kawaida ambazo huenda zimenunuliwa na Kampuni kwa mujibu wa kanuni hiyo ya Kampuni kununua hisa zake alimradi mamlaka hii, isipokuwa iwe imewekwa upya, kubadilishwa au kubatilisha na Kampuni, itaisha muda sio baada ya miaka mitano tangu tarehe ya kuanza kutekelezwa kwa maazimio haya."

10. Shughuli nyingine yoyote ambayo Taarifa yake halali imetolewa.

**Kwa Agizo la Bodi**

**Angela Namwakira**

Katibu wa Kampuni

Mei 31 2021





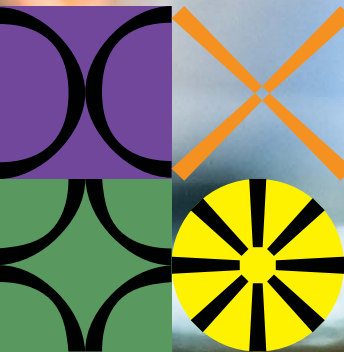


Corporate Governance



Moroccan earthenware on display  
at a local market

*Media of Africa for Africa*





# Corporate Governance

The Company is committed to upholding the best international standards of good corporate governance.

The role of the Board is to determine the Company's policies and strategies, to monitor the attainment of the business objectives and to ensure that the Company meets its obligations to the shareholders. The directors are also responsible for overseeing the Group's internal control systems. These controls are designed both to safeguard the Group's assets and to ensure the reliability of the financial information used within the business.

The following were the standing Board committees in the year ended 31st December, 2020: -

**1 Nominations and Governance Committee,** which is responsible for executive and non-executive board appointments and for overseeing the Group's adherence to good corporate governance principles. Prof. L. Huebner chairs the committee which has Dr. W. D. Kiboro, Mr. D. Aluanga, Mr. A. Poonawala and Mr. S. Gitagama as members. The members of the Committee, with the exception of the Group Chief Executive Officer, are non-executive directors.

**2 Audit, Risk and Compliance Committee,** whose responsibility is to oversee the effective administration of the Group's systems of internal controls, management of risk and compliance with applicable regulatory requirements as well as review of the Group's financial plans and reports. Mr. L. Mususa chairs the committee which has Mr. A. Poonawala, and Mr. A. Ramji as members. The members of the committee are independent and non-executive directors.

**3 Strategy and Investments Committee,** which reviews the Group's medium and long term strategic options and investment proposals. Mr. L. Otieno chairs the committee. The committee has Dr. Y. Jetha, Prof. L. Huebner, Mr. S. Dunbar-Johnson, Mrs. S. Hassan, Mr. A. Ramji, Mr. S. Gitagama, Mr. D. Aluanga and Mr. R. Tobiko as members.

**4 Editorial Committee,** which considers and advises on the Group's editorial policy, the journalistic code of ethics and legal responsibilities. Mr. F. O. Okello chairs the committee which has Mr. D. Aluanga, Mr. W. Mwangi, Mrs. S. Hassan and Mr. S. Gitagama as members.

**The role of the Board is to determine the Company's policies and strategies, to monitor the attainment of the business objectives and to ensure that the Company meets its obligations to the shareholders. The directors are also responsible for overseeing the Group's internal control systems.**

**5 Human Resources and Remuneration Committee,** whose primary objective is to assist the Group to achieve its goal of adhering to the best practices in Human Resources Management and Development. Dr. Y. Jetha chairs the committee, which has Mr. A. Poonawala, Mr. L. Mususa, Mr. W. Mwangi and Mr. L. Otieno as members. The members of the committee are independent and non-executive directors.

The Chairman of the Board is a non-executive director and is elected by the board of directors to hold office after every three years.

There is a clearly defined organizational structure within which individual responsibilities and authority limits are set out. The structure is complemented by policies and management operates the business in compliance with these policies.

The Group Chief Executive Officer chairs the Executive Team, which comprises the executive directors and the senior executives of the Group. The team is responsible for implementing the strategy approved by the board and also deals with operational matters and co-ordinates activities across the Group's various subsidiary companies and divisions.

## INSIDER DEALINGS

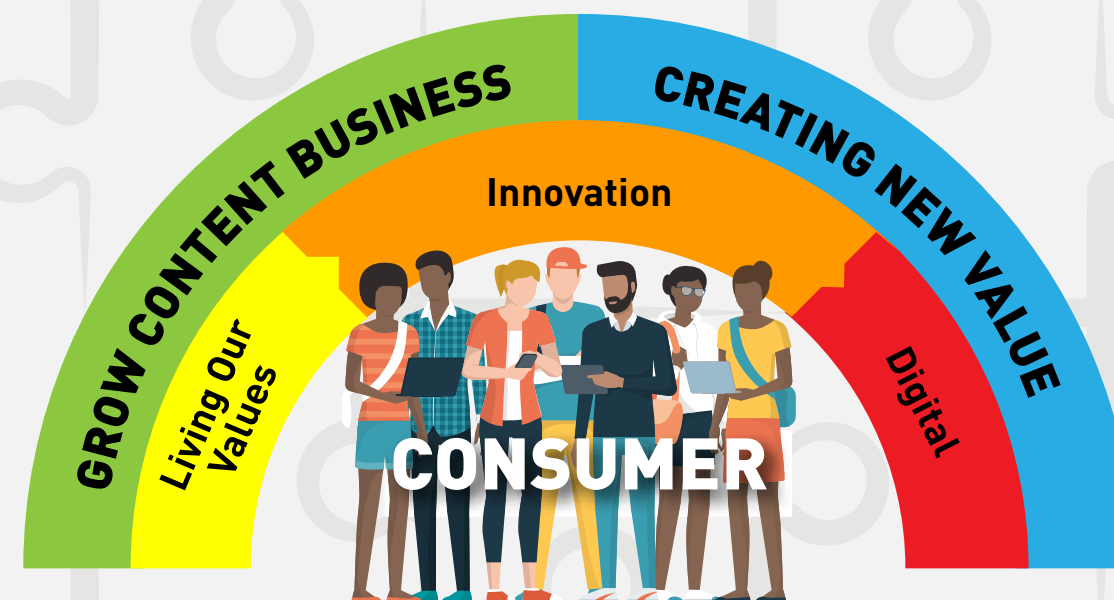
The board has a documented policy on insider dealings in the Company's shares.

## CORPORATE GOVERNANCE

Nation Media Group PLC is in compliance with the provisions of the Capital Markets Act- Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. Over one third of the Board of Directors are independent and non-executive directors. The membership of the various board committees is listed above.

## Strategy & Enablers

## Business Objective

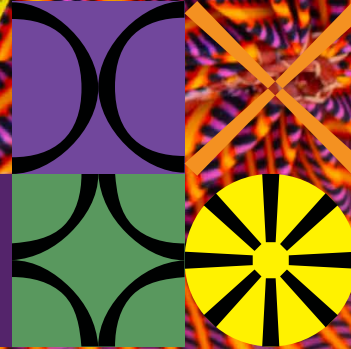


We are a content company; our competitive edge will be based on creating new value.





Vibrant Ankara fans for sale  
in Accra, Ghana





## Q NMG's Future Outlook

**N**ation Media Group's dream began 61 years ago when the world and, indeed, Africa was going through a great transition. From the challenges of the Cold War to independence across the continent, the wind of change was blowing across the world. It was during this time of political turbulence, struggle for independence, promise, and Pan-Africanism that the Nation was born, on March 20, 1960.

From a small newspaper company, with only one title, *Taifa*, a Swahili publication, we have grown to become the largest multimedia house in East and Central Africa with operations in print, broadcast and digital media all of which attract and serve unparalleled audiences across the continent and the world.

NMG was founded by His Highness the Aga Khan on the bedrock of a set of core values whose central theme was to promote independent voices, diversity and freedom of expression as enshrined in our editorial policy.

Another critical element in these values - and the purpose for our establishment - was, and continues to be, a mission to be a trusted partner of African democracies,

a champion of the ordinary person, a supportive voice for the rule of law and respect for human rights, and a strong advocate of free market economies. This mission has remained unchanged and has been renewed over the years. As we seek to positively influence society, we shall continue to be guided and to stand by the values of truth, independence, fairness, balance and accuracy.

We remain steadfast in the conviction of our goal to fundamentally improve the quality of people's lives and to contribute to a sustainable world through our business. We will stay at the forefront, identifying the many issues critical to social transformation such as education, the environment and health, and highlighting solutions to their achievement. We will work with our stakeholders, customers, shareholders, supporters and the communities we serve to pursue a win-win growth strategy by going further together.

NMG's pursuit of its mission is driven by its deep conviction that ideas are central to human development. This has indeed served as the foundation of our philosophy of serving the continent as we position ourselves as the Media of Africa for Africa.

### Core values:



**Continuous Improvement & Innovation**



**Consumer Focus**



**We are a Team**



**Integrity & Trust**



**Drive for Performance**



### Vision:

To be the media of Africa for Africa



### Our Mission:

Create value for our stakeholders and positively influence society by providing media that informs, educates, and entertains.

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**Just For  
Ksh. 150  
per month**

# NATION

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# NATION

## Our Footprint

Kenya | Uganda | Tanzania | Rwanda



### Uganda Brands

- NTV Uganda
- Daily Monitor
- Dembe FM
- The EastAfrican
- Ennyanda
- Spark TV
- KFM
- Nation Forum Uganda and Monitor's Thought Leaders Forum

### Tanzania Brands

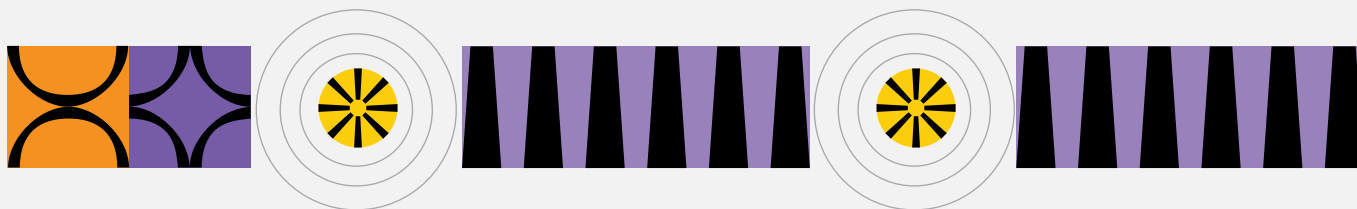
- The Citizen
- Mwananchi
- Mwana Spoti
- The EastAfrican
- Mwananchi Thought Leadership Forum

### Rwanda Brands

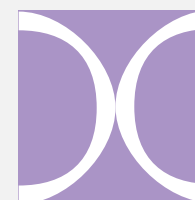
- The EastAfrican
- Rwanda Today

### Kenya- Brands

- Nation.Africa
- Daily Nation
- Business Daily
- NTV
- The EastAfrican
- Taifa Leo
- Kenya Buzz
- Lit 360
- Nairobi News
- Nation Leadership Forum
- Kusi Ideas Festival
- TAG Brand Studio
- Nation FM
- Nation Sema
- Pishi



## Our Digital Footprint



### Websites

NATION  
 BUSINESS DAILY  
 The EastAfrican



Daily Monitor

KENYA BUZZ

MWANANCHI



THE CITIZEN



### News & E paper Apps



Music

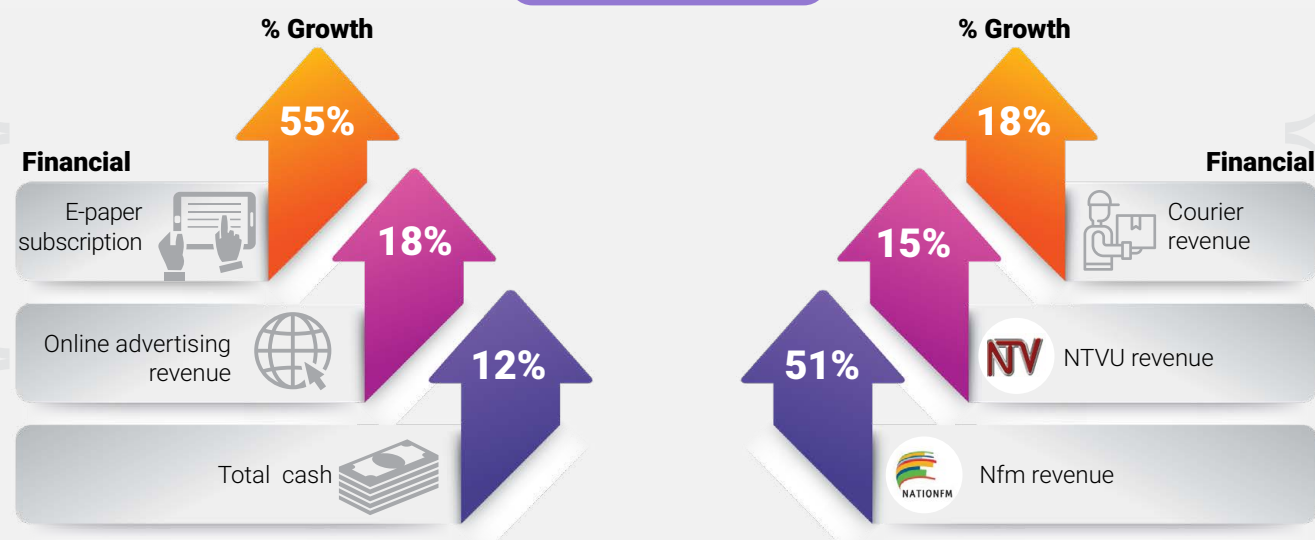




## Performance Highlights



### Financial Highlights



Members of the NMG Executive Team and the Sports Desk launch the London Marathon. NTV was the exclusive free to air partner station for the marathon in Kenya



L-R NMG CEO Stephen Gitagama with Health Cabinet Secretary Mutahi Kagwi as NMG launched a period of free epapers for front line health professionals in the country

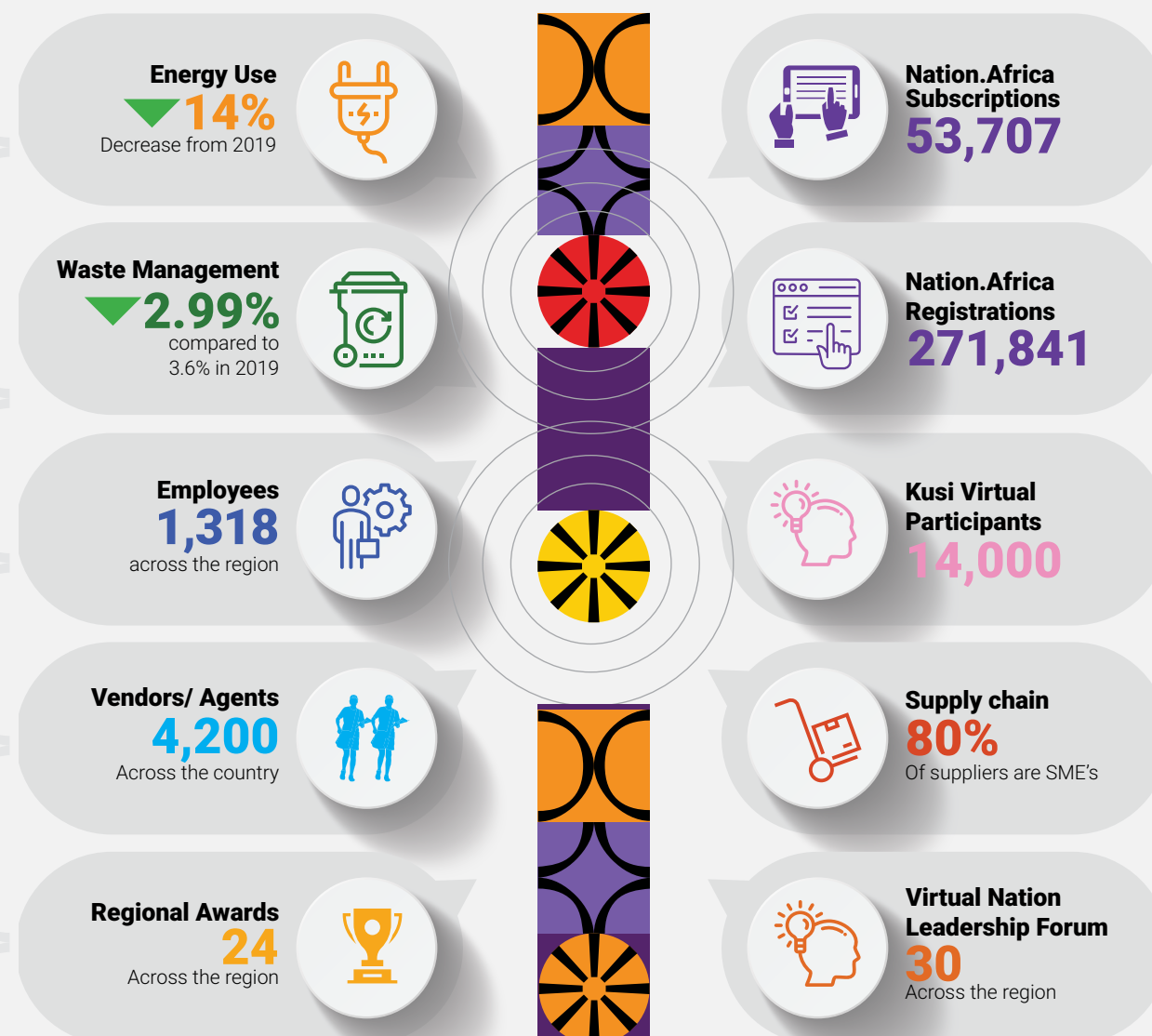


Panelists from across the continent at the Kusi Ideas Festival discussing the theme ('Digging the African Economy out of the Crisis')

## Performance Highlights



### Non - Financial Highlights



NMG Female staff congregate at The Sarova Stanley Hotel in Nairobi to mark the 2020 International Women's Day



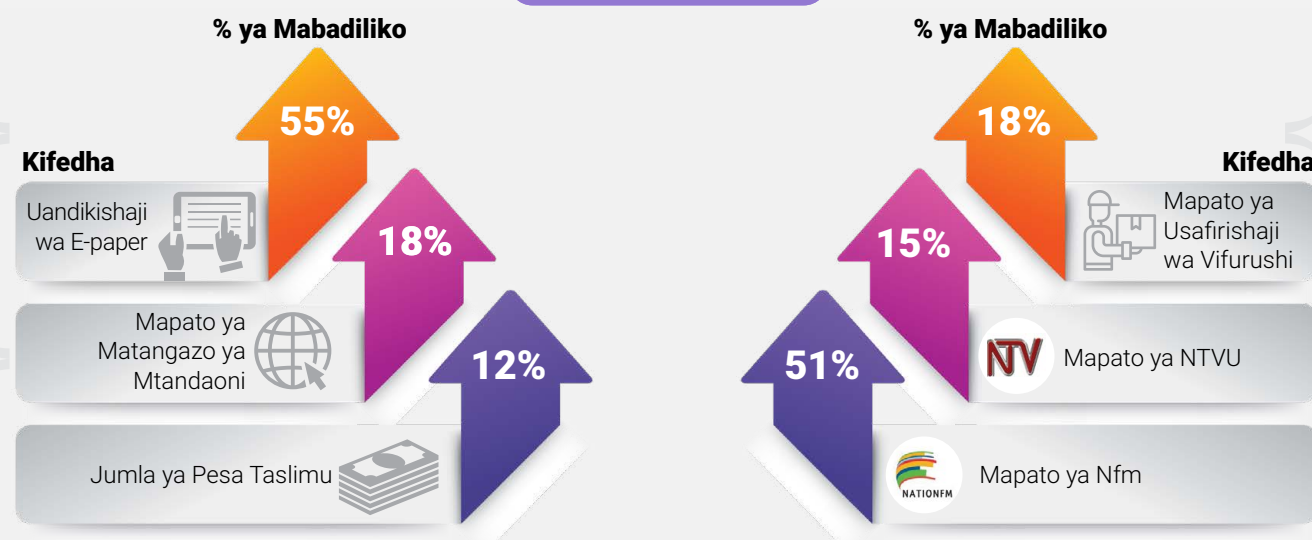
Staff from NMG donate food items to Mama Fatuma Children's Home as part of their Ramadhan celebrations



## Vidokezo vya Matokeo Muhimu



### Maelezo ya Kifedha



Maafisa wa Serikali ya Kenya na wakurugenzi wa Shirika la Nation Media wakifurahia katika mchakato wa uzunduzi rasmi wa Nation.Africa katika hoteli ya Serena mnamo Septemba 2020



Kushoto-Kulia pichani ni Clifford Machoka, Pamela Sittoni na Richard Tobiko wakikata keki ili kuwasherehekea wafanyikazi wa Nation Media Group wakati wa maadhimisho ya Wiki ya Huduma kwa Wateja mnamo 2020 iliyokuwa na kauli mbiu ya Dream Team

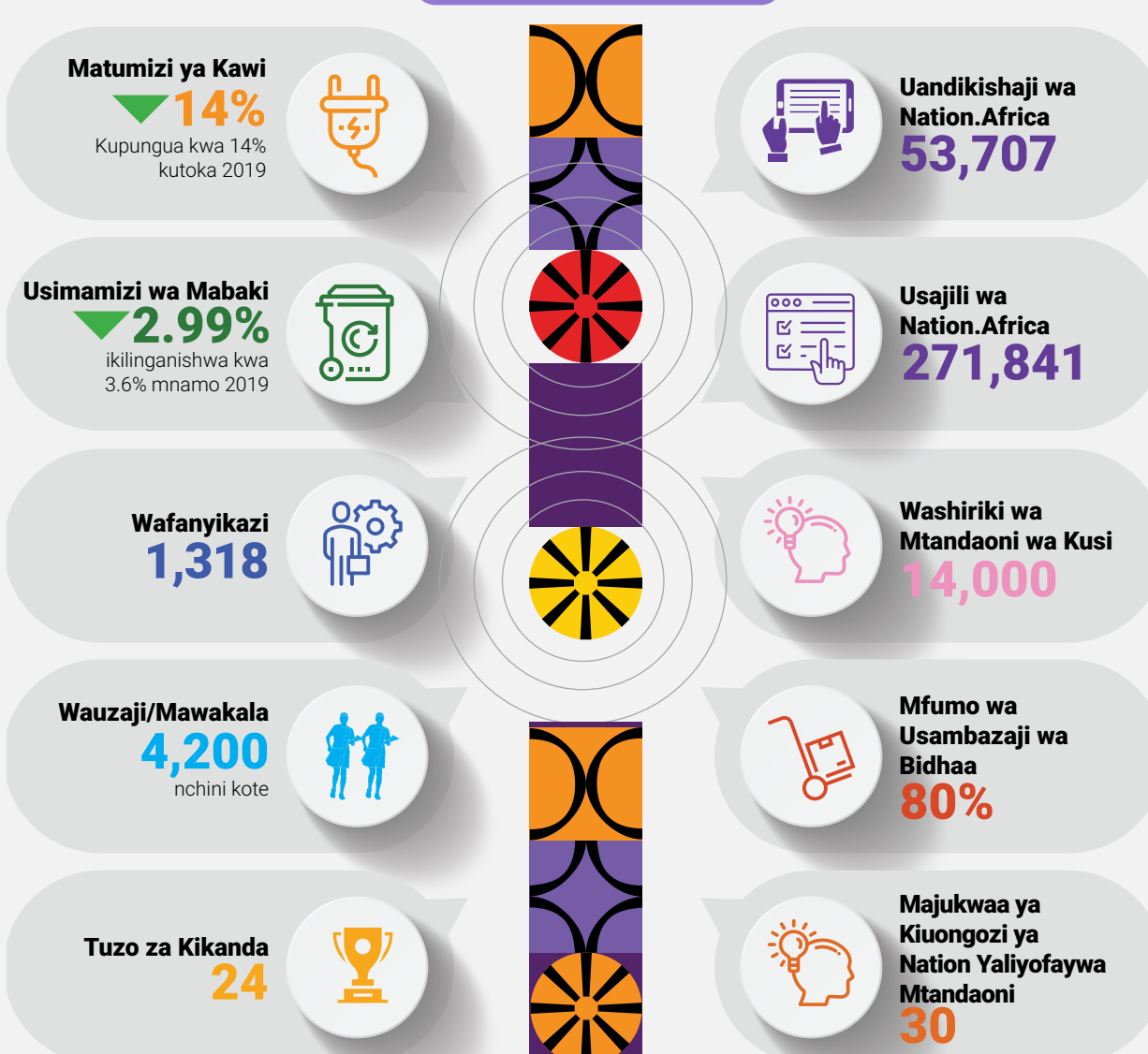


Anto Neosoul na Oga Obinna, watangazaji wa kipindi cha Evening Drive cha NFM, kwenye studio za NFM katika jengo la Nation Centre

## Vidokezo vya Matokeo Muhimu



### Maelezo Yasiyo ya Kifedha



Mheshimiwa, H.E. Uhuru Kenyatta, Rais wa Jamhuri ya Kenya akiwahutubia washiriki katika Awamu ya Pili ya Tamasha la Mawazo la Kusi alimaarufu 'Kusi Ideas Festival' katika jiji la Kisumu, Kenya



Kushoto-Kulia: Mutuma Mathiu, Stephen Gitagama na Churchill Otieno wakikata keki ili kuadhimisha wateja 200,000 waliojiandikisha. Tafrija hii ilifanyika kwenye jengo la Nation Centre mnamo Desemba 2020





Dr. Wilfred D. Kiboro *Chairman*



## Group Chairman's Statement

### Dear Stakeholders,

On behalf of the Board of Directors, it gives me great pleasure to present to you the Group's financial performance for the year ended 31st December, 2020.

The year 2020 was unforgettable, unprecedented and unparalleled. The world was hit by a pandemic that the current generation had never experienced. The pandemic has turned the world upside down, forcing numerous nations to go for partial or total lockdowns. Air travel, both domestic and international, was either suspended or made very difficult, and some industries closed while others are likely to collapse.

These measures have disrupted our lives in a manner none of us has experienced before, cutting off trade and supply chains, resulting in massive job losses or pay cuts, working from home, or taking unpaid leave, as businesses try to survive this unprecedented crisis. Nonetheless, the disruption had some positives outcomes; it forced businesses to re-engineer by accelerating the pace of digital transformation.

We celebrate and welcome the development and rollout of Covid-19 vaccines while also recognizing the new variants of the pandemic that have become a risk to the current efforts to deal with this threat to our livelihoods. Hence, in this period, the safety and well-being of our employees, families, partners, customers and other stakeholders across all our markets continue to be of our top priority in line with the guidelines issued by the Government. The Group has a standing Business Continuity Management Team to handle any issues arising from the pandemic. We will continue offering our unwavering support to stakeholders and the Governments in East Africa.

### Economic Environment

The East African countries all underwent various forms of lockdown to curb the spread of the corona virus. Kenya, Uganda and Rwanda implemented a total lockdown during different moments in the year while Tanzania had a partial lockdown but soon resumed normal operations. Governments in the region have gradually but cautiously opened up their economies though the issue continues to be a moving target depending on the number of cases.

It is in this regard, that the World Bank reported that while Sub-Saharan African countries have managed to keep the virus under control with relatively low numbers of infections, the pandemic continues to take a toll on African lives and economies. Economic activity was projected to decline by 3.3% in 2020, confirming the region's first recession in 25 years. The substantial downturn in economic activity was in part caused by lower domestic consumption and investment brought on by containment measures to slow the spread of the corona virus. It is on the back of this operating environment that NMG's performance, particularly in the first half of 2020, was impacted adversely as companies and customers moved to conserve cash during the crisis and some of the businesses, including schools and universities closed.



**The year 2020 was unforgettable, unprecedented and unparalleled. The world was hit by a pandemic that the current generation had never experienced. The pandemic has turned the world upside down, forcing numerous nations to go for partial or total lockdowns.**

### Financial Performance

The Group posted a turnover of Shs 6.8 billion and a profit before tax of Shs 0.1 billion. (2019 was Shs 9.1 billion and Shs 1.3 billion). The suppressed economic environment resulting from the outbreak of the pandemic adversely affected the Group's performance across the region, particularly in the first half of the year.

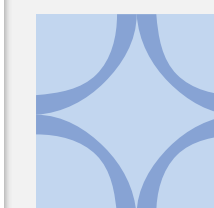
Many other sectors were similarly affected, resulting in job losses on the one hand and reduced earnings for most companies on the other. In the second half of the year the Group registered a strong rebound on all revenue streams with television, radio and digital registering double digit growth compared to the first half. Overall performance was partially cushioned by cost management measures undertaken to improve operational efficiency and increase productivity.



**We celebrate and welcome the development and rollout of Covid-19 vaccines while also recognizing the new variants of the pandemic that have become a risk to the current efforts to deal with this threat to our livelihoods**



**In the second half of the year the Group registered a strong rebound on all revenue streams with television, radio and digital registering double digit growth compared to the first half.**





## Group Chairman's Statement (continued)

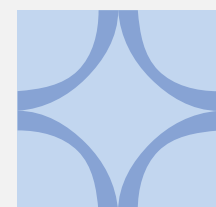
**2020**

The Group launched its digital brand *Nation.Africa* which aims to empower audiences across the continent through high-quality content, as a first step towards becoming a modern digital content company, take up leadership in the mobile publishing landscape in Africa and grow reader revenue.

.....



In support of the collective efforts to combat the pandemic, the Group convened more than thirty (30) sessions of its forums across the region to provoke discourse, encourage dialogue, shape public opinion, influence policy in relation to Covid-19 and its impact on various sectors of the economy.



### Dividends

The Group has embarked on a digital transformation journey necessitating significant investments in our journalism and our digital products. In 2020 the Group launched its digital brand *Nation.Africa* which aims to empower audiences across the continent through high-quality content, as a first step towards becoming a modern digital content company, take up leadership in the mobile publishing landscape in Africa and grow reader revenue.

The next phase of the digital journey will require substantial resources. This will include material cash reserves to actualise the initiatives. Considering the above, the Directors do not recommend payment of dividends for the year ended 31st December, 2020 (2019: Shs 1.50 per share).

### Share Buyback

The NMG Board of Directors resolved to propose to its shareholders the purchase of up to ten percent (10%) of its issued and paid-up share capital in a share Buyback Programme in accordance with the provisions of the Companies Act and the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002. This will give NMG shareholders the option to cash in on their investments. The Buyback Programme is subject to regulatory and shareholder approvals.

A share buyback occurs when a company purchases a portion of its issued shares from its investors. It is one of the ways for a company to return funds to shareholders, effectively reducing the number of issued shares and increasing the proportional rights of any single share. The share buyback seeks to offer the shareholders an alternative option to realise value from their investment.

### Share Price and Market Capitalization

The NMG share price declined from an average of Shs 39.8 at the end of the previous year to close at an average of Shs 15.5. This was due to the subdued Nairobi Securities Exchange (NSE) market across the board characterised by a difficult operating environment occasioned by the Covid-19 pandemic leading to reduced earnings and foreign capital flight. The Group's market capitalisation was Shs 3.2 billion as at 31st December, 2020.

### Digital Transformation Journey

The pandemic brought about the urgent need for a radical and revolutionary change in our business model. This entails moving away from the legacy model of dependence on advertising

and newspaper copy sales for revenue growth to an advertising and reader revenue one driven by content delivered digitally. It includes exploring new revenue streams in the events and technology space.



The next phase of the digital journey will require substantial resources. This will include material cash reserves to actualise the initiatives.

In this regard, the previous year was a turning point for NMG towards becoming a modern digital content company. The Group made a bold step in its digital transformation journey with the launch of its digital brand *Nation.Africa*. The key features include a high quality, interactive, user-driven and engaging multi-media platform; high quality, compelling and diverse content around the continent; a market place; and media podcasts, video and newsletters.

### NMG Thought Leadership Nation Leadership Forums

The Group continued to drive critical conversations through its thought leadership forums in furtherance of its mission of positively influencing society. These forums consist of *Nation Leadership Forum (Kenya)*, *Monitor's Thought Leaders Forum (Uganda)*, and *Mwananchi Thought Leadership Forum (Tanzania)*.

In support of the collective efforts to combat the pandemic, the Group convened more than thirty (30) sessions of its forums across the region to provoke discourse, encourage dialogue, shape public opinion, influence policy in relation to Covid-19 and its impact on various sectors of the economy. These included agriculture, economy, gender, vulnerable communities, sports, creative industry, technology, and the youth.

## Group Chairman's Statement (continued)

The pandemic provided an opportunity to innovate with virtual and hybrid meetings quickly replacing physical ones in order to comply with Covid-19 measures on social distancing. Consequentially, the forums became not only one of the key trusted voices on the pandemic but also critical sources of alternative revenue for the Group.

The Group is committed to convening the *Kusi Ideas Festival* annually while building it to become Africa's premier flagship platform to be held in different countries on the continent.

### Kusi Ideas Festival

The Group continued to cement its position as a driver of Africa's agenda with its *Kusi Ideas Festival* which, as you will recall, we started in 2019. The second edition of this Pan-African forum was offered in a hybrid format, combining in-person and virtual elements with the theme, "Toward a Post-Covid Africa: Recovering Together". The festival was held in Kisumu on December 8th and 9th with the collaboration of the County Government of Kisumu. The conference was convened at a critical time during the ongoing pandemic to examine its devastating impact on African economies and livelihoods. It focused on what has worked, explored the tremendous African resilience that has emerged, and looked ahead at how to emerge from the crisis.

**14,000**  
participants  
attended the *Kusi Ideas Festival*, with 230 delegates present in person

The festival attracted a lot of attention within the continent and globally. It was attended by 14,000 participants virtually from 44 countries and 83 major cities and 230 delegates in person. Notably, it reached over 460 million social media users with wide coverage across the continent. The participants included co-host President Uhuru Kenyatta, President Paul Kagame (2019 co-host), Prof. Anyang Nyong'o, co-host Governor, Dr. Mukhisa Kituyi, former Secretary General, United Nations Conference on Trade & Development, Maimunah Mohd Sharif, Under Secretary-General and Executive Director, UN-Habitat among various experts. In attendance also were business leaders, policy makers, diplomats, innovators, researchers, young entrepreneurs, students, among others.

The Group is committed to convening the *Kusi Ideas Festival* annually while building it to become Africa's premier flagship platform to be held in different countries on the continent.

### Sustainability Agenda

The Group continues to ensure sustainability remains our key focus, through incorporation of the objective of 'creating value' as one of the key pillars of its business strategy.

The pandemic further highlighted the correlation between the environment and human activities, with the health crisis resulting in deviations in behaviour and adverse impact on business. While this proved to be challenging for businesses across the globe, it also strengthened the notion that businesses do not operate in a vacuum, with organisations across the globe coming together to contribute both financially and non-financially towards the management and eradication of the pandemic.

In this regard, the Group played a significant role in the region and on the continent in providing relevant and timely information and education to the public on the pandemic. We assure our stakeholders and the Governments in East Africa of our continued support and partnership in the fight against the spread of Covid-19. We will continue to be at the forefront of reporting about the pandemic and proactively drive awareness across all our platforms to influence behaviour change and avert stigma.

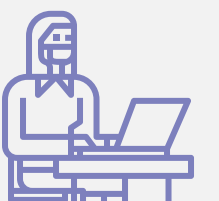
### Board Changes

The previous year saw some changes in the Board. On 15th February, the Group lost one of its directors, Dr. Simon Kagugube. He passed on after a short illness at the age of 65. On

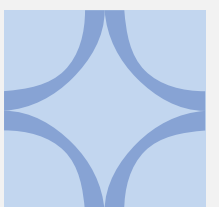


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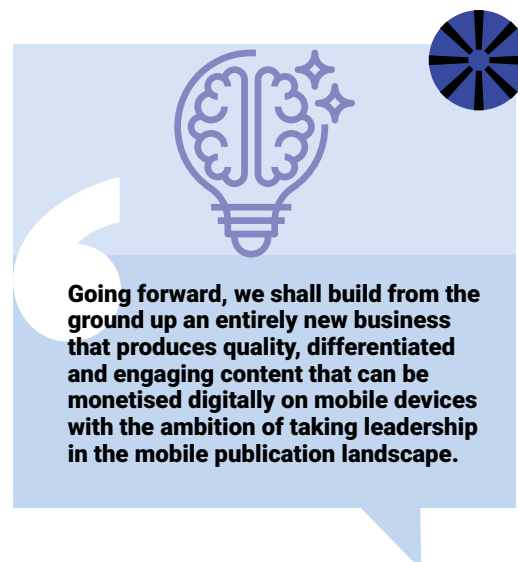




## Group Chairman's Statement (continued)



The focus is to comprehensively build capacity across all operations and functions in order to accelerate the transformation of NMG into a world class digital media organisation.



behalf of the Board of Directors, Management and Staff of NMG, I wish to extend our deepest sympathies and heartfelt condolences to the family and colleagues. Dr. Kagugube diligently served as an independent non-executive director of NMG from September, 2011. A strategist per excellence, he has left a rich legacy and will be remembered as a model corporate leader. He was both a colleague and a friend. We shall miss him dearly and our thoughts and prayers continue to be with his family.

Mr. Al-Noor Ramji, the Group Chief Digital Officer for Prudential PLC, was appointed to the Board in March last year. The board will greatly benefit from his vast experience in guiding in the implementation of the Group's long term digital strategy.

### Our People

The Group continues to be committed to identifying, developing, and fostering new skill sets critical to the business strategy of winning in the digital space. The focus is to comprehensively build capacity across all operations and functions in order to accelerate the transformation of NMG into a world class digital media organisation.

### Looking Ahead

The business disruption brought by the pandemic has taught us important lessons. Indeed, this is what accelerated the re-engineering of the business and our digital transformation journey.

During this period, there has been a significantly high growth in the online consumption of our content than what we had experienced with the legacy platforms. This is good news for us as it confirms that there is still a great need

and demand for good quality content. Hence, whereas the challenge has been how to monetise, we have put every effort, including working with experts from other media houses who have succeeded in this endeavour, to upscale and accelerate the monetisation of our digital content. A number of legacy media houses which faced similar challenges have successfully transitioned and re-engineered from legacy platforms to the new digital-first platforms. We are confident we are on the right path to do the same. We have begun seeing the actions undertaken previously bearing positive results such as the exponential growth of online registered users and subscribers on *Nation.Africa*.

Going forward, we shall build from the ground up an entirely new business that produces quality, differentiated and engaging content that can be monetised digitally on mobile devices with the ambition of taking leadership in the mobile publication landscape. Monetisation will be made possible by changing the behaviour of our audiences from a culture of free content to paying audiences. The Board is confident that the actions being undertaken will translate into positive and sustainable outcomes.

The previous year has been a challenging one and the measures we have taken to sustain the business would not have been possible without the continued support of my fellow directors on the Board. I wish to thank them for their instrumental contribution.

In such an unprecedented year, my heartfelt gratitude goes to the management and staff of NMG for their sacrifices and efforts to dig deep to enable the business to go through the challenging times. This would also not have been possible without the unwavering support and commitment of our business partners, customers and other stakeholders.

Ahsanteni sana!

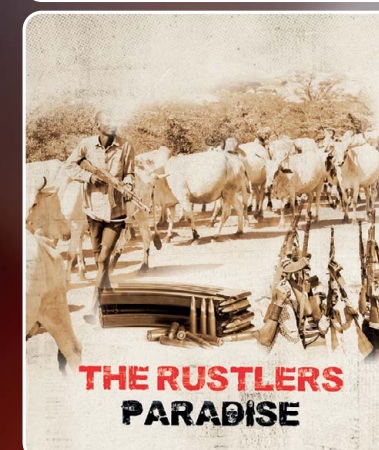
**Dr. Wilfred D. Kiboro**

Chairman



During this period, there has been a significantly high growth in the online consumption of our content than what we had experienced with the legacy platforms.

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Dr. Wilfred D. Kiboro *Mwenyekiti*



## Taarifa ya Mwenyekiti

### Wapendwa Washikadau,

**K**wa niaba ya Bodi ya Wakurugenzi, nina furaha kubwa ya kuwawasilishia utendakazi wa kifedha wa Shirika la mwaka uliomalizikia tarehe 31 Desemba, 2020.

Mwaka wa 2020 ambao hautasahaulika, usio kifani na usioweza kulinganishwa. Ulimwengu uliathiriwa na tandavu ambalo kizazi cha sasa hakijawahi kupitia. Tandavu hili limepindua dunia juu chini, na kulazimisha mataifa kadhaa kufunga baadhi ya shughuli au kufunga shughuli zote kabisa. Usafiri wa ndege, za humu nchini na zile za kimataifa, ama ulisimamishwa au ulifanywa kuwa vigumu zaidi, na baadhi ya viwanda vilifungwa huku vingine huenda vikaanguka.

Hatua hizi zimevuruga maisha yetu kwa njia ambayo yeyote miongoni mwetu hajawahi kupitia awali, kuzuia biashara na mifumo ya usambazaji wa bidhaa, na kusababisha watu wengi kupoteza kazi au kupunguza mishahara, kufanya kazi nyumbani, au kuenda likizo bila malipo, huku biashara zikijaribu kumudu janga hili la kipekee. Hata hivyo, kuvurugwa kwa shughuli kulikuwa na matokeo mengine chanya; hali hii ililazimisha biashara kuweka mikakati mipya kwa kuongeza kasi ya mageuzi ya kidijitali.

Tunasherehekea na kukaribisha maendeleo ya kutolewa kwa chanjo za Covid-19 kwa zamu huku pia tukitambua aina mpya za tandavu ambazo zimekuwa hatari kwa juhudi za sasa ili kukabiliana na tishio hili la maisha. Hivyo, katika kipindi hiki, usalama na ustawi wa wafanyakazi, familia, washirika, wateja wetu na washikadau wengine katika masoko yetu yote unaendelea kuwa kipaumbele bora kwetu kwa kufuata miongozo iliyotolewa na Serikali. Shirika lina Kikosi cha Usimamizi Endelevu wa Kibiashara cha kushughulikia masuala yoyote yanayotokana na tandavu hili. Tutaendelea kutoa msaada wetu imara kwa washikadau na Serikali katika Afrika Mashariki.

### Mazingira ya Kiuchumi

Nchi za Afrika Mashariki zote zilipitia aina fulani ya kufunga shughuli ili kupunguza msambao wa virusi vya korona. Kenya, Uganda na Rwanda zilifunga shughuli zote katika vipindi tofauti vya mwaka huku Tanzania ilifunga baadhi ya shughuli lakini ikarejea hali ya kawaida baada ya kipindi kifupi. Serikali za ukanda huu zimefungua uchumi wao polepole lakini kwa umakini

ijapokuwa suala hilo linaendelea kuwa lengo kuu kutegemea idadi ya visa vya korona.

Kwa sababu hii, Benki ya Dunia iliripoti kuwa huku nchi za Afrika za Chini ya Sahara zimeweza kudhibiti virusi hivi kwa idadi ya chini ya maambukizo, tandavu linaendelea kuongeza idadi katika maisha na uchumi wa Afrika. Shughuli ya kiuchumi inatabiriwa kuwa itapungua kwa 3.3% mwaka wa 2020, na kuthibitisha kupungua kwa uchumi kwa mara ya kwanza katika miaka 25. Kupungua sana kwa shughuli ya kiuchumi inachangiwa kiasi na matumizi na uwekezaji wa chini katika nchi kwa sababu ya mikakati ya kudhibiti na kupunguza msambao wa virusi vya korona.

Na ni katika utendakazi wa mazingira haya ya uendeshaji ambapo utendakazi wa NMG, hasa katika nusu ya kwanza ya 2020, uliathiriwa sana kwa sababu makampuni na wateja waliamua kuhifadhi pesa wakati wa janga na baadhi ya biashara, ikijumuisha shule na vyuo, zilifungwa.



**Mwaka wa 2020 ambao hautasahaulika, usio kifani na usioweza kulinganishwa. Ulimwengu uliathiriwa na tandavu ambalo kizazi cha sasa hakijawahi kupitia. Tandavu hili limepindua dunia juu chini, na kulazimisha mataifa kadhaa kufunga baadhi ya shughuli au kufunga shughuli zote kabisa.**

### Matokeo ya Kifedha

Shirika lilipata jumla ya mauzo ya shilingi bilioni 6.8 na faida ya kabla ya ushuru ya shilingi bilioni 0.1. (Mwaka wa 2019 ilikuwa ni shilingi bilioni 9.1 na shilingi bilioni 1.3). Mazingira ya uchumi yaliyokandamizwa kutokana na mkurupuko wa tandavu yaliathiri sana utendakazi wa Shirika katika ukanda huu, hasa katika kipindi cha nusu ya kwanza ya mwaka huo.

Sekta nyingine nyingi ziliathiriwa pia kwa njia sawa, na kusababisha watu kupoteza kazi kwa upande mmoja na kupunguza mapato kwa makampuni kwa upande mwingine. Katika nusu ya pili ya mwaka huo Shirika lilisajili kusitawi tena imara katika mikondo yote ya mapato huku televisheni, redio na dijitali zikisajili ukuaji wa tarakimu mbili ikilinganishwa na nusu ya kwanza.



**Tunasherehekea na kukaribisha maendeleo ya kutolewa kwa chanjo za Covid-19 kwa zamu huku pia tukitambua aina mpya za tandavu ambazo zimekuwa hatari kwa juhudi za sasa ili kukabiliana na tishio hili la maisha.**

.....



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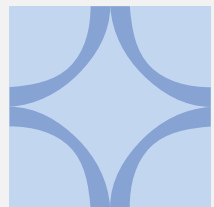
2020

Shirika lilizindua chapa yake ya kidijitali Nation. Africa inayolenga kuwezesha hadhira katika bara zima kupitia maudhui ya ubora wa juu, kama hatua ya kwanza dhidi ya kuwa kampuni ya kisasa kwa maudhui ya kidijitali, kuchukua uongozi katika mandhari ya uchapishaji wa vifaa vya mkononi katika Afrika na kukuza mapato ya msomaji.

.....



Katika kuunga mkono juhudi za jumla za kukabiliana na tandavu hili, Shirika kilikuwa na zaidi ya vikao thelathini (30) vya majukwaa yake katika ukanda huu ili kuchochea muktadha, kuhimiza mazungumzo, kuongoza maoni ya umma, kuathiri sera inayohusiana na Covid-19 na athari zake katika sekta mbalimbali za uchumi.



## Taarifa ya Mwenyekiti (inaendelea)

Utendakazi wa jumla ulifidiwa kiasi na mikakati ya usimamizi wa gharama iliyochukuliwa ili kuboresha ufaafu wa uendeshaji na kuongeza uzalishaji.

### Migao

Shirika limerejelea safari ya mageuzi ya kidijitali inayoanzisha uwekezaji muhimu katika uanahabari wetu na bidhaa zetu za kidijitali. Mnamo mwaka wa 2020 Shirika lilizindua chapa yake ya kidijitali *Nation.Africa* inayolenga kuwezesha hadhira katika bara zima kupitia maudhui ya ubora wa juu, kama hatua ya kwanza dhidi ya kuwa kampuni ya kisasa kwa maudhui ya kidijitali, kuchukua uongozi katika mandhari ya uchapishaji wa vifaa vya mkononi katika Afrika na kukuza mapato ya msomaji.

Awamu inayofuata ya safari ya kidijitali itahitaji rasilimali kadhaa. Hii itajumuisha akiba ya fedha ili kutekeleza mipango. Kwa kuzingatia yaliyo hapo juu, Wakurugenzi hawapendekezi malipo ya mgao wa mwaka uliomalizikia tarehe 31 Desemba, 2020 (2019: Shilingi 1.50 kwa kila hisa).

### Mpango wa Ununuzi wa Hisa

Bodi ya Wakurugenzi wa NMG waliamua kupendekezea washikadau wake kununua hadi asilimia kumi (10%) za mtaji wa hisa yake iliyotolewa na iliyolipiwa katika Mpango wa Ununuzi wa Hisa Zake kwa mujibu wa ushughulikia wa Sheria ya Makampuni na Kanuni za Masoko ya Mtaji (Dhamana) (Ofa za Umma, Uorodheshaji na Ubainishaji), 2002. Hii itawapa washikadau wa NMG chaguo la kuuza uwekezaji wao na kupata pesa. Mpango wa Ununuzi wa Hisa unafuata kanuni na uidhinishaji wa mshikadau.

Ununuzi wa hisa hutokea wakati kampuni inanunua kutoka kwa wawekezaji wake sehemu ya hisa zake zilizotolewa. Ni mojawapo ya njia za kampuni kurudisha fedha kwa washikadau wake, kupunguza kwa ufanisi idadi ya hisa zilizotolewa na kuongeza haki za usawa za hisa yoyote moja. Ununuzi wa hisa hulenga kuwapa washikadau chaguo mbadala wa kuongeza thamani kutoka kwa uwekezaji wao.

### Bei ya Hisa na Utoaji Mtaji kwa Soko

Bei ya hisa ya NMG ilipungua kutoka kwa wastani ya shilingi 39.8 mwishoni mwa mwaka uliotangulia hadi karibu wastani ya shilingi 15.5. Hii ilikuwa kwa sababu ya masoko ya Ubadilishaji wa Dhamana ya Soko la Nairobi (NSE) yaliyotishiwa kila pahali na kuwa na sifa ya mazingira magumu kuendesha shughuli yaliyosababishwa na tandavu ya Covid-19 na kisha kupungua kwa mapato na kupotea kwa mtaji wa kigeni. Utoaji mtaji kwa soko na

Shirika ulikuwa shilingi bilioni kufikia tarehe 31 Desemba, 2020.

### Safari ya Mabadiliko ya Kidijitali

Tandavu hii ilisababisha mabadiliko ya haraka sana na ya mageuzi katika mfumo wa biashara yetu. Hii inajumuisha kuacha mfumo wa urithi wa kutegemea matangazo na mauzo ya nakala za magazeti ili kupata ukuaji wa mapato hadi kwa mapato ya matangazo na msomaji yanayoendeshwa na maudhui yanayowasilishwa kidijitali. Inajumuisha kuchunguza mikondo mingine ya mapato katika matukio na nafasi ya teknolojia.



Awamu inayofuata ya safari ya kidijitali itahitaji rasilimali kadhaa. Hii itajumuisha akiba ya fedha ili kutekeleza mipango.

Kwa hali hii, mwaka uliopita ulikuwa ni wenye mabadiliko kwa NMG dhidi ya kuwa kampuni ya kisasa ya maudhui ya kidijitali. Shirika lilipiga hatua ya ujasiri katika safari yake ya mageuzi ya kidijitali kwa uzinduzi wa chapa yake ya kidijitali *Nation.Africa*. Kipengele muhimu ni pamoja na jukwaa lenye ubora wa juu, mwingiliano, linaendeshwa na mtumiaji na lenye vyombo vya habari anuwai; maudhui yenye ubora wa juu, ya kushawishi na anuwai katika bara zima; eneo la soko; matangazo ya habari, video na majarida ya habari.

### Uongozi Kupitia kwa Fikra Mwafaka Majukwaa ya Uongozi wa Nation

Shirika liliendelea kuendesha kupitia kwa muhimu ya majukwaa ya uongozi wake wa fikra katika kuendeleza lengo lake la kuathiri jamii kwa njia chanya. Majukwaa haya yanajumuisha *Nation Leadership Forum (Kenya)*, *Monitor's Thought Leaders Forum (Uganda)*, na *Mwananchi Thought Leadership Forum (Tanzania)*.

Katika kuunga mkono juhudi za jumla za kukabiliana na tandavu hili, Shirika kilikuwa na zaidi ya vikao thelathini (30) vya majukwaa yake katika ukanda huu ili kuchochea muktadha, kuhimiza mazungumzo, kuongoza maoni ya umma, kuathiri sera inayohusiana na Covid-19 na athari zake katika sekta mbalimbali za

## Taarifa ya Mwenyekiti (inaendelea)

uchumi. Hizi zilijumuisha kilimo, uchumi, jinsia, jamii zinazoweza kudhurika, spoti, tasnia ya ubunifu, teknolojia, na vijana.

Tandavu ilileta fursa ya kufanya uvumbuzi huku mikutano ya mtandaoni na mseto kwa haraka ikichukua nafasi ya mkutano wa watu halisi ili kufuata mikakati ya Covid-19 ya kuweka umbali baina yako na watu wengine. Kwa athari yake, majukwaa hayo yalikuwa siyo tu mojawapo ya sauti zinazoaminiwa kuhusu tandavu bali pia vyanzo muhimu vya mapato mbadala kwa Shirika.

Shirika limejitolea kuandaa *Tamasha la Kusi Linalozingatia Upokeaji wa Mawazo kila mwaka huku likiliimarisha ili liwe jukwaa bora zaidi la mwanzo kabisa barani Afrika litakaloandaliwa katika nchi tofauti Afrika.*

### Tamasha la Kusi Liliizingatia Upokeaji wa Mawazo

Shirika liliendelea kuboresha nafasi yake kama chombo cha kuendesha ajenda ya Afrika kwa *Tamasha lake la Kusi* liliizingatia Upokeaji wa Mawazo na ambalo, iwapo utakumbuka, lilianzishwa mnamo 2019. Toleo la pili la jukwaa la Afrika Pekee lilitolewa kwa muundo wa mseto, unaojumuisha watu halisi kwa ukumbi na vipengele vya kimtandao kwa walio mbali vilivyokuwa na kauli mbiu ya, "Mpango wa Afrika Baada ya Covid: Kujinufaisha Pamoja". Tamasha hilo lilifanyika Kisumu tarehe 8 na 9 Desemba kwa ushirikiano na Serikali ya Kaunti ya Kisumu. Kongamano hilo lilifanyika katika muda mgumu wakati wa tandavu linaloendelea ili kutathmini athari zake mbaya kwa uchumi na maisha

Washiriki 14,000  
wajumbe 230 waliweza kuhudhuria ana kwa ana.

ya Afrika. Lililenga mafanikio yaliyopatikana, lilichunguza ustahimilivu wa Afrika uliodhihirika, na kutabiri jinsi ya kutoka kwa janga hilo.

Tamasha hilo lilivutia wahasika wengi barani Afrika na hata sehemu nyinginezo duniani. Lilihudhuriwa na washiriki 14,000 kwa njia ya mtandao kutoka nchi 44 na majiji makuu 83 na wajumbe 230 waliweza kuhudhuria ana kwa ana. Kimsingi, lilifikia zaidi ya watumiaji milioni 460 wa mtandao wa kijamii katika bara zima. Washirika walikuwa pamoja na mwenyeji-mwenza Rais Uhuru Kenyatta, Rais Paul Kagame (mwenyeji-mwenza 2019), Prof. Anyang Nyong'o, Gavana mweyeji-mwenza, Dkt. Mukhisa Kituyi, aliyekuwa Katibu Mkuu, Kongamano kuhusu Biashara na Maendeleo wa Umoja wa Mataifa, Maimunah Mohd Sharif, Chini ya Katibu Mkuu na Mkurugenzi Mkuu, UN-Habitat miongoni mwa wataalamu kadhaa. Miongoni mwa waliohudhuria pia walikuwa viongozi wa biashara, waundaji sera, wanadiplomasia, wavumbuzi, watafiti, wajasiriamali wadogo, wanafunzi miongoni mwa wengine.

Shirika limejitolea kuandaa *Tamasha la Kusi* linalozingatia Upokeaji wa Mawazo kila mwaka huku likiliimarisha ili liwe jukwaa bora zaidi la mwanzo kabisa barani Afrika litakaloandaliwa katika nchi tofauti Afrika.

### Ajenda ya Uendeleu

Shirika linaendelea kuhakikisha kwamba uendeleu unabakia kuwa lengo letu kuu, kupitia uhusishaji wa madhumuni ya 'uundaji wa thamani' kama mojawapo ya mihimili muhimu ya mkakati wake wa kibiashara.

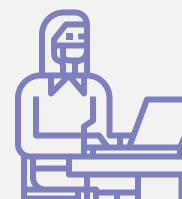
Tandavu liliangazia zaidi uhusiano kati ya mazingira na shughuli za binadamu, huku janga la afya likisababisha ukiukaji wa tabia na athari kali kwa biashara. Huku hii ilidhihirika kuleta changamoto kwa biashara kote ulimwenguni, pia iliwezesha dhana ya kuwa biashara haiendeswi katika mazingira ombwe, mashirika kote ulimwenguni yakija pamoja kuchangia kifedha na njia zisizo za kifedha dhidi ya usimamizi na kuangamizwa kwa tandavu hili.

Kwa sababu hii, Shirika lilishughulikia jukumu muhimu kwenye ukanda mzima na kote barani katika kutoa taarifa na elimu muhimu na kwa wakati unaofaa kwa umma kuhusu tandavu hili. Tunawahakikishia washikadau wetu na Serikali katika Afrika Mashariki kuhusu msaada na ushirikiano wetu katika vita dhidi ya msambao wa Covid-19. Tutaendelea kuwa kwenye mstari wa mbele wa kuripoti kuhusu tandavu na kwa uamilifu ili kuendesha ufahamu katika majukwaa yetu ili kuathiri mabadiliko ya tabia na kuondoa unyanyapaa.



Shirika linaendelea kuhakikisha kwamba uendeleu unabakia kuwa lengo letu kuu, kupitia uhusishaji wa madhumuni ya 'uundaji wa thamani' kama mojawapo ya mihimili muhimu ya mkakati wake wa kibiashara.

.....



Tutaendelea kuwa kwenye mstari wa mbele wa kuripoti kuhusu tandavu na kwa uamilifu ili kuendesha ufahamu katika majukwaa yetu ili kuathiri mabadiliko ya tabia na kuondoa unyanyapaa.







Lengo ni kujenga nafasi kamilifu ya uwezesaji kwenye kazi zote ili kuharakisha mageuzi ya NMG ya kuwa shirika linalotamba kwenye tasnia ya kidijitali ulimwenguni.

## Taarifa ya Mwenyekiti (inaendelea)



**Tunapoendelea mbele, tunaazimia kujenga biashara mpya kabisa itakayoiimarisha ubora kwa kutumia mfumo wa kuanzia chini kwenda juu, maudhui tofauti na yanayohusisha watu na yanayoweza kubidhaishwa kidijitali kwenye vifaa vya mkononi kwa lengo la kuongoza katika mazingira ya uchapishaji wa vifaa vya mkononi.**

### Mabadiliko ya Bodi

Kulikuwa na mabadiliko fulani katika Bodi mwaka jana. Tarehe 15 Februari, Shirika lilimpoteza mmoja wa Wakurugenzi wake, Dkt. Simon Kagugube. Alifariki baada ya kuugua kidogo akiwa na umri wa miaka 65. Kwa niaba ya Bodi ya Wakurugenzi, Utawala na Wafanyakazi wa NMG, napendelea kutoa rambirambi zetu kwa familia na wafanyakazi wenzetu. Dkt. Kagugube kwa furaha alihudumu kama mkurugenzi huru wa NMG kuanzia Septemba, 2011. Alikuwa mtaalamu wa mikakati ya ubora, ameacha urithi mkubwa na atakumbukwa kama mfano bora wa kiongozi wa biashara. Alikuwa mfanyakazi wa kiushirika pamoja na rafiki. Tutamkosa sana na mawazo pamoja na maombi yetu yanaendelea kuwa na familia yake.

Bw. Al-Noor Ramji, Afisa Mkuu wa Dijitali wa Prudential PLC katika Shirika, aliteuliwa kujiunga na Bodi mnamo mwezi Machi mwaka jana. Bodi itafaidika pakubwa na tajiriba yake pana katika uongozi wa utekelezaji wa mkakati wa kidijitali kwenye kipindi cha muda mrefu kwa Shirika.

### Watu Wetu

Shirika linaendelea kujitolea katika utambuaji, ukuzaji, na ushughulikiaji wa maarifa mapya yatakayosaidia mkakati wa biashara ili kushinda katika mchakato ya kidijitali. Lengo ni kujenga nafasi kamilifu ya uwezesaji kwenye kazi zote ili kuharakisha mageuzi ya NMG ya kuwa shirika linalotamba kwenye tasnia ya kidijitali ulimwenguni.

### Mustakabali Wetu

Kuvurugwa kwa biashara kutokana na tandavu kumetufunza mambo muhimu. Kwa kweli, hii ndiyo iliyoharakisha kuwekwa upya kwa biashara na safari yetu ya mageuzi ya kidijitali.

Katika kipindi hiki, kumekuwa na ukuaji mkubwa katika matumizi ya maudhui yetu mtandaoni zaidi ya yale tuliyoyapitia kwenye jukwaa letu la urithi. Hii ni habari njema kwetu kwani inathibitisha kuwa bado kuna haja na dai kubwa sana ya maudhui yenye ubora wa juu.

Hivyo basi, wakati ambapo changamoto yetu kuu imekuwa ni jinsi ya kupata pesa, tumeweka kila juhudi, ikiwa ni pamoja kufanya kazi na wataalamu kutoka kwa vyombo vingine vya habari ambao wamefaulu katika shughuli hii, ili kuboresha na kuharakisha uimarishaji wa uchumi unaoambatana na maudhui yetu ya kidijitali. Idadi ya vyombo vya habari vya urithi vilivyokumbana na changamoto sawa vimefanikiwa kufanya mapito na kujijenga upya kutoka kwa majukwaa ya urithi na kuwa majukwaa mapya ya mfumo wa kushinikiza matumizi ya kidijitali. Tuna ujasiri kuwa tupo kwenye njia sahihi ya kufanya hivyo. Tumeanza kuona hatua zilizochukuliwa awali zikileta matokeo kama vile ukuaji wa haraka wa watumiaji wa mtandaoni waliojisajili na kujiandikisha kwenye *Nation.Africa*.

Tunapoendelea mbele, tunaazimia kujenga biashara mpya kabisa itakayoiimarisha ubora kwa kutumia mfumo wa kuanzia chini kwenda juu, maudhui tofauti na yanayohusisha watu na yanayoweza kubidhaishwa kidijitali kwenye vifaa vya mkononi kwa lengo la kuongoza katika mazingira ya uchapishaji wa vifaa vya mkononi. Ubidhaishaji utawezeshwa kwa kubadilisha tabia ya hadhira yetu kutoka kwa utamaduni wa maudhui ya bila malipo na kuwa hadhira ya wanaolipia. Bodi ina imani kuwa hatua zinazochukuliwa zitaleta matokeo mazuri na yanayoweza kuwa endelevu.

Mwaka uliopita ulikuwa wenye changamoto na hatua tulizochukua ili kuendeleza biashara huenda hazingewezekana bila msaada wa kila mara wa wakurugenzi wenzangu kwenye Bodi. Naomba kuwashukuru kwa mchango wao muhimu.

Kwa mwaka kama huo uliokuwa na changamoto tele, pongezi zangu za dhiti ziwaendee wasimamizi wote pamoja wafanyakazi wa NMG kwa kujitolea kwao na jitihada zao za mchwa za kufanya kazi kwa bidii ili kukabiliana vilivyo na nyakati zilizokuwa zenye changamoto nyingi. Hii pia haingewezekana bila msaada na kujitolea kwa dhiti kwa washirika wetu wa biashara, wateja na washikadau wengine.

Ahsanteni sana!

*[Signature]*

**Dkt. Wilfred D. Kiboro**

Mwenyekiti

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Mr. Stephen Gitagama *Group CEO*



## Group CEO's Statement

The year 2020 will be remembered as a truly unprecedented one with the Covid-19 pandemic ravaging countries across the globe. The pandemic was more than just a health crisis - its impact was felt across economic and societal fronts – with African economies left exposed as a result of declining domestic activities, as travel and trade restrictions becoming the norm in 2020. The African Union and IMF predicted that the continent's GDP growth would contract to -0.8% from an initial projection of 3.2% as a result of the pandemic. A 2020 World Bank survey showed that the private sector firms in the East African region faced lower demand for goods and services due to decreased consumption, disrupted supply chains, access to intermediate goods, labour and sales channels as a result of the pandemic. These challenges were heightened by the restrictions put in place by the region's governments to curb the cross-country infection rate. This impact on the private sector and local companies trickled down to households through reduced labour hours, salary cuts and increased unemployment rates, thereby reducing consumer's purchasing power.

The media industry was not spared the effects of the pandemic with advertisers reducing their marketing budgets, postponing campaigns and taking other stringent financial measures necessary given the difficult operating environment. Our print products consumption patterns were also affected by movement restrictions thereby impacting on our newspaper circulation. However, the pandemic saw the acceleration of consumption of our content digitally resulting in a significant uptake of our ePaper.

We however remained committed to playing our role in combating the pandemic through the dissemination of accurate, verified and timely information to create awareness and combat the fake news that had permeated the region. In addition to the editorial content carried across our print, broadcast and digital platforms, the Group launched a Covid-19 safety awareness campaign dubbed *Safe Nation*. The campaign sought to provide internal and external stakeholders with relevant information on the novel virus and allay fears of infection through newspapers. In addition to this, the Group rolled out a new ePaper platform in Kenya, Uganda and Tanzania as well as home delivery initiatives.



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### Financial Performance

The Group's profit before tax at Shs 0.1 billion was lower than the previous year. The first-half performance was depressed due to revenue shortfall across the Group. The measures rolled out by the governments across the region in response to the Covid-19 pandemic precipitated the significant decline in the Group's advertising and circulation volumes, particularly between April and June. Advertisers faced devastating financial challenges, scaled-down operations and held back marketing activities in a fight for survival, and several closed down. Additionally, the general restriction on people's mobility across the markets led to a decline in newspapers copy sales. On a positive note, subscriptions to our digital products grew substantially while improvements in operational efficiency and productivity continue to enhance operating margins.

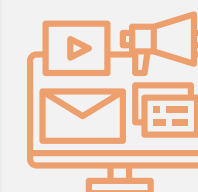
In the second half, business performance gradually picked up after the devastating decline experienced immediately after the first cases of Covid-19 were reported in East Africa. This gradual recovery is expected to continue through to 2021, but advertising revenue will not get back to pre-Covid levels in the short term.

### Digital Transformation Journey

Amidst the myriad of challenges occasioned by Covid-19, the pandemic stood out as the single most significant catalyst of digital acceleration in the region, with consumers turning to their



Subscriptions to our digital products grew substantially while improvements in operational efficiency and productivity continue to enhance operating margins.



Amidst the myriad of challenges occasioned by COVID-19, the pandemic stood out as the single most significant catalyst of digital acceleration





## Group CEO's Statement (continued)



**Nation.Africa seeks to enable the organization to take up its rightful role of transforming the continent by empowering our audiences through informative, interactive and impactful content, while simultaneously positioning Nation.Africa as a continental digital news brand.**

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**Following its launch, Nation.Africa had achieved a subscriber base of over 200,000 users and over 100 million interactions on our social media platforms by the close of the financial year**



mobile phones for safe and efficient access to goods and services. This environment provided an opportune backdrop for the official launch of our anchor digital platform - *Nation.Africa* – a dynamic, modern, user friendly, online platform that offers our users access to multi-media content from across the continent. This platform, launched in the third quarter of the year, marked the Group's transformation from a legacy media house to a digital content company with the aim to assume leadership in the digital media space through in-depth reporting, expanded content from across the continent and premium paid content. *Nation.Africa* seeks to enable the organisation to take up its rightful role of transforming the continent by empowering our audiences through informative, interactive and impactful content, while simultaneously positioning *Nation.Africa* as a continental digital news brand. Following its launch, *Nation.Africa* had achieved a subscriber base of over 200,000 users and over 100 million interactions on our social media platforms by the close of the financial year.

This launch enabled the Group to create multiple content verticals such as *Nation.Audio* and *Nation.Puzzles*. *Nation.Audio*, a podcast service launched in the final quarter of the year, has enabled the Group to respond to the ever growing, new age consumer needs for on-demand audio content while enhancing how our audiences discover, enjoy and engage with African stories. The new service also aims to draw in younger audiences by providing the best in experimental and creative audio experiences while also creating niche audience segmentation for our advertisers. The flagship podcast dubbed "Case Number Zero" delved into the life and times of Bogonko Bosire, a journalist who went missing in the line of duty. This podcast has hit over 100,000 listens by audiences globally, reached 40 million users and garnered 85 million impressions on social media.

*Nation.Puzzles*, a premium digital gaming product launched in December 2020 and hosted under the *Nation.Africa* umbrella, leveraged the organisation's history in carrying crosswords and puzzles on its print and e-paper platforms to extend the service online. This new product aims to attract a new market by repurposing the classic games for digital audiences and has garnered 23,000 users with 1.4billion impressions online.

### Marketing Activities

While the Group aggressively drove its digital first strategy, it maintained its presence in its legacy



**While the Group aggressively drove its digital first strategy, it maintained its presence in its legacy media products, which continued to be market leaders in the region.**

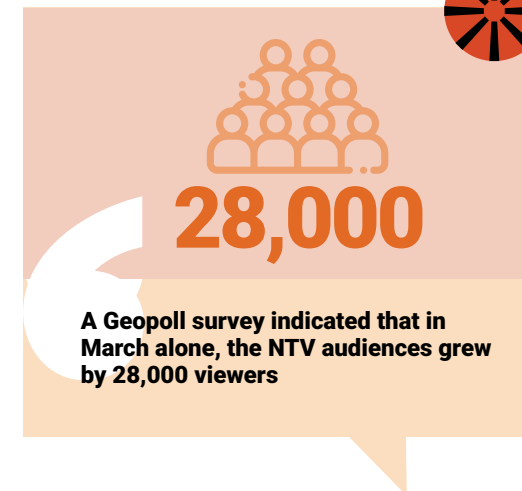
media products, which continued to be market leaders in the region. In 2020, the *Daily Nation* and *Daily Monitor* brands underwent a brand redesign to refresh their look and their content, with a focus on meeting their consumers' ever changing needs and increase their appeal to younger audiences. Similarly, *The EastAfrican* underwent a brand relaunch to align it to the current and future market trends, and position it to address opportunities available in the region.

In an effort to better understand its print consumers' current needs and preferences, Mwananchi Communications Limited (MCL) in Tanzania conducted a Content Preference Study aimed at ensuring its content resonated with its target market's tastes and preferences. The survey received 600 responses from readers across the country and acted as a guide for its editorial direction.

MCL also launched the *Mwanaspoti* app dubbed *Soka*, which provides football fans in Tanzania with information on their favourite teams and statistics. The app is now available for download on Play Store and the Apple App Store. In addition to this, the organisation launched a consumer promotion campaign - '*Tajirika na e-Gazeti*' that was aimed at growing subscription and revenues. The campaign launch provided an opportunity to bring together several CEO's and provide an in-depth understanding of *e-Gazeti*.

While containment measures hampered the execution of planned events and marketing campaigns across the region, *The Business Daily* once again positioned itself as an enabler of success when it hosted the *Top 40 Under 40 Men* campaign and gala dinner to celebrate trail blazers who have contributed towards driving innovations and impact in their line of work

## Group CEO's Statement (continued)



across the different industries. *The Chanuka na Nation Campaign*, hosted by *Daily Nation* aimed to recruit younger newspaper vendors and groups to create employment and generate income among a younger demographic. In addition to this, *Taifa Leo* conducted a *Bingwa Wetu* campaign that aimed to celebrate newspaper vendors and boost their morale in the midst of decreased sales and tough operating conditions. *Nation Courier* in Kenya and *Mwananchi Courier* in Tanzania also rolled out an awareness campaign targeted at enhancing use of the services across the country.

The government mandated Covid-19 containment measures saw children and parents at home for longer periods and this resulted in increased viewership on broadcast platforms with audiences looking for educational content for children and real time news updates on the pandemic. A Geopoll survey indicated that in March alone, the NTV audiences grew by 28,000 viewers at the onset of the global pandemic. During the pandemic period, NTV introduced new shows such as *Tizi Mtaani*, that focused on home workouts, *Your World*, a talk show discussing the new normal and *Akili Kids*, a cartoon targeting young children.

In Uganda, the *Seeds of Gold Farm Clinics*, that seek to educate farmers on best practises and create an avenue for networking and the sharing of experiences, took on a virtual format with focused themes being addressed at the three events organized by NTV Uganda. The Rising Woman – an event hosted by NTV Uganda in partnership with Uganda Investment Authority and DFCU Bank that aims to offer training

and mentorship for women in business – hosted 6 intimate groups of 25, with sessions revolving around leadership, adapting to the post Covid-19 business environment and business skills needed to thrive in the local and regional market. The Uganda *Top 100 Mid-Sized Companies Survey* continued to be a highlight for small and medium enterprises, with insights on the challenges and opportunities available to them to compete in the market. Last year's survey focused on technological opportunities for SMEs to attract investments, skills and development.

### Thought Leadership

The Group continued to drive thought leadership in the region with over 30 editions of the virtual *Nation Leadership Forum* being hosted on NTV with a focus on the impact of the pandemic across different industries and stakeholders. These forums reached a total of over 730 million impressions on social media. *Mwananchi Thought Leadership Forums* also continued virtually in collaboration with ITV/Radio One.

The culmination of the Group's thought leadership efforts was the second edition of the *Kusi Ideas Festival* hosted at the lakeside city of Kisumu in Kenya. The hybrid in person and online conference, held under the theme "Towards a Post Covid Africa: Recovering Together" was attended by over 230 delegates and over 14,000 virtual participants. The forum boasted attendance by some of the continent's greatest minds and experts in government, the private sector, civil society and academia, and included virtual key note addresses from H.E. Uhuru Kenyatta, President of the Republic of Kenya, and H.E. Paul Kagame, President of the Republic of Rwanda.

### Culture Transformation

With numerous organisations closing their offices and relying solely on their talent, the value of our human capital shone through the pandemic. Staff went over and above the call of duty, working through unprecedented times, safety concerns and a restructuring exercise, to deliver on objectives. The 2020 culture transformation focused on the company's digital journey with employee engagement sessions, talent mapping and upskilling exercises, corporate culture and digital readiness surveys



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# 2020

**The 2020 culture transformation focused on the company's digital journey with employee engagement sessions, talent mapping and upskilling exercises, corporate culture and digital readiness surveys being conducted across the regional offices.**





# Group CEO's Statement (continued)

**In 2021, we intend to focus on building on the digital gains from 2020 to get the right content into the hands of the consumer through the use of data insights, study of target audience patterns and value add.**

being conducted across the regional offices. The pandemic also forced us to look into our way of working and we have since taken the necessary steps to equip employees with the skills, tools and mindsets needed to thrive in the digital world. So far, we have implemented a new workflow and structure in the editorial department that uses feedback from analytics to assign reporters and drive engagement with audiences, introduced flexible schedules for working from home and availed technological support to ensure seamless integration across the company. Even in the midst of a pandemic, NMG staff managed to bag 24 local and international accolades in Kenya, Uganda and Tanzania, showcasing the strength and resilience of our human capital.

**2021 Strategic Priorities**  
Over the last few years, the Group has innovated to fit into its consumer's ever changing world. In 2021, we intend to focus on building on the digital gains from 2020 to get high quality diversified content into the hands of the consumer through the use of data insights, study of target audience patterns and value add. We have therefore employed a hybrid business model that will enable us to achieve our short, mid and long-term objectives, protect our existing business while accelerate our ambition of being a modern digital content company. Our 2021 strategy thereby revolves around building our reader revenue by creating a community of users who believe in our mission of transformative journalism as an organisation and to whom our content resonates with, iterating our advertising model to ensure its sustainability, and building capacity in the ecommerce/digital marketplace.

As part of our strategy to win in the new digital space, we will lay emphasis on mobile platforms to ensure that consumers have a great experience that inspires them to become repeat consumers. This will in turn open up avenues for the organisation to innovate and drive mobile content-related value-added services such as bulk SMSs, audio, games, video, products among others. We believe this will be our pathway towards monetisation of digital content and taking up leadership in the mobile publishing landscape in Africa.

In all this, the consumer will remain the central tenant around whom all our innovations and strategies revolve. NMG has, and will continue to, invest in technology and the requisite

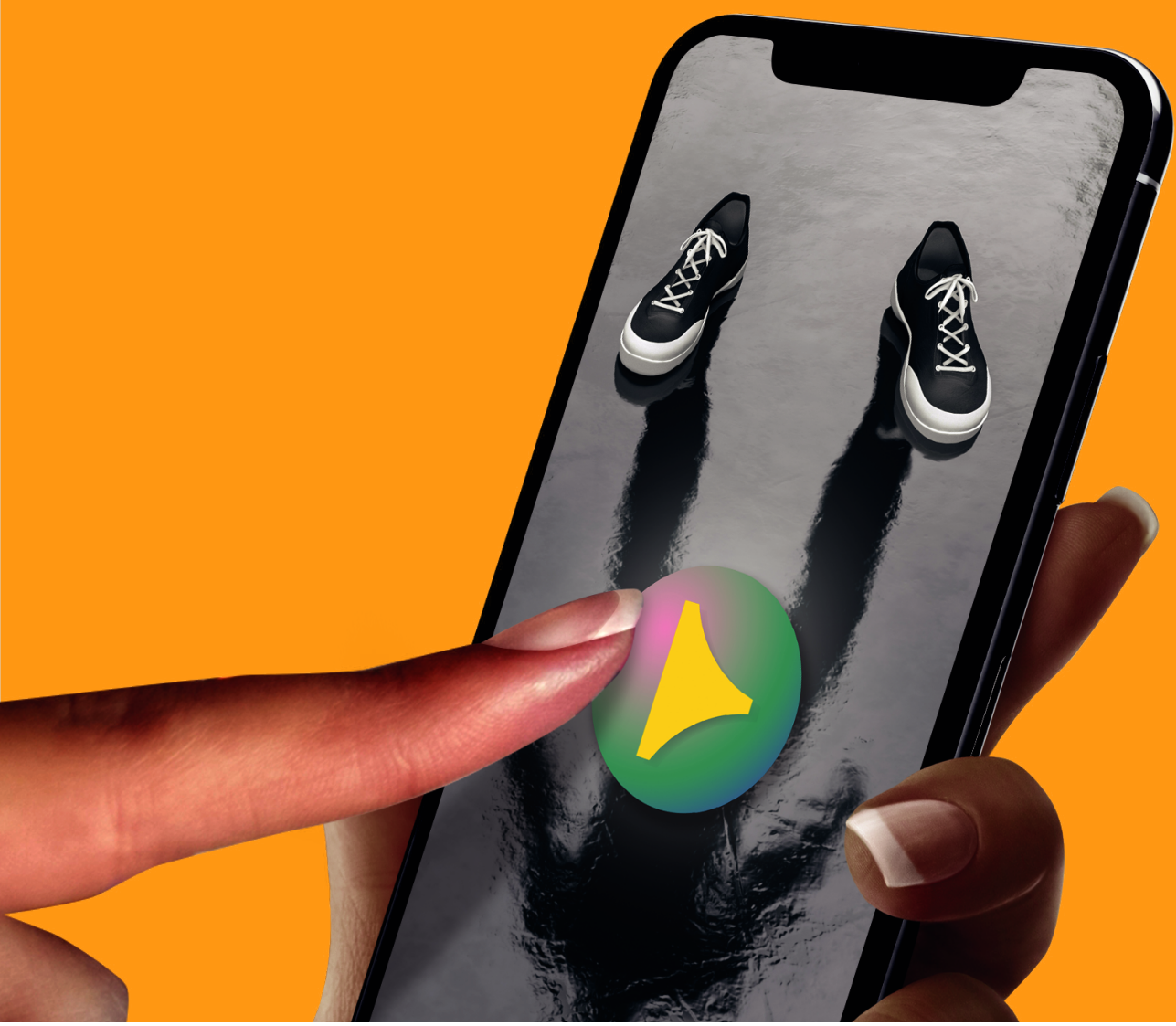
**As part of our strategy to win in the new digital space, we will lay emphasis on mobile platforms to ensure that consumers have a great experience that inspires them to become repeat consumers.**

infrastructure to enable us to better understand our consumer needs and provide a world class experience for them.

I would like to take this opportunity to thank you, our esteemed consumers, employees, partners and shareholders for your unwavering support in making 2020 a success. I also wish to extend my sincere gratitude to the Board of Directors, the NMG Executive Team, staff and partners for the support given throughout this difficult year. We would not be where we are without the diligent effort put in by each and every one of you. I look forward to your continuing support to enable us to continue adding value to each of our stakeholders.

*Stephen Gitagama*  
**Stephen Gitagama**  
Group Chief Executive Officer

**In all this, the consumer will remain the central tenant around whom all our innovations and strategies revolve.**



**Tune in to Case Number Zero.**  
Press play on The Vibe of Africa to learn more about the disappearance of Bogonko Bosire.

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Mr. Stephen Gitagama Afisa Mkuu Mtendaji Wa Shirika



## Ripoti ya Afisa Mkuu Mtendaji Wa Shirika

Mwaka wa 2020 utakumbukwa kama mwaka ambao kwa hakika haukutarajiwa kuwa kama ulivyokuwa huku tandavu ya Covid-19 ikishambulia mataifa yote ulimwenguni. Tandavu hii ilikuwa sio tu janga la kiafya - athari zake ziligusa nyanja za kiuchumi na kijamii pia – huku uchumi wa mataifa mbalimbali barani Afrika ukiachwa katika hali ya hatari kutokana na kupungua kwa shughuli za ndani ya nchi hizo pamoja na vikwazo vya usafiri na biashara ambavyo hatimaye vilikuja kuwa hali ya kawaida mwaka wa 2020. Mashirika kama Umoja wa Afrika na IMF yalitabiri kwamba ukuaji wa GDP ya bara hili ungepungua kwa -0.8% kutoka kwa ubashiri wa awali wa 3.2% kutokana na tandavu hii. Utafiti wa Benki ya Dunia uliofanywa 2020 ulionyesha kwamba biashara katika sekta za kibinafsi kwenye ukanda wa Afrika Mashariki zilikabiliwa na kupungua kwa hitaji la bidhaa na huduma kutokana na kupungua kwa matumizi, kuvurugwa kwa mikondo ya usambazaji bidhaa, uwezo wa kufikia bidhaa, mikondo ya leba na mauzo kutokana na tandavu hii. Changamoto hizi zikawa kubwa hata zaidi kutokana na vikwazo vilivyowekwa na serikali za ukanda huu ili kuzuia viwango vya maambukizi kutoka nchi moja hadi nyingine. Athari hii kwenye sekta ya kibinafsi na kampuni za ndani ya nchi zilifika chini hadi kwa familia kupitia kupunguzwa kwa saa za kufanya kazi, kukatwa kwa mishahara na kuongezeka kwa ukosefu wa ajira, na hivyo kupungua uwezo wa watumiaji kununua bidhaa.

Sekta ya uanahabari haikusazwa na athari za tandavu hii huku wanaofanya matangazo wakipunguza bajeti zao za kufanya mauzo, kuahirisha kampeni na kuchukua hatua nyingine madhubuti ya kifedha zilizokuwa muhimu kwao kutokana na mazingira magumu ya kuendesha biashara. Mitindo ya ununuzi wa bidhaa zetu zinazochapishwa pia iliathirika kutokana na vikwazo vya usafiri na hivyo kuathiri usambazaji wa magazeti yetu. Hata hivyo, tandavu hii ilisababisha kuongezeka kwa matumizi ya maudhui yetu ya kidijitali na hatimaye kusababisha kununuliwa kwa gazeti letu la kimtandao la ePaper kwa kiasi cha haja.

Hata hivyo, tuliendelea kujitolea kuchukua nafasi yetu katika kukabiliana na tandavu kupitia kwa usambazaji wa taarifa sahihi, zilizothibitishwa na kwa wakati ufaao ili kutoa hamasisho na kukabiliana na habari za uongo ambazo zilikuwa zimepenyeza katika ukanda huu. Zaidi ya maudhui ya uhariri yaliyokuwemo



**Sekta ya uanahabari haikusazwa na athari za tandavu hii huku wanaofanya matangazo wakipunguza bajeti zao za kufanya mauzo, kuahirisha kampeni na kuchukua hatua nyingine madhubuti ya kifedha zilizokuwa muhimu kwao kutokana na mazingira magumu ya kuendesha biashara. Mitindo ya ununuzi wa bidhaa zetu zinazochapishwa pia iliathirika kutokana na vikwazo vya usafiri na hivyo kuathiri usambazaji wa magazeti yetu.**

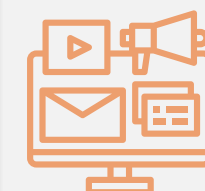
kote kwenye majukwaa yetu ya uchapishaji, utangazaji na dijitali, Kampuni ilizindua kampeni ya kutoa hamasisho kuhusu usalama dhidi ya Covid-19 iliyopewa jina *Safe Nation*. Kampeni hiyo ilipanika kuwapa washikadau wa ndani na wa nje taarifa muhimu kuhusu virusi hivi vipya na kuondoa hofu kuhusu maambukizi kupitia magazeti. Kando na hayo, Kampuni ilizindua jukwaa jipya la ePaper nchini Kenya, Uganda na Tanzania na vilevile mipango ya kufikishiwa magazeti nyumbani.

### Matokeo ya Kifedha

Faida ya Shirika kabla ya ushuru ilikuwa Shs. bilioni 0.1 ilikuwa chini kuliko mwaka iliyopita. Matokeo ya awamu ya kwanza yalididimizwa kwa sababu ya upungufu wa mapato kote katika Shirika. Hatua zilizowekwa na serikali mbalimbali kote katika ukanda huu kwa lengo la kuitikia ukunga wa tandavu ya Covid-19 zilichangia pakubwa kupungua kwa viwango vya matangazo na usambazaji vya Kampuni, hasa kati ya mwezi Aprili na Juni. Wanaoweka matangazo walikabiliwa na changamoto mbaya za kifedha, walipunguza utendakazi wao na kuahirisha shughuli za utangazaji katika kupambana ili kuendeleza oparesheni zao na wengi walifunga biashara. Pamoja na hayo, vizuizi vya kusafiri dhidi ya watu kote sokoni vilisababisha kupungua kwa mauzo ya nakala za magazeti. Habari njema ni kwamba, usajili kwenye bidhaa zetu za kidijitali ulikua kwa kiwango kikubwa huku kuongezeka kwa ufanisi katika oparesheni na tija tukiendelea kuimarisha viwango vya oparesheni zetu.



usajili kwenye bidhaa zetu za kidijitali ulikua kwa kiwango kikubwa huku kuongezeka kwa ufanisi katika oparesheni na tija tukiendelea kuimarisha viwango vya oparesheni zetu.



Licha ya kuwepo kwa changamoto kadhaa zilizosababishwa na COVID-19, tandavu hii ilitoa fursa kubwa ya kuendesha mabadiliko ya kidijitali katika ukanda huu, huku watumiaji wakianza kutumia simu zao kufikia bidhaa na huduma kwa usalama na ufanisi.







**Nation.Africa** inanuia kuwzesha shirika hili kuchukua nafasi yake ifaayo ya kuleta mageuzi barani kwa kuwawezesha wateja wetu kupitia maudhui yanayoelimisha, kuhusisha na kuleta athari, huku likiweka **Nation.Africa** kama chapa inayotoa habari za kidijitali katika bara hili.

.....



**Kufuatia** uzinduzi wake, **Nation.Africa** imepata zaidi ya watu 200,000 waliojisajili na zaidi ya watu milioni 100 walioingiliana na majukwaa yetu ya mitandao ya kijamii kufikia wakati mwaka wa kifedha ulifungwa.



## Ripoti ya Afisa Mkuu Mtendaji wa Kampuni (inaendelea)

Katika awamu ya pili, matokeo ya biashara yalianza kuimarika baada ya hali mbaya iliyoshuhudiwa mara tu baada ya visa vya kwanza vya Covid-19 kuripotiwa Afrika Mashariki. Urejesho huu wa polepole unatarajiwa kuendelea hadi 2021, lakini mapato kutokana na utangazaji hayatarudi hadi katika viwango vilivyokuwa kabla ya COVID baada ya muda mfupi.

### Safari ya Mabadiliko ya Kidijitali

Licha ya kuwepo kwa changamoto kadhaa zilizosababishwa na Covid-19, tandavu hii ilitoa fursa kubwa ya kuendesha mabadiliko ya kidijitali katika ukanda huu, huku watumiaji wakianza kutumia simu zao kufikia bidhaa na huduma kwa usalama na ufanisi. Mazingira haya yalitoa fursa ya kimsingi kwa uzinduzi rasmi wa jukwaa letu kuu la kidijitali - *Nation.Africa* - jukwaa la aina yake, ya kisasa, rahisi kutumia kwa watumiaji wa mtandaoni na linawapa watumiaji wetu uwezo wa kufikia maudhui katika vyombo anuai vya habari kutoka kote barani. Jukwaa hili, lilizinduliwa katika awamu ya tatu ya mwaka, na lilikuwa alama ya mabadiliko ya Kampuni kutoka chombo cha habari cha jadi hadi kampuni inayotoa maudhui ya kidijitali kwa lengo la kuwa kiongozi katika nafasi ya uanahabari wa kidijitali kupitia kutoa ripoti za kina, maudhui yaliyopanuliwa kutoka kote barani na maudhui yanayoliwa. *Nation.Africa* inanuia kuwzesha shirika hili kuchukua nafasi yake ifaayo ya kuleta mageuzi barani kwa kuwawezesha wateja wetu kupitia maudhui yanayoelimisha, kuhusisha na kuleta athari, huku likiweka *Nation.Africa* kama chapa inayotoa habari za kidijitali katika bara hili. Kufuatia uzinduzi wake, *Nation.Africa* imepata zaidi ya watu 200,000 waliojisajili na zaidi ya watu milioni 100 walioingiliana na majukwaa yetu ya mitandao ya kijamii kufikia wakati mwaka wa kifedha ulifungwa.

Uzinduzi wa *Nation.Africa* uliwezesha Shirika kuanzisha mikondo anuai ya maudhui kama vile *Nation.Audio* na *Nation.Puzzles*. *Nation.Audio*, huduma ya podkasti iliyozunduliwa katika awamu ya mwisho ya mwaka, imewezesha Shirika kushughulikia mahitaji yanayokua kila mara ya watumiaji wa kizazi cha sasa ambao wanapendelea maudhui ya wanayoweza kutazama wanapotaka huku tukiboresha jinsi hadhira zetu zinavyogundua, kufurahia na kutangamana na hadithi kutoka Afrika. Huduma hii mpya pia inalenga kuivutia hadhira ya watu vijana kwa kutoa video bora za kimajaribio na za kuibunifu huku pia ikiunda vitengo vya kipekee kwa hadhira kwa ajili ya watu wanaotangaza nasi. Podkasti hiyo ya



**Huku Shirika likiendesha mkakati wake wa kwanza wa kidijitali, lilidumisha uwepo wake katika bidhaa za jadi za vyombo vya habari, ambazo ziliendelea kuongoza sokoni katika ukanda huu.**

iliyokuwa mradi wa kipekee iliyoitwa "Case Number Zero" ilianguzia maisha na nyakati za Bogonko Bosire, mwanahabari ambaye alipotea akiwa kazini. Podkasti hiyo imefikia hadhira ya wasikilizaji 100,000 kote duniani, watumiaji milioni 40 na kupata miingiliano milioni 85 kwenye mitandao ya kijamii.

*Nation.Puzzles*, bidhaa ya kidijitali inayolipiwa iliyozinduliwa mwezi Disemba 2020 na kuwepo chini ya mwamvuli wa *Nation.Africa*, ilitumia historia ya shirika katika kuendesha michezo ya maneno na hesabu kwenye majukwaa yake ya machapisho na e-paper kuendesha huduma hii mtandaoni. Bidhaa hii mpya inalenga kuvutia soko jipya kwa kuweka upya madhumuni ya michezo ya kawaida kwa ajili ya hadhira ya kidijitali na imepata watumiaji 23,000 na miingiliano bilioni 1.4 mtandaoni.

### Urudiaji wa Bidhaa na Kampeni za Utangazaji

Huku Shirika likiendesha mkakati wake wa kwanza wa kidijitali, lilidumisha uwepo wake katika bidhaa za jadi za vyombo vya habari, ambazo ziliendelea kuongoza sokoni katika ukanda huu. Mwaka wa 2020, magazeti ya *Daily Nation* na *Daily Monitor* yalifanyiwa usanifu mpya wa bidhaa hizo ili kuzipa mwonekano mpya na maudhui yao, kwa lengo la kukidhi mahitaji ya watumiaji wake yanayobadilika kila mara na kuendelea kuvutia hadhira yazo ya vijana. Vilevile, *The EastAfrican* ilifanyiwa uzinduzi mpya wa gazeti hilo ili kulioanisha na mambo yanayovuma katika soko la sasa na soko lijalo na kuiweka katika nafasi ya kushughulikia fursa zilizopo katika ukanda.

Katika juhudi za kuelewa mahitaji na mapendeleo ya sasa ya watumiaji wake wa magazeti, Mwananchi Communications Limited (MCL) nchini Tanzania iliendesha Utafiti wa Mapendeleo ya Maudhui uliolenga kuhakikisha

## Ripoti ya Afisa Mkuu Mtendaji wa Kampuni (inaendelea)



kuwa maudhui yake yanalandana na matakwa na mapendeleo ya soko lake lengwa. Utafiti huo ulipokea majibu 600 kutoka kwa wasomaji kutoka kote nchini na ulikuwa kama mwongozo kwa mwelekeo wake wa uhari.

MCL pia ilizindua programu ya simu ya *Mwanaspoti* inayoitwa *Soka*, ambayo inawapa mashabiki wa kandanda nchini Tanzania taarifa kuhusu timu wazipendazo na takwimu. Programu hiyo sasa inapatikana na inaweza kupakuliwa kwenye Play Store na Apple App Store. Pamoja na haya, shirika hili lilizindua kampeni ya utangazaji ya mtumiaji - 'Tajirika na e-Gazeti' ambayo ililenga kukuza usajili na mapato. Uzinduzi wa kampeni hiyo ulitoa fursa ya kuleta pamoja Wakurugenzi Wakuu Watendaji kadhaa na kutoa uelewa wa kina wa e-Gazeti.

Ingawa hatua zilizowekwa kudhibiti msambao wa ugonjwa huu ulihitilafiana na utekelezaji wa matukio yaliyopangwa na kampeni za mauzo kote katika ukanda huu, gazeti la *Business Daily* kwa mara nyingine ilijiweka katika nafasi kama chombo cha ufanisi ilipoendesha kampeni ya *Top 40 Under 40 Men* na dhifa ya kusherehekea viongozi ambao walichangia kuendesha uvumbuzi na athari katika laini ya kazi zao katika sekta mbalimbali. Kampeni ya *Chanuka na Nation*, iliyoendesha na *Daily Nation* ililenga kuwaajiri wauzaji na vikundi vya watu wenye umri mchanga wanaouza magazeti ili kuweka nafasi ya ajiri na kuzalisha mapato miongoni mwa watu wachanga. Pamoja na haya, *Taifa Leo* iliendesha kampeni ya Bingwa Wetu iliyolenga kusherehekea wauzaji wa magazeti na kuwatia motisha wakati mauzo yalipungua na hali ngumu za kufanyia kazi. Huduma ya *Nation Courier* nchini Kenya na *Mwananchi Courier* nchini Tanzania pia zilizindua kampeni

za uhamasisho zilizolenga kuboresha matumizi ya huduma zake nchini.

Hatua za kudhibiti msambao wa Covid-19 zilizowekwa na serikali zilisababisha watoto na wazazi kukaa nyumbani kwa muda mrefu na hii ilisababisha kuongezeka kwa utazamani wa majukwaa ya utangazaji huku hadhira zikitafuta maudhui ya elimu kwa watoto na taarifa za habari za hivi punde kuhusu tandavu hii. Utafiti wa Geopoll uliashiria kwamba mwezi Machi pekee, hadhira za NTV zilikuwa kwa watazamaji 28,000 mwanzoni mwa tandavu hii. Katika kipindi cha tandavu hii, NTV ilizindua vipindi kama vile Tizi Mtaani, iliyolenga mazoezi ya mwili nyumbani, Your World, kipindi cha mjadala kinachojadili hali hii mpya na Akili Kids, kipindi cha vibondo kinacholenga watoto wadogo.

### Urudiaji wa Bidhaa na Kampeni za Utangazaji

Nchini Uganda, *the Seeds of Gold Farm Clinics*, ni kipindi kinacholenga kuelimisha wakulima kuhusu matendo mema na kutoa fursa ya utangamano na kushiriki tajiriba mbalimbali, kilichukua muundo wa mtandaoni kwa kulenga mada zinazoshughulikiwa katika matukio matatu yaliyopangwa na NTV Uganda. *The Rising Woman* - tukio linaloendesha na NTV Uganda kwa ushirikiano na Mamlaka ya Uwekezaji ya Uganda na Benki ya DFCU linalolenga kutoa mafunzo na ushauri kwa wanawake wafanyabiashara - lililusisha vikundi 6 vya watu 25, likiwa na vipindi vilivyojadili uongozi, kukabiliana na mazingira yatakayokuwepo baada ya Covid-19 na ujuzi wa biashara unaohitajika katika soko la nchini na la ukanda huu. Utafiti wa Kampuni Kuu 100 za Ukubwa wa Wastani nchini Uganda uliendelea kuwa angazio kwa biashara ndogo na za wastani, ukitoa maarifa kuhusu changamoto na fursa zilizopo kwao kushindana sokoni. Utafiti wa mwaka jana uliangazia fursa za kiteknolojia kwa ajili ya SME kuvutia uwekezaji, ujuzi na maendeleo.

### Uongozi Unaozingatia Mawazo

Shirika linaendelea kuendesha uongozi unaozingatia mawazo katika ukanda huu kwa makala 30 ya Jukwaa la Mtandaoni la *Nation Leadership Forum* yaliyoendesha kwenye NTV kwa kulenga athari ya tandavu kote kwenye sekta tofauti na washikadau tofauti. Mjadala hii ilifikia jumla ya miingiliano zaidi ya milioni 730 kwenye mitandao ya kijamii. Mjadala ya *Mwananchi Thought Leadership* pia iliendelea mtandaoni kwa ushirikiano na ITV/ Radio One. Kilele cha jitihada za uongozi katika mawazo za Shirika kilikuwa ni awamu ya pili



**Mjadala huo ulijivunia kuhudhuriwa na baadhi ya wasomi tajika barani na wataalamu kutoka serikalini, sekta ya kibinafsi, miungano ya kijamii na akademiam, na kujumuisha hotuba ya wageni waheshimiwa Rais Uhuru Kenyatta, Rais wa Jamhuri ya Kenya na Rais Paul Kagame, Rais wa Jamhuri ya Rwanda**

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**2020**

**Mageuzi ya kitamaduni ya 2020 yalilenga safari ya kidijitali ya kampuni kwa vipindi vya kuhusisha wafanyakazi, kutafuta talanta na mazoezi ya kuongeza ujuzi, utamaduni wa shirika na utafiti wa kuwepo tayari kidijitali kuendesha kote katika ofisi za kikanda.**







Mwaka wa 2021, tuliniua kulenga kujijenga kutokana na ufanisi wa kidijitali ulipatikana 2020 ili kupata maudhui anuai ya ubora wa juu kwa mtumiaji kupitia matumizi ya maarifa ya data, utafiti wa mitindo ya hadhira lengwa na kuongeza thamani.



Katika kufanya haya yote, mtumiaji atasalia kuwa nguzo kuu ambaye analengwa na uvumbuzi na mikakati yetu yote.



## Ripoti ya Afisa Mkuu Mtendaji wa Kampuni (inaendelea)

ya Tamasha ya Kusi Ideas iliyoendesha katika jiji la kando ya ziwani, Kisumu nchini Kenya. Mchanganyiko wa mkutano wa ana kwa ana na mtandaoni, uliofanywa chini ya mada "Towards a Post COVID Africa: Recovering Together" ulihudhuriwa na wajumbe 230 na zaidi ya washiriki 14,000 walioshiriki mtandaoni. Mjadala huo ulijivunia kuhudhuriwa na baadhi ya wasomi tajika barani na wataalamu kutoka serikalini, sekta ya kibinafsi, miungano ya kijamii na akademika, na kujumuisha hotuba ya wageni waheshimiwa Rais Uhuru Kenyatta, Rais wa Jamhuri ya Kenya na Rais Paul Kagame, Rais wa Jamhuri ya Rwanda kupitia mtandao. Mkutano huo ulihusisha watu wengi mtandaoni na miingiliano milioni 460 kwenye mtandao wa kijamii katika tukio hilo la siku mbili.

### Mabadiliko ya Kitamaduni

Huku mashirika mengi yakifunga ofisi zao na kuegemea talanta kwa njia ya kipekee, thamani ya wafanyakazi wetu ilijidhihirisha wakati huu wa tandavu. Wafanyakazi walifanya kazi zaidi ya ilivyotarajiwa, wakifanya kazi nyakati ambazo hazikutarajiwa, wasiwasi kuhusu usalama na zoezi la uzinduzi upya, ili kufikia malengo. Mageuzi ya kitamaduni ya 2020 yalilenga safari ya kidijitali ya kampuni kwa vipindi vya kuhusisha wafanyakazi, kutafuta talanta na mazoezi ya kuongeza ujuzi, utamaduni wa shirika na utafiti wa kuwepo tayari kidijitali kuendeshwa kote katika ofisi za kikanda.

Tandavu pia ilitulazimisha kuangalia njia zetu za kufanya kazi na tumechukua hatua muhimu kuwapa wafanyakazi wetu ujuzi, zana na mawazo wanayohitaji ili kufanikiwa katika ulimwengu wa kidijitali. Kufikia sasa, tumetekeleza utaratibu na muundo mpya katika idara ya uhariri inayotumia majibu kutoka kwenye takwimu ili kuteua maripota na kujihusisha na hadhira, tulileta ratiba nyumbufu za kufanyia kazi nyumbani na kutoa usaidizi wa kiteknolojia ili kuhakikisha ujumlishaji rahisi kote katika kampuni. Hata katikati ya tandavu, wafanyakazi wa NMG waliweza kujishindia tuzo 24 za nchini na kimataifa nchini Kenya, Uganda na Tanzania, hii ikionyesha uwezo na ustahimilivu wa wafanyakazi wetu.

### Masuala ya Kipaumbele cha Mikakati wa 2021

Katika miaka michache iliyopita, Shirika limevumbua mengi ili kulainisha mambo yake na ulimwengu wa mtumiaji unaobadilika kila kuchao. Mwaka wa 2021, tuliniua kulenga kujijenga kutokana na ufanisi wa kidijitali ulipatikana 2020 ili kupata maudhui anuai ya ubora wa juu kwa mtumiaji kupitia matumizi ya maarifa ya data, utafiti wa mitindo ya

hadhira lengwa na kuongeza thamani. Kwa hivyo tumetekeleza muundo mseto wa biashara utakaotwezesha kufikia malengo yetu ya muda mfupi, kati na muda mrefu, kulinda biashara yetu iliyopo huku tukiendesha ari yetu ya kuwa kampuni inayotoa maudhui ya kisasa ya kidijitali. Kwa hivyo mkakati wetu wa 2021 unahusu kukuza mapato kutokana na wasomaji wetu kwa kukuza jumuiya ya watumiaji ambao wanaamini katika maono yetu ya kuleta mageuzi katika uanahabari kama shirika na kwa wale wanaovutiwa na maudhui yetu, urudiaji wa muundo wa kufanya matangazo ili kuhakikisha uendeleu, na kukuza uwezo katika soko la biashara la mtandaoni/dijitali.

Kama sehemu ya mkakati wetu wa kuwa washindi katika nafasi mpya ya kidijitali, tunayapa kipaumbele, majukwaa ya vifaa vya mkononi ili kuhakikisha kwamba watumiaji wanapitia hali nzuri ya matumizi inayowahimiza kuwa watumiaji wanaorudia kutumia bidhaa. Hii kwa upande mwingine itatoa fursa kwa shirika kuvumbua na huduma za maudhui ya vifaa vya mkononi zinazohusiana na kuongeza thamani kama vile SMS nyingi kwa wakati mmoja, sauti, michezo, video, bidhaa miongoni kwa huduma nyinginezo. Tunaamini kwamba hii itakuwa ni njia yetu ya kuchuma kutokana na maudhui ya kidijitali na kuchukua uongozi katika uchapishaji kwenye vifaa vya mkononi barani Afrika.

Katika kufanya haya yote, mtumiaji atasalia kuwa nguzo kuu ambaye analengwa na uvumbuzi na mikakati yetu yote. NMG imewekeza na itaendelea kuwekeza katika teknolojia na miundomsingi inayohitajika ili kutuwezesha kuelewa vyema zaidi mahitaji ya watumiaji wetu na kuwapa hali ya matumizi ya kimataifa.

Ningependa kuchukua fursa hii kuwashukuru, nyie watumiaji, wafanyakazi, washirika na washikadau wetu kwa msaada wenu usiotetereka ili kufanya 2020 kuwa mwaka wa ufanisi. Pia ningependa kutoa shukrani zangu za dhati kwa Bodi ya Watendaji, Timu ya Wakuu Watendaji wa NMG, wafanyakazi na washirika kwa usaidizi wenu kote katika mwaka huu mguu. Tusingekuwa tulipo sasa bila juhudi za dhati zilizofanywa na kila mmoja wenu. Ninatazamia kuendelea kupata usaidizi wenu ili kutuwezesha kuendelea kuongeza thamani kwa kila washikadau wetu.

*Stephen Gitagama*

Stephen Gitagama

Afisa Mkuu Mtendaji wa Shirika

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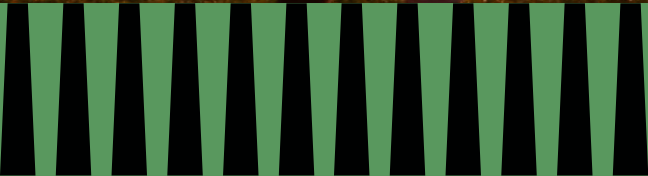
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School children jump joyfully against  
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*Media of Africa for Africa*





## Sustainability Report

**The Covid-19 pandemic experienced in the past year further highlighted the correlation between the environment and human activities, with the health crisis resulting in deviations in behaviour and adverse impact on business. While this proved to be challenging for businesses across the globe, it also strengthened the notion that businesses do not operate in a vacuum, with organizations across the globe coming together to contribute both financially and non-financially towards the management and eradication of the pandemic.**



**NMG continues to be committed to embedding sustainability in its operations as part of its business strategy**

**The Group has ensured this is the case through the incorporation of 'creating value' as one of the key pillars of its business strategy. Sustainability will continue to be in sharp focus by consumers, employees, investors, environmental and civil society, shareholders and other key stakeholders who are increasingly taking this into consideration when making a decision to purchase from, work for, invest in and associate with a business.**

The United Nations General Assembly, 1987, described sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". This statement continues to hold true. In the prevailing business environment, it is impossible to operate with a long term view without factoring in the socio-economic and environmental dynamics that have an impact on the business. Michael Porter and Mark Kramer of Harvard Business School, the founding fathers of Shared Value, advocate for private organizations bringing business and society back together by redefining their purpose through shared value, which they define as generating economic value in a way that also produces value for society by addressing its

challenges. It is for this reason that sustainability in organisations is not a 'good to have' but must be ingrained in the strategy of the business.

The Group has ensured this is the case through the incorporation of 'creating value' as one of the key pillars of its business strategy. Sustainability will continue to be in sharp focus by consumers, employees, investors, environmental and civil society, shareholders and other key stakeholders who are increasingly taking this into consideration when making a decision to purchase from, work for, invest in and associate with a business.

The Covid-19 pandemic experienced in the past year further highlighted the correlation between the environment and human activities, with the

health crisis resulting in deviations in behaviour and an adverse impact on business. While this proved to be challenging for businesses across the globe, it also strengthened the notion that businesses do not operate in a vacuum, with organizations across the globe coming together to contribute both financially and non-financially towards the management and eradication of the pandemic.

NMG continues to be committed to embedding sustainability in its operations as part of its business strategy. The execution of this strategy and the company's existing community activities were however hampered by the onset of the pandemic. In this regard, the focus of the business was to join hands with other organisations in dealing with the pandemic.

The following are the key sustainability initiatives undertaken by the Group over the past year:

### Safe Nation Campaign

The confirmation of the first cases of Covid-19 in the region came with misinformation, panic, lack of clarity and heightened suspicion. The *Safe Nation* campaign, a brain child of the Nation Media Group, therefore sought to disseminate accurate, verified and up to date information about the Covid-19 pandemic to internal and external stakeholders. The campaign focused on awareness about the virus, its symptoms, prevention measures and protocols to follow to decrease spread and steps to take in the event of an infection as well as how to operate in the new normal; working from home and maintaining

mentally and emotionally healthy patterns.

The campaign, which ran across the Group's print, digital and broadcast platforms, included animated graphics targeted at children, television infomercials, print and digital advertisements in both English and Kiswahili to reach a wider audience. The communication material complemented the editorial efforts that carried daily updates on the situation in the country, analyzed the financial and socio-economic impact of the pandemic, discussed the effects of the new normal in the region and tracked the progress of the different intervention measures being taken globally.

In addition, the Group hosted a series of virtual *Nation Leadership Forums* with industry experts that drove critical conversations around the pandemic and its impact on businesses and the community. The themes addressed during these forums ranged from the economy, food security, vulnerable communities, the creative industry, sports and gender violence among others. The forums had a reach of over 730 million on social media.



**Nation Media Group staff applaud Kenya's frontline workers as part of the Safe Nation campaign**



**Light show projected against Nation Centre as part of the Safe Nation campaign to celebrate frontline workers during the Covid-19 pandemic, and beam messages of hope for the Kenyan citizens**

The campaign resulted in a more informed citizenry contributing to behavioural change that led to a decrease in the number of Covid-19 cases. The Group spent over Shs 100 million in media space to communicate key messages to various stakeholders across the country. This spend included Shs 10 million in free media value donated to the Kenya Covid-19 Emergency Fund that played a key role in raising more than Shs 2.6 billion to support the government's efforts in the supply of protective equipment to medical facilities and support for vulnerable communities with their immediate needs, including food.

**The Safe Nation Campaign sought to disseminate accurate, verified and up to date information about the pandemic**

**The campaign sought to create awareness about the virus, its symptoms, prevention measures and protocols to follow to decrease spread and steps to take in the event of an infection as well as how to operate in the new normal with a focus on working from home and maintaining mentally and emotionally healthy patterns.**





## Health

According to the World Health Organization (WHO), cancer remains the second leading cause of death globally, accounting for one in every six deaths, with breast, colorectal, lung, cervical and thyroid cancer being the most common among women. With a health pandemic at hand in 2020, cancer patients had a difficult time accessing information and health care services.

This informed Monitor Publication Limited's (MPL) decision to run an editorial campaign in the month of October to mark Breast Cancer Awareness month. The campaign focused on driving awareness about the disease and highlighting stories of patients living with the condition in the middle of the pandemic. MPL also hosted oncologists on its broadcast (radio and television stations) talk shows to keep the audiences informed, enhance engagement and answer questions from the community.

In addition to this, MPL partnered with health care providers (UMC Victoria Hospital, Ruby Medical Centre and AAR Health Services) to drive awareness about screening and testing



With a health pandemic at hand in 2020, cancer patients had a difficult time accessing information and health care services.

for cervical cancer at subsidized rates. This resulted in a total of 415 people being tested within the period of the campaign.



## Environment



**Waste Management**  
 ▼ **2.99%**  
 wastage reduced from 3.6% in 2019 to 2.99% in 2020.

Nation Media Group is committed to minimizing its environmental footprint and use of natural resources, carefully managing the effects of our operations on the natural environment. Our approach to environmental management involves identifying and controlling environmental risk events across all phases of our business from importation of raw materials through to production, operations and distribution of products across our markets.

We recognise that sustainable environmental management is not only the right thing to do, but also makes sound business sense given our dependence on natural resources such as trees for our products. Securing access to these resources, as well as being prepared for future changes, is key to ensuring the sustainability of our business.

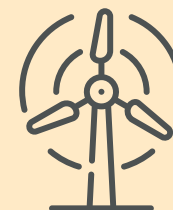
### Waste Management

Our day to day operational activities generate waste, some of which is chemically reactive and has the potential to negatively impact water and land quality if not identified early and managed effectively. In implementing our waste control plans, we focus on managing its storage to limit environmental impact and minimise operating and handling costs.

In 2020, newsprint (our most significant raw material) waste management remained a key focal point for the company. Following the various interventions taken over the years, the newsprint wastage reduced from 3.6% in 2019 to 2.99% in 2020.



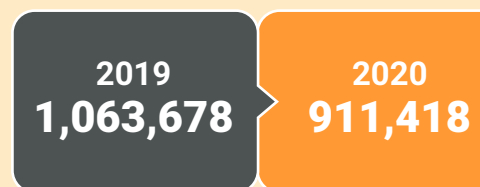
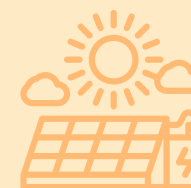
## Energy Use



Our focus on energy efficiency continues to reduce our existing power requirements and minimise our greenhouse gas emissions footprint.

We recognize the impact of human-induced climate change on the environment, economy and communities and are committed to being a part of the global solution by taking appropriate actions that will reduce our emissions intensity. Our focus on energy efficiency continues to reduce our power requirements and minimise our greenhouse gas emissions footprint. A hybrid of clean, renewable energy and traditional energy was employed to mitigate the negative impact on the surroundings arising from energy use in the production processes. In 2020 alone, our energy emissions reduced by 14% from Kwh 1,063,678 in 2019 to Kwh 911,418 in 2020. This in turn led to a reduction in electricity costs.

Reduction in energy emission ▼ **14%**



### Greenhouse Gas Emissions

In late 2020, NMG started measuring and reporting greenhouse gas emissions with total emissions recorded at 4,622 tonnes of carbon dioxide equivalent (tCO2e). Shipping of raw materials remains the greatest of the emissions accounting for up to 75%. Emission reduction measures planned for the next few years include installation of solar water heating, and purchase of raw materials from countries closer to the destination. Other plans to offset the impact on the environment include planting of trees.



## Human Capital

The digital disruptions in the media landscape have continued to impact our business model with the Covid-19 pandemic accelerating the need to reengineer the Group's digital journey. In the past year, NMG has adopted nimble organisational structures to ensure that we are lean and remain aligned to the three pillars of Content, Technology and Consumer. Our greatest asset remains our human capital, who have shown great resilience in the face of adverse working conditions and disruptions to the normal work cycle, to continue to support of our vision of being the Media of Africa for Africa.

### Culture Transformation & Change Program

The focus of the culture transformation for 2020 was on the new NMG and transformation to enhance digital readiness in the workforce.

The culture initiatives commenced in quarter four with a clear road map on *Nation.Africa* - the Group's digital brand - and an overview of the digital transformation journey, followed by a talent mapping and upskilling survey aimed at identifying gaps in digital skills sets and disablers within the different business units in Kenya.

In Tanzania, employee sessions to discuss the Group's and Mwananchi Communication Limited's (MCL) objectives, values, culture and digital transformation journey were held to enable staff to understand their role in the transformation.

Uganda also rolled out a staff engagement survey to assess the commitment and satisfaction index of the employees in readiness for the Group's digital transformation journey.

Three pillars of Content

Consumer



Technology



Content



KENYA

Sila Kiplagat : Photography/Digital Contest 2020 Winner  
Powered by The Chinese Embassy in Kenya  
& The Kenya Union of Journalists

TANZANIA

Halili Habibu Letea : Overall EJAT Winner for 2019  
Best Reporting on Oil, Gas and Mining Governance  
Best Reporting on Education  
Best Reporting on Data Journalism

Harieth Isaya Makweta : Best Reporting on Children

Godfrey Kahango

Rehema Matowo : Best Reporting on Menstrual Health & Hygiene  
Management

UGANDA

ACME Journalist Awards

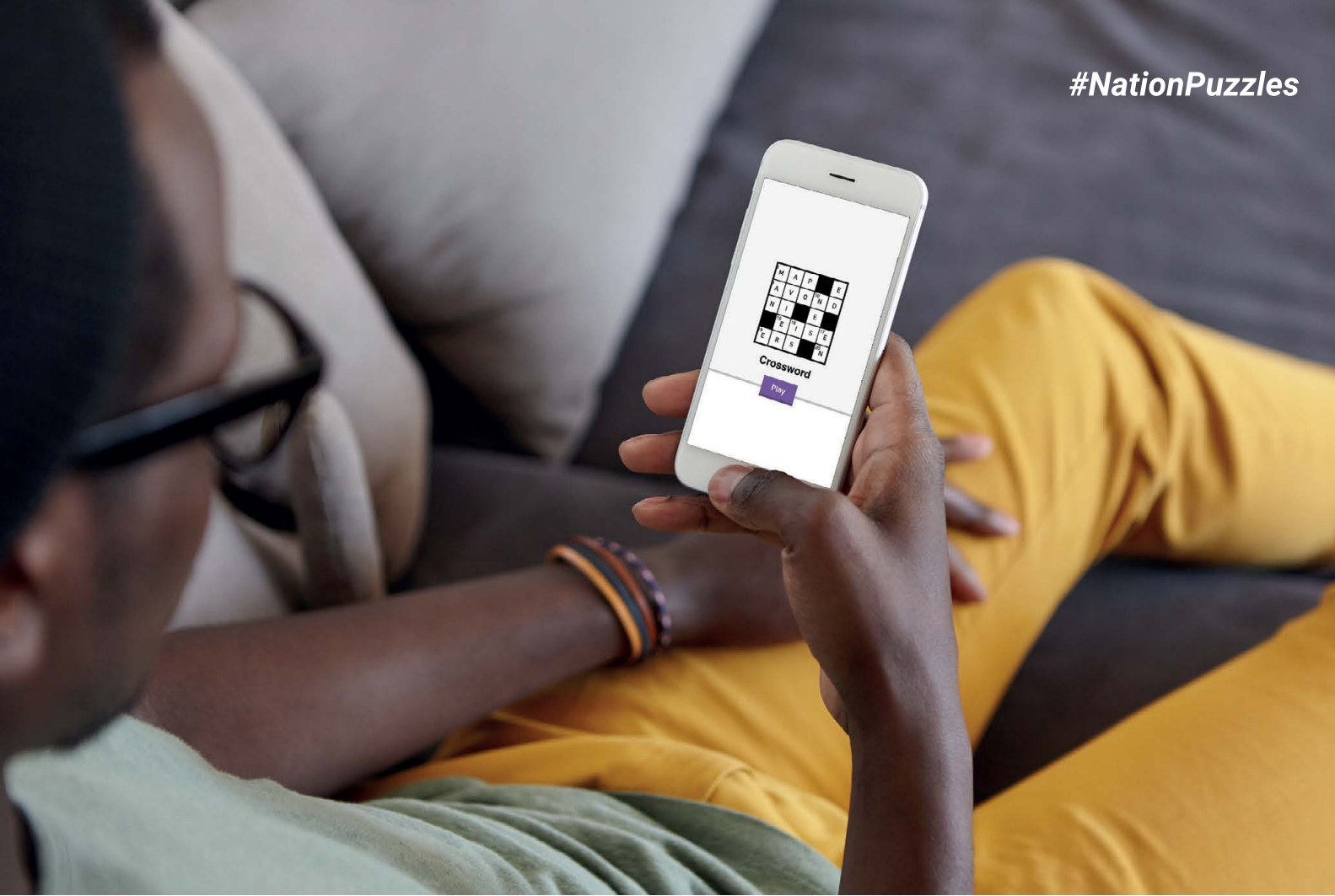
Frank Walusimbi : Best Arts Reporting Award  
Sudir Byaruhanga : Best Investigative Reporting Award  
Edgar Batte : Best Data Journalism Award  
Abubaker Lubowa : Best Photo & Video Award  
Ismail Musa Ladu : Best Business, Economy & Finance Reporting Award  
Abdul Nasser Ssemugabi : Best Sports Reporting Award  
George Katongole : 1st runner up - Sports Reporting Award  
John Cliff Wamala : 1st runner up - Breaking News  
Felix Ainebyoona : 2nd runner up - Features Reporting Award  
Andrew Kaggwa : 2nd runner up - Arts Reporting  
Patience Ahimbisibwe : 2nd runner up -National News Reporting Award  
Misiari Thembo Kahungu : 2nd runner up- Political Reporting  
Herbert Kamoga : 2nd runner up - Local Reporting  
Gerald Luyima : 2nd runner up - Local Reporting

Merck Foundation Media Awards

Esther Oluka : Best Print Reporting Award

Uganda Press Photo Awards

Abubaker Lubowa : 1st runner up  
Alex Esagala : 2nd runner up



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NATION

→ Puzzles







The true king of the jungle. A lion looking regal standing proudly on a small hill

***Media of Africa for Africa***





BOARD OF DIRECTORS		
<b>W D Kiboro</b>	:	Chairman (Kenyan)
<b>S Gitagama</b>	:	Group Chief Executive Officer (Kenyan)
<b>D Aluanga</b>	:	(Kenyan)
<b>S Dunbar-Johnson</b>	:	(British)
<b>S. Hassan</b>	:	(Kenyan)
<b>L Huebner</b>	:	(American)
<b>Y Jetha</b>	:	(British)
<b>W Mwangi</b>	:	(Kenyan)
<b>L Mususa</b>	:	(Tanzanian)
<b>F O Okello</b>	:	(Kenyan)
<b>L Otieno</b>	:	(Kenyan)
<b>A Poonawala</b>	:	(Swiss)
<b>A Ramji</b>	:	(British) Appointed on 27th March 2020
<b>R Tobiko</b>	:	(Kenyan)
<b>A Namwakira</b>	:	Company Secretary (Kenyan) Appointed 1st April 2021



**Dr. Wilfred Kiboro (76)** holds a Bachelor of Science (Civil Engineering) from the University of Nairobi. He retired from NMG as the Group Chief Executive Officer on 31st October 2006 after working for the Company for thirteen years. He was appointed a non-executive director in December 2006 and was elected the Chairman of the Board in September 2009. Dr. Kiboro was awarded an honorary Doctor of Philosophy degree by Kenyatta University in December 2015. He is a non-executive director and is a member of the Nominations and Governance Committee. Dr. Kiboro is the Chancellor of Riara University and the Chairman of Family Bank Limited and Wilfay Investments Limited, a family owned enterprise.



**Mr. Stephen Gitagama (54)** holds an MBA and a Bachelor of Commerce (Accounting) from the University of Nairobi and is a Certified Public Accountant of Kenya. He is the Group Chief Executive Officer and was appointed to the Board in March 2008. He previously worked as a Finance Director with East African Breweries Limited. Mr. Gitagama is an executive director, and director of the Group's Subsidiary Companies and a member of the Strategy and Investments, the Nominations and Governance and the Editorial Committees.



**Mr. Dennis Aluanga (53)** holds an MBA from the University of Edinburgh (United Kingdom) and is a Certified Public Accountant of Kenya. He was appointed to the board in March 2009. He is a Partner at Helios Investment Partners, an Africa focused private equity firm. He was previously the Chief Operating Officer at Industrial Promotion Services (East Africa) and has also worked at NMG as the Group Finance Director and the Chief Operating Officer. He is a non-executive director of Telkom Kenya Limited and Vivo Energy Kenya Limited. Mr. Aluanga is a non-executive director and is a member of the Nominations and Governance, Strategy and Investments and the Editorial Committees.



**Mr. Stephen Dunbar-Johnson (58)** is a graduate of Worth School and Kent University in the United Kingdom. He has attended an Executive Management program at the Wharton School, University of Pennsylvania (USA) and has undertaken the Sulzberger program at the Colombia School of Journalism (USA). He is the President, International of the New York Times Company and is responsible for the oversight and strategic development of the company's international digital and print business. Previously, he was the Publisher of the International Herald Tribune. He was appointed to the Board in April 2018 and is a member of the Strategy and Investments Committee.





**Mrs. Sumayya Hassan (47)** holds a Master of Laws (LLM) degree from the University of Bristol and a Bachelor of Laws (LLB) degree from Lancaster University. She is an Advocate of the High Court of Kenya and has a Postgraduate diploma in Law from the Kenya School of Law. Mrs Hassan is also a director at Takaful Insurance of Africa Limited. She was previously Managing Director and Chief Executive Officer of the National Oil Corporation of Kenya. She was appointed to the Board as an independent non-executive director in September, 2019 and is a member of the Editorial and the Strategy and Investments Committees.



**Prof. Lee Huebner (80)** holds a Ph.D. and an MA from Harvard University and a BA from Northwestern University (USA) and is a Professor of the School of Media and Public Affairs at The George Washington University in Washington, D.C. (USA). He was formerly a professor at Northwestern University and has also served as the Chief Executive Officer of the *International Herald Tribune* in Paris for fourteen years. He joined the board in December 1995. Prof. Huebner is a non-executive director and is the Chairman of the Nominations and Governance Committee and a member of the Strategy and Investments Committee.



**Mr. Leonard Mususa (67)** is a Fellow of the Association of Chartered Certified Accountants (UK) and the Certified Public Accountants of Tanzania. Currently a private Management Consultant, he was the Country Senior Partner of PricewaterhouseCoopers in Tanzania until his retirement in June 2014. He also served in other roles, including Head of Assurance Risk and Quality of the PwC Africa Central Region for three years and Head of Risk, Independence and Quality in the PwC East Africa Market area for two years. He was appointed to the NMG board as an independent non-executive director in March 2015. He is the Chairman of the Audit, Risk and Compliance Committee, a member of the Human Resource and Remuneration Committee and the Chairman of Mwananchi Communications Limited in Tanzania. He is also a director of NMB Bank PLC (Tanzania), Tanzania Breweries PLC and Reliance Insurance Company (Tanzania) Limited.



**Mr. Francis Okomo Okello (71)** holds a Bachelor of Laws Degree from the University of Dar es Salaam, Tanzania and is an Advocate of the High Court of Kenya. He is an Albert Parvin Fellow of Princeton University, Woodrow Wilson School of Public and International Affairs (USA) as well as a Fellow of the Kenya Institute of Bankers (FKIB). He joined the Board in December 1995. Mr. Okello is an Independent non-executive director of Absa Group Limited (formerly Barclays Africa Group Limited), Absa Bank Limited (South Africa) and immediate former Chairman of Absa Bank Kenya PLC (formerly Barclays Bank of Kenya PLC). He is also the Chairman of TPS Eastern Africa PLC (Serena Group of hotels and lodges). He is a member of the Advisory Board of Strathmore Business School, Strathmore University- Nairobi and is also a member of the Advisory Committee of the Aga Khan University, Faculty of Arts and Sciences-East Africa. He is currently an executive director at Industrial Promotion Services (East Africa). Mr. Okello is a non-executive director and is Chairman of the Editorial Committee.



**Dr. Yasmin Jetha (68)** holds a Masters degree in Management Science from Imperial College (London), and is a Fellow of the Chartered Institute of Management Accountants. She was awarded an honorary Doctor of Laws degree by the University of Leicester in 2005, and was made an honorary Fellow of the University of Bedfordshire in 2011. She is currently a non-executive director of NatWest Group Plc and also Guardian Media Group in the United Kingdom. During her executive career, she was the Chief Information Officer at Bupa and prior to that Chief Operating Officer at the Financial Times. Dr. Jetha joined the board in September 2009 as an independent non-executive director and is the Chairperson of the Human Resources and Remuneration Committee, and a member of the Strategy and Investments Committee.



**Mr. Wangethi Mwangi (68)** holds a Masters of Business Administration in Strategic Management from Strathmore University and a Bachelor of Arts in Literature in English and Political Science from the University of Nairobi, a Post Graduate Diploma in Mass Communication and a Certificate in professional mediation. He is a media professional with more than 30 years' experience in journalism. He previously worked for NMG rising to the position of Editorial Director. He is currently serving as a senior advisor to the African Media Initiative, a Pan African organization, which seeks to strengthen the media section to support national and continental efforts to achieve economic growth, democratic governance and social developments. He has served as a member of the Media Complaints Commission of Kenya and remains a member of the Kenya Editors Guild, which he helped to set up. Mr. Mwangi was appointed to the board as a non-executive director in July 2017 and is a member of both the Editorial and Human Resources and Remuneration Committees.



**Mr. Louis Otieno (56)** holds a Masters of Business Administration from Long Island University and a Bachelor of Science from Mercy College (USA). He is a software developer by training. Mr. Otieno began his professional career in the USA, rising to the position of Assistant Vice President at EEC Financial Services in New York. He joined Microsoft Corporation in 1997, leading the business in Africa in different capacities for 21 years. An ICT for Development leader, Mr. Otieno promoted innovation such as the use of TV white spaces to provide high speed, affordable broadband connectivity in the unserved rural areas. He is a non-executive director at Absa Kenya Limited and chairs the board of Absa Asset Management Limited. Mr. Otieno was appointed to the board as an independent non-executive director in July 2017. He chairs the Strategy and Investments Committee and is a member of the Human Resources and Remuneration Committee.



**Mr. Anwar Poonawala (74)** holds a Master of Science (Industrial Engineering) and an MBA from the University of Iowa (USA). He joined the board as a non-executive director in June 1989. He has been associated with the Aga Khan Development Network for over thirty years and retired in 2006 as the director of Industrial Promotion Services based in Paris, France. Mr. Poonawala is a director of AKFED. He is a member of the Audit, Risk and Compliance, the Nominations and Governance and the Human Resources and Remuneration Committees.





**Mr. Al-Noor Ramji (65)** is the Group Chief Digital Officer for Prudential PLC where is he responsible for developing and executing an integrated long- term digital strategy for the group. Before joining Prudential PLC, he worked at Northgate Capital, a venture capital firm in Silicon Valley where he ran technology focused funds. Prior to that he worked as Chief Executive Officer at BT Innovative and Design, and Chief Information Officer and Chief Technology Officer at BT Group Plc. Mr Ramji also worked in Qwest Communications, Dresdner Kleinworth Benson and Swiss Bank Corporation. He is the founder of Webtek Software Pvt Ltd and is on the board of Argo Group International Holdings Ltd. He received an undergraduate degree from the University of London and is a Chartered Financial Analyst (CFA). He was appointed to the board as an independent non-executive director on 27 March 2020 and is a member of the Audit Risk and Compliance Committee and the Strategy and Investments Committee.



**Mr. Richard Tobiko (47)** holds an MBA from Warwick Business School, University of Warwick (UK) and a Bachelor of Commerce (Accounting Option) degree from the University of Nairobi. He is a Certified Public Accountant (CPA - K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He has previously worked with several local and global organizations in the manufacturing and services sector; most notably KETRACO where he was General Manager, Finance and Strategy, General Electric (GE) as Centre Leader for Sub Sahara Africa shared services hub and African Development Bank as Financial Management Consultant. He was appointed Group Finance Director in October 2018 and joined the Board as an Executive Director on 1st March 2019 and he is a member of the Strategy and Investments Committee.



**Ms. Angela Namwakira (39)** is a partner at Adili Corporate Services Kenya. She is a Certified Public Secretary with experience in corporate secretarial and share registration work including advising boards on corporate governance and related issues. She is also involved in the administration of board and annual general meetings. Ms. Angela holds a Bachelor of Laws (LLB) from the University of Nairobi and is pursuing a Masters of Laws (LLM) in Tax Law from the University of South Africa. She is an advocate of the High Court of Kenya with over ten years post admission experience. She was appointed as Company Secretary on 1st April 2021.

# The EastAfrican



## No One Understands East Africa Like We Do





## Report of the Directors

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31st December 2020, which disclose the state of affairs of Nation Media Group PLC (the "Company") and its subsidiaries (together the "Group").

### PRINCIPAL ACTIVITIES

The principal activities of the Group are the publication, printing and distribution of newspapers, radio and television broadcasting and digital online products, in the East African countries of Kenya, Uganda, Rwanda and Tanzania.

### BUSINESS REVIEW

Kenya experienced a challenging economic environment due to the Covid-19 pandemic, which led to decreased domestic activity occasioned by the government's lockdown measures. Trade and travel disruption affecting key foreign exchange-earners such as tourism and horticulture exporters led to reduced foreign exchange earnings contributing to the Kenya shilling depreciating against major world currencies. Most listed companies issued profit warnings and reduced their workforce to remain afloat. The annual average inflation was 5.4 per cent.

In Uganda, the macro environment was negatively impacted by the pandemic due to a domestic lockdown that lasted more than four months, border closures for all but essential cargo, and the spillover effects of disruptions to global demand and supply chains. This resulted in a contraction in public investment and deceleration in private consumption, which affected the industrial, service and informal sectors. The inflation rate averaged 3.6 per cent in December 2020. In Tanzania, the country attained a lower-middle-income status five years early after the World Bank released the revised numbers of the country's gross national income (GNI) per capita. The upgrade for Tanzania results from a strong economic performance of over 6 per cent real gross domestic product (GDP) growth on average for the past decade. Most recently, the economy has been significantly challenged by the ongoing Covid-19 pandemic, especially in sectors reliant on global demand. Inflation has been low and stable at 3.2 per cent in December 2020.

NMG revenue both from advertisers who put on hold campaigns and readers whose movement was primarily restricted in quarter two led to a drastic decline in advertising revenue and circulation copy sales. Overall the performance was substantially cushioned by reduced operating costs focused on optimizing operations.

Group turnover at Shs 6.8 billion and total comprehensive income at Shs 0.1 billion were below the previous year. The results of the Group for the year are set out in the Group statement of comprehensive income on page 84.

### KEY PERFORMANCE HIGHLIGHTS

	2020	2019
	Shs m	Shs m
<b>Performance</b>		
Revenue	6,812.8	9,050.9
Profit before income tax	119.9	1,296.4
Total comprehensive income for the year	135.5	862.6
<b>Financial position</b>		
Non-current assets	4,863.2	5,184.7
Net current assets	3,547.3	3,338.3
Non-current liabilities	(477.5)	(725.5)
Non-controlling interest	(69.5)	(63.9)
Equity holders funds	7,863.5	7,733.6
Profit before tax as a percentage of revenue (%)	1.8	14.3
Earnings per share (Shs)	0.2	4.5
Dividends per share (Shs)	-	1.5
Dividends cover (times)	-	3.0
Capital expenditure – Excluding ROU Assets	233.5	183.5

## Report of the Directors (continued)

### PRINCIPAL RISKS AND MITIGATING STRATEGIES

The Group's principal risks are set out below. These risks have been assessed considering their potential impact and likelihood of occurrence, and the resultant residual risk based on management controls and actions put in place to mitigate the residual risk.

Principal risks	Mitigating strategies
1. Reputation risk Damage to NMG's reputation as a result of actions, behaviour or performance that falls short of stakeholder expectations.	<ul style="list-style-type: none"> <li>Improved consumer service training for staff.</li> <li>A "Ready for Regulation" strategy to ensure compliance with regulatory issues.</li> <li>Continuous improvement of the editorial gatekeeping function and compliance with editorial policy.</li> <li>Communication protocol for the Group including a social media policy.</li> <li>Continuous scanning of the social media and responding appropriately.</li> <li>Robust stakeholder management.</li> </ul>
2. Concentration risk Heavy reliance on print media and circulation revenue as the primary source of revenue.	<ul style="list-style-type: none"> <li>Exploring new revenue streams.</li> <li>Fully entrenching the digital/mobile first digital model and embedding the digital culture in the organization.</li> <li>Focus on developing or acquiring unique, relevant content.</li> </ul>
3. Litigation risk Defamatory content/information/message about an individual or company published or aired by the Group exposes Nation Media Group PLC to increased legal suits from persons impacted by the Group's content.	<ul style="list-style-type: none"> <li>Establishing and implementing robust internal controls within the company to prevent such occurrences.</li> <li>Putting in place disciplinary measures for offenders.</li> <li>Enforcing strict adherence of the editorial policy.</li> <li>Proactive training of staff on new media laws and regulations to comply without compromising product quality.</li> <li>Robust management of legal cases.</li> </ul>
4. Default risk Failure of a counterparty to a financial transaction to fulfill its financial obligation to Nation Media Group PLC.	<ul style="list-style-type: none"> <li>Strict credit control and vetting credit clients/transactions.</li> <li>Review debt collection continuously.</li> <li>Engage debt collectors where applicable.</li> <li>More judicious approval of credit to clients.</li> <li>Requirement for providing bank or insurance guarantees.</li> </ul>
5. Digital Transformation Strategy execution risk Capacity to deliver on the strategy and ability to attract and retain users to grow reader revenue	<ul style="list-style-type: none"> <li>Skills development and alignment of culture.</li> <li>Deployment of technology to support monetization of content.</li> <li>Deployment of data analytics and artificial intelligence (AI) to aid in decision making and content generation.</li> <li>Adoption of agile project management.</li> </ul>



## Report of the Directors (continued)

### DIVIDENDS

The Group is making extensive investments in innovation to grow new revenue streams and gradually transition to digital media becoming a significant contributor of its revenue as the scope for growth in the legacy media business declines gradually. The contemplated investments will require substantial resources including material cash reserves to actualize the initiatives.

Considering the above, the Directors do not recommend payment of dividend for the year. (2019: Shs 1.50)

### DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 60.

Mr. A. Ramji was appointed to the Board on 27th March, 2020 in accordance with Article 96 of the Company's Articles of Association.

Mr. D. Aluanga, Mr. S. Dunbar-Johnson and Mr. L. Otieno are directors who retire by rotation in accordance with Article 110 of the Company's Articles of Association and being eligible, offer themselves for re-election.

Dr. W. Kiboro, Prof. L. Huebner, Mr. A. Poonawala and Mr. F. Okello are directors who being over the age of 70 retire in accordance with Article 101 of the Company's Articles of Association and offer themselves for election as directors of the Company for a further period of one year.

### By order of the Board



**A Namwakira**  
Company Secretary  
28 April 2021

# POPOTE Tunakufikia

## TUNAKULETEA GAZETI MAHALI ULIPO!

Iwe Ofisini, Nyumbani, Hotelini au mahali popote.



**PIGA BURE  
0800750111**

**MWANA SPOTI**  
USIKOSE SAFU  
CHISHWABU

**THE CITIZEN**

**MWANANCHI**  
Matumaini ya wananchi  
bajeti ya Serikali

**JIPATIE NAKALA YAKO**



Ripoti ya Wakurugenzi Wakuu

Wakurugenzi wana furaha katika kuwasilisha ripoti yao na taarifa za kifedha zilizofanyiwa ukaguzi kwa mwaka uliomalizikia tarehe 31 Desemba 2020, inayoonyesha hali halisi ya shughuli za Nation Media Group PLC (“Kampuni”) na tanzu zake (pamoja “Shirika”).

SHUGHULI KUU

Shughuli kuu za Shirika ni kuyashughulikia machapisho, uchapishaji na usambazaji wa magazeti, matangazo ya redio na televisheni na bidhaa za kidijitali kwenye mtandao, katika nchi za Afrika Mashariki ambazo ni Kenya, Uganda, Rwanda na Tanzania.

UTATHMINI WA BIASHARA

Kenya ilipitia mazingira ya uchumi yenye changamoto kwa sababu ya janga tandavu la Covid-19, lililosababisha kupungua kwa shughuli za ndani kwa sababu ya hatua za serikali za kufunga baadhi ya shughuli. Kuvurugwa kwa biashara na usafiri kuliathiri watu ambao hupata pesa za kigeni kama vile utalii na wauzaji wa maua nje ya nchi kulisababisha kupungua kwa mapato ya pesa za kigeni na kufanya shilingi ya Kenya kushuka kwa thamani ikilinganishwa na sarafu kuu duniani. Makampuni mengi yaliyoorodheshwa yalitoa maonyo ya faida na kupunguza wafanyakazi wao ili kuendelea kufanya shughuli zao. Mfumko wa bei wa wastani kwa mwaka huo ulikuwa wa asilimia 5.4.

Huko Uganda, mazingira makuu yaliathiriwa kwa njia hasi na tandavu hili kwa sababu ya kufunga shughuli za nchi kwa zaidi ya miezi minne, kufungwa kwa mipaka kwa kila kitu isipokuwa mizigo muhimu, na athari za kuvurugwa kwa mifumo ya usambazaji wa bidhaa ulimwenguni. Hii ilisababisha kupungua katika uwekezaji wa umma na kuchelewa katika matumizi ya kibinafsi, kulikoathiri sekta za viwanda, huduma na zisizo rasmi. Kiwango cha mfumko wa bei kilikuwa asilimia 3.6 kwa wastani Desemba 2020. Huko Tanzania, taifa hilo lilifikia kiwango cha kati cha hali ya uchumi wa chini kwa miaka mitano mapema baada ya Benki ya Dunia kutoa idadi iliyorekebisha ya jumla ya mapato ya kitaifa katika (GNI) nchi hiyo kwa kila mtu. Kupandishwa huko kwa daraja kwa Tanzania kulitokana na utendaji imara wa kiuchumi wa zaidi ya asilimia 6 ya ukuaji wa jumla kamilifu ya bidhaa za ndani (GDP) kwa wastani katika mwongo mmoja uliopita. Hivi karibuni zaidi, uchumi umeathiriwa pakubwa na tandavu la Covid-19 linaloendelea, hasa katika sekta zinazotegemea mahitaji ulimwenguni kote. Mfumko wa bei umekuwa chini na kusimamia kwa asilimia 3.2 mnamo Desemba 2020.

Mapato ya NMG kutoka kwa wateja waliotangaza biashara zao nasi na hususan wale waliositisha kampeni pamoja na wasomaji ambao mizunguko yao ya kimsingi iliwekewa vikwazo katika robo ya pili ya mwaka ilisababisha kuzorota kwa mapato ya utangazaji na kuzunguka kwa mauzo ya nakala. Utendakazi wa jumla ulisaidiwa pakubwa na gharama za kibiashara zilizopunguzwa kwa kulenga kuongeza utendakazi.

Faida ya Shirika ya shilingi bilioni 6.8 na jumla ya mapato ya shilingi bilioni 0.1 zilikuwa chini ya mwaka uliotangulia. Matokeo ya Shirika kwa mwaka yameelezwa katika taarifa ya mapato ya Shirika kwenye ukurasa wa 84.

TAARIFA NA MAELEZO MUHIMU YA UTENDAKAZI

	2020	2019
	Kshs. milioni	Kshs. milioni
<strong>Utendakazi</strong>		
Mapato	6,812.8	9,050.9
Faida kabla ya ushuru wa mapato	119.9	1,296.4
Jumla ya mapato kamilifu ya mwaka	135.5	862.6
<strong>Hali ya kifedha</strong>		
Mali zisizo za Fedha	4,863.2	5,184.7
Jumla ya mali za kifedha	3,547.3	3,338.3
Dhima zisizolipwa kwa fedha	(477.5)	(725.5)
Wenyehisa za chini ya asilimia hamsini	(69.5)	(63.9)
Fedha za wamiliki wa usawa	7,863.5	7,733.6
<strong>Faida kabla ya ushuru kama asilimia ya mapato (%)</strong>		
Mapato kwa kila hisa (Shilingi)	0.2	4.5
Migao kwa kila hisa (Shilingi)	-	1.5
Migao ya Hisa (mara)	-	3.0
Pesa zilizotumika kununua au kukarabati mali - Bila kujumuisha Mali za ROU	233.5	183.5

Ripoti ya Wakurugenzi Wakuu (inaendelea)

HATARI KUU NA MIKAKATI YA KUPUNGUZA

Hatari kuu za Shirika zimeonyeshwa hapo chini. Hatari hizi zimetathminiwa kwa kuzingatia athari yao inayowezekana na uwezekano wa kutokea, na hatari ya ukaaji itakayotokea kutegemea udhibiti wa usimamizi na hatua zilizochukuliwa ili kupunguza hatari ya ukaaji.

Hatari kuu	Mikakati ya upunguzaji
1. Hatari ya sifa  Uharibifu wa sifa ya NMG kwa sababu ya hatua, tabia au utenda-kazi unaokosa kutimiza matarajio ya mshikadau.	<ul style="list-style-type: none"><li>Kuboreshwa kwa mafunzo ya huduma ya mtumiaji kwa wafanya-kazi.</li><li>Mkakati wa “Kuwa Tayari kwa Udhibiti” ili kuhakikisha utifu wa masuala ya udhibiti.</li><li>Maendeleo endelevu ya kazi ya usimamizi wa uhariri na utifu wa sera ya uhariri.</li><li>Itifaki ya mawasiliano ya Shirika ikijumuisha sera ya mtandao wa kijamii.</li><li>Kuendelea kutambaza mtandao wa kijamii na kujibu inavyofaa.</li><li>Usimamizi imara wa mshikadau.</li></ul>
2. Hatari ya umakinifu  Kutegemea zaidi vyombo vya habari vya magazeti na mapato ya mzunguko kama chanzo msingi kikuu cha mapato.	<ul style="list-style-type: none"><li>Kuchunguza mikondo mipya ya mapato.</li><li>Kuingilia kabisa muundo wa kwanza wa kidijitali wa dijitali/mfumo wa rununu wa kidijitali na kuudumisha utamaduni wa kidijitali katika shirika.</li><li>Lengo la kuendeleza au kupata maudhui muhimu ya kipekee.</li></ul>
3. Hatari ya kwenda mahakamani  Maudhui/taarifa/ujumbe wa kuharibu jina kuhusu mtu au kampuni uliochapishwa au kutangazwa na Shirika huweka wazi Nation Media Group PLC kwa mfumko wa kesi za kisheria kuto-ka kwa watu walioathiriwa na maudhui ya Shirika.	<ul style="list-style-type: none"><li>Kuanzisha na kutekeleza udhibiti mkubwa wa ndani ya kampuni ili kuzuia matukio kama hayo.</li><li>Kuweka hatua za nidhamu kwa wakiukaji.</li><li>Kutekeleza uzingatiaji mkali wa sera ya uhariri.</li><li>Mafunzo amilifu zaidi ya wafanyakazi kuhusu sheria na masharti mapya ya vyombo ya habari ya kufuatilia bila kutoridhisha ubora wa bidhaa.</li><li>Usimamizi mkali wa kesi za kisheria.</li></ul>
4. Hatari ya kukosa kulipa  Kukosa kwa mshirika kwa muamala wa kifedha ili kutimiza waji-bu wake wa kifedha kwa Nation Media Group PLC.	<ul style="list-style-type: none"><li>Udhibiti mkali wa mkopo na kupiga msasa wateja/miamala ya mkopo.</li><li>Kukagua ukusanyaji wa deni mara kwa mara.</li><li>Kuhusisha watu wa kukusanya madeni panapowezekana.</li><li>Uidhinishaji zaidi wa mkopo kwa wateja wake.</li><li>Mahitaji ya kutoa dhamana za benki au bima.</li></ul>
5. Hatari ya utekelezaji wa Mkakati wa Mabadiliko ya Kidijitali  Uwezo wa kutoa kwenye mkakati na uwezo wa kuvutia na kudumisha watumiaji ili kukuza mapato ya msomaji	<ul style="list-style-type: none"><li>Ukuaji wa ujuzi na mfuatano wa utamaduni.</li><li>Usambazaji wa teknolojia ili kusaidia ubidhaishaji wa maudhui.</li><li>Usambazaji wa uchanganuzi wa data na akili bandia (AI) ili kusaidia katika kufanya maamuzi na uzalishaji wa maudhui.</li><li>Ukubalifu wa usimamizi mwepesi wa mradi.</li></ul>



## Ripoti ya Wakurugenzi Wakuu (inaendelea)

### MIGAO

Shirika linafanya uwekezaji mkubwa kwa uvumbuzi kwa lengo la kuimarisha mikondo mipya ya mapato na mapito ya hatua kwa hatua hadi kufikia vyombo vya habari vya kidijitali na kuwa mhusika mkuu na muhimu wa mapato yake wakati upeo wa ukuaji katika biashara ya historia ya vyombo vya habari inapungua polepole. Uwekezaji unaotazamiwa utahitaji rasilimali nyingi ikijumuisha akiba ya fedha ili kutekeleza mipango.

Kwa kuzingatia yaliyopo hapo juu, Wakurugenzi hawapendekezi malipo ya faida za mwaka huo. (2019: Shilingi 1.50)

### WAKURUGENZI

Wakurugenzi waliokuwa kwenye hatamu ya uongozi katika mwaka na hadi tarehe ya ripoti hii wameorodheshwa kwenye ukurasa wa 60.

Bwana A. Ramji aliteuliwa kwenye Bodi mnamo tarehe 27 Machi 2020 kwa mujibu wa Ibara ya 96 ya Katiba ya Kampuni.

Bw. D. Aluanga, Bw. S. Dunbar-Johnson na Bw. L. Otieno ni wakurugenzi waliostaafu kwa mzunguko kwa mujibu wa Ibara ya 110 ya Katiba ya Kampuni na kwa kustahiki, wakajitolea kwa uchaguzi tena.

Dkt. W. Kiboro, Prof. L. Huebner, Bw. A. Poonawala na Bw. F. Okello ni wakurugenzi ambao kwa kuwa na umri wa zaidi ya miaka 70 wanastaafu kwa mujibu wa Ibara ya 101 ya Katiba ya Kampuni kwa kujitoa kwa ajili ya uchaguzi kama wakurugenzi wa Kampuni kwa kipindi zaidi cha mwaka mmoja.

### Kwa amri ya Bodi



**A Namwakira**

Katibu

28 April 2021

## Directors' Remuneration Report

### INFORMATION NOT SUBJECT TO AUDIT

#### Annual Statement and Statement of company's policy on directors' remuneration

The Nation Media Group PLC non-executive directors' remuneration is recommended by the Human Resources and Remuneration Committee to the board. The directors' remuneration was reduced by between 20% -35% in 2020 as a measure to cushion the business from the adverse impact of the Covid-19 pandemic.

The executive directors comprise of the Group Chief Executive Officer and the Group Finance Director. Their remuneration is approved by the Chairman of the Board. They have annual performance targets, and an approved bonus policy which is in line with the rest of the employees.

The Group does not run any share option schemes.

#### Contract of service

The non-executive directors are appointed under a three-year contract and are subject to retirement by rotation. However, they are eligible for re-election at the Annual General Meeting (AGM). Those above the age of 70 are required to retire at each AGM but are eligible for re-election.

The executive directors are employees who are on permanent and pensionable terms of employment.

#### Statement of voting at general meeting

During the AGM held on 26 June 2020, the shareholders unanimously authorized the board to fix the remuneration of the non-executive directors.

Summary of the remuneration policy in respect of Non-Executive Directors (NEDs)

The following are highlights of the Board remuneration policy for the Group:

- All fees of NEDs are fixed and are reviewed after every two years to take into account factors such as the prevailing rate of inflation and the competitive environment to attract and retain suitably qualified individuals.
- The fees are paid quarterly and those NEDs who need to allocate more time than the norm are compensated through payment of sitting allowances.
- Different rates apply to the Board members, the Chairmen of the various Board Committees and the Board Chairman, proportionate to the services and responsibilities rendered.
- NEDs are reimbursed for all business expenses relating to airfare, accommodation, taxis, and visa fees incurred on Company business on actual basis supported by official receipts.
- The NEDs remuneration is approved by the shareholders in conformity with the Company's Articles of Association and the Capital Markets Authority Regulations.
- The Company had in place a policy for payment on retirement for long serving NEDs. This policy was discontinued in 2012 and there are now only four NEDs, who were appointed prior to September 2008 eligible for such payment on retirement.



## Directors' Remuneration Report (continued)

### INFORMATION SUBJECT TO AUDIT

The following table shows a single figure remuneration for the executive, Chairman and non-executive directors in respect of qualifying services for the year ended 31 December 2020 together with the comparative figures for 2019.

The aggregate directors' emoluments are shown under Note 31(vi).

For the year ended 31 December 2020	Salary	Fees	Bonuses	Expense allowances	Long term/ terminal benefits	Total
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Stephen Gitagama	30.1	-	-	0.3	2.0	32.4
Richard Tobiko	16.5	-	-	-	1.0	17.5
Wilfred Kiboro	-	4.3	-	0.1	-	4.4
Francis Okello	-	2.3	-	0.1	-	2.4
Anwar Poonawala*	-	1.5	-	-	-	1.5
Lee Huebner	-	2.0	-	-	-	2.0
Yasmin Jetha	-	2.0	-	-	-	2.0
Dennis Aluanga	-	2.4	-	-	-	2.4
Sumayya Hassan	-	1.5	-	-	-	1.5
Ali Noor Ramji	-	1.0	-	-	-	1.0
Leonard C Mususa	-	2.4	-	-	-	2.4
Louis Otieno	-	2.0	-	-	-	2.0
Wangethi Mwangi	-	2.9	-	-	-	2.9
Stephen Dunbar Johnson	-	1.5	-	-	-	1.5
<b>Totals</b>	<b>46.6</b>	<b>25.8</b>	<b>-</b>	<b>0.5</b>	<b>3.0</b>	<b>75.9</b>

\*Payment with respect to services provided by Anwar Poonawala was paid to Aga Khan Fund for Economic Development (AKFED).

## Directors' Remuneration Report (continued)

### INFORMATION SUBJECT TO AUDIT (CONTINUED)

For the year ended 31 December 2019	Salary	Fees	Bonuses	Expense allowances	Long term/ terminal benefits	Total
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Stephen Gitagama	38.8	-	-	0.1	2.6	41.5
Richard Tobiko	20.0	-	-	-	1.2	21.2
Wilfred Kiboro	-	5.2	-	0.1	-	5.3
Francis Okello	-	2.6	-	0.1	-	2.7
Anwar Poonawala*	-	1.7	-	-	-	1.7
Lee Huebner	-	2.3	-	-	-	2.3
Yasmin Jetha	-	2.3	-	-	-	2.3
Dennis Aluanga	-	2.9	-	-	-	2.9
Sumayya Hassan	-	0.4	-	-	-	0.4
Simon Kagugube	-	2.2	-	-	-	2.2
James Montgomery	-	0.6	-	-	-	0.6
Leonard C Mususa	-	2.3	-	-	-	2.3
Louis Otieno	-	1.9	-	-	-	1.9
Wangethi Mwangi	-	3.5	-	-	-	3.5
Stephen Dunbar Johnson	-	1.7	-	-	-	1.7
<b>Totals</b>	<b>58.8</b>	<b>29.6</b>	<b>-</b>	<b>0.3</b>	<b>3.8</b>	<b>92.5</b>

\*Payment with respect to services provided by Anwar Poonawala was paid to Aga Khan Fund for Economic Development (AKFED).

### On behalf of the Board



**Chairperson,**  
Human Resources and Remuneration Committee  
28 April 2021





**Stephen Gitagama**  
Group Chief Executive Officer



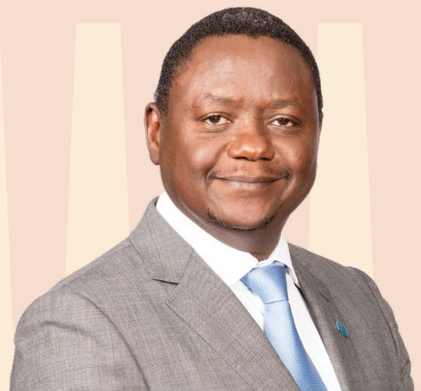
**Richard Tobiko**  
Group Finance Director



**Monicah Ndung'u**  
Head of Broadcasting



**James Sogoti**  
General Manager-Commercial



**Mutuma Mathiu**  
Editorial Director



**Tony Glencross**  
Managing Director, Uganda



**Clifford Machoka**  
Head of External Affairs & Marketing



**Rachel Wanyoike**  
Head of Audit, Risk and Compliance



**Sekou Owino**  
Head of Legal



**Jane Muiruri**  
Head of Human Resources



**Bakari Machumu**  
Managing Director, Mwananchi Communications Limited



DAILY  NATION

“

When leaders are  
super spreaders

”

#YouDeserveTheTruth

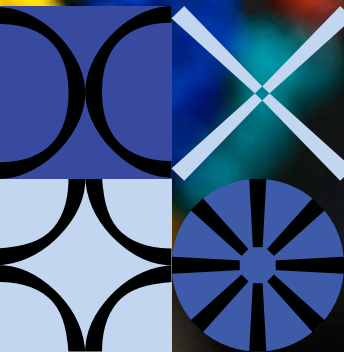


Financial Statements



*Media of Africa for Africa*

Zulu traditional, hand crafted  
beaded bracelets





## Statement Of Directors' Responsibilities for the year ended 31 December 2020

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and of their financial performance for the year then ended. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enable them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- Selecting suitable accounting policies and then applying them consistently; and
- Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Group's and Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of directors on 28 April 2021 and signed on its behalf by:

**Dr. W D Kiboro**  
Chairman

**R Tobiko**  
Group Finance Director



## Independent Auditor's Report to the Shareholders of Nation Media Group PLC the Year Ended 31 December 2020

### Report on the audit of the financial statements

#### Our opinion

We have audited the accompanying financial statements of Nation Media Group PLC (the Company) and its subsidiaries (together, the Group) set out on pages 84 to 127, which comprise the Group and Company statements of financial position at 31 December 2020 and the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Nation Media Group PLC give a true and fair view of the financial position of the Group and the Company at 31 December 2020 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the 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 financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Credit risk and estimation of expected credit losses on trade receivables</b></p> <p>The group is exposed to credit risk arising, mainly, from credit sales of goods to customers. The credit risk was heightened in the year by the increased emerging competition and challenging economic environment due to the impact of the Covid-19 pandemic.</p> <p>The recognition of credit loss allowances on financial assets, as required by IFRS 9, involves the use of significant judgements and estimates by management. This makes this an area of focus.</p> <p>Management have applied significant judgements and estimates in the following areas as described in note 3 of the financial statements:</p> <ol style="list-style-type: none"> <li>The determination and application of IFRS 9 risk parameters i.e. probably of default (PD), loss given at default (LGD) and definition of default for trade receivables; and</li> <li>Determination of expected timing for settlement of government trading debt.</li> </ol> <p>The disclosures on the application of IFRS 9 in the determination of expected credit losses are in note 4(b) of the financial statements.</p>	<ul style="list-style-type: none"> <li>We assessed the Group's accounting policies for compliance with the principles of IFRS 9.</li> <li>We assessed and tested the key modelling assumptions for reasonableness, including the expected timing of the settlement of receivables from the government.</li> <li>We validated the key inputs into the expected credit loss model against source documents/reports and checked for the mathematical accuracy of the model. We also challenged management's definition of default.</li> <li>We evaluated the adequacy of disclosures in the financial statements in accordance with the requirements of the International Financial Reporting Standards.</li> </ul>





## Independent Auditor's Report to the Shareholders of Nation Media Group PLC the Year Ended 31 December 2020 (continued)

### Other information

The other information comprises the company information, the corporate governance statement, the chairman's statement, the directors' profiles, the report of the directors, the statement of directors responsibilities, the non-auditable part of the directors' remuneration report, the notice of the annual general meeting, and the report of principal shareholders which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the 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 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 we have received 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.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements or, if such disclosures



## Independent Auditor's Report to the Shareholders of Nation Media Group PLC the Year Ended 31 December 2020 (continued)

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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's 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 matters prescribed by the Companies Act, 2015

#### Report of the directors

In our opinion the information given in the directors' report on pages 66 to 68 is consistent with the financial statements.

### Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 74 to 75 has been properly prepared in accordance with the Companies Act, 2015.

*Bernice Kimacia*

**CPA Bernice Kimacia, Practising certificate No. 1457**  
**Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP**  
**Certified Public Accountants**  
**Nairobi**

**28 April 2021**



## Statements of Comprehensive Income

for the year ended 31 December


		Group		Company	
	Notes	2020 Shs m	2019 Shs m	2020 Shs m	2019 Shs m
Revenue	5	6,812.8	9,050.9	5,016.1	6,922.3
Cost of sales		(1,148.0)	(1,814.1)	(825.9)	(1,342.0)
<b>Gross profit</b>		<b>5,664.8</b>	<b>7,236.8</b>	<b>4,190.2</b>	<b>5,580.3</b>
Distribution costs		(279.0)	(318.2)	(203.0)	(225.6)
Administrative expenses		(3,824.6)	(4,274.0)	(2,740.7)	(3,069.1)
Net impairment losses on financial assets		(124.3)	202.1	(124.2)	198.8
Other expenses		(1,530.3)	(1,735.5)	(1,180.3)	(1,376.1)
<b>Operating (loss)/profit</b>	6	<b>(93.4)</b>	<b>1,111.2</b>	<b>(58.0)</b>	<b>1,108.3</b>
Finance income	8	203.2	197.6	170.6	164.8
Finance costs	8	(42.0)	(84.4)	(36.4)	(70.3)
Share of profit after income tax of associate	17	52.1	72.0	-	-
<b>Profit before income tax</b>		<b>119.9</b>	<b>1,296.4</b>	<b>76.2</b>	<b>1,202.8</b>
Income tax expense	9	(72.0)	(440.4)	(39.5)	(403.7)
<b>Profit for the year</b>		<b>47.9</b>	<b>856.0</b>	<b>36.7</b>	<b>799.1</b>
<b>Other comprehensive income:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Currency translation differences		69.2	22.1	-	-
Other comprehensive income from associate	17	18.4	(15.5)	-	-
		<b>87.6</b>	<b>6.6</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>135.5</b>	<b>862.6</b>	<b>36.7</b>	<b>799.1</b>
<b>Profit for the year attributable to:</b>					
Owners of the parent		48.1	849.3	-	-
Non-controlling interest		(0.2)	6.7	-	-
		<b>47.9</b>	<b>856.0</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		129.9	855.4	-	-
Non-controlling interest		5.6	7.2	-	-
		<b>135.5</b>	<b>862.6</b>	<b>-</b>	<b>-</b>
<b>Basic earnings per share (Shs)</b>	10	0.2	4.5	-	-
<b>Diluted earnings per share (Shs)</b>	10	0.2	4.1	-	-

## Statements of Financial Position

at 31 December

		Group		Company	
	Notes	2020 Shs m	2019 Shs m	2020 Shs m	2019 Shs m
<b>CAPITAL EMPLOYED</b>					
<b>Attributable to the Company's equity holders</b>					
Share capital	11	518.5	471.4	518.5	471.4
Other reserves	12	(57.7)	(134.9)	96.9	99.5
Retained earnings		7,402.7	7,397.1	5,542.4	5,550.2
		<b>7,863.5</b>	<b>7,733.6</b>	<b>6,157.8</b>	<b>6,121.1</b>
Non-controlling interest		69.5	63.9	-	-
<b>Total equity</b>		<b>7,933.0</b>	<b>7,797.5</b>	<b>6,157.8</b>	<b>6,121.1</b>
<b>Non-current liabilities</b>					
Deferred income tax	13	29.1	27.3	-	-
Lease liabilities	16	448.4	692.2	357.8	571.3
Post-employment benefit obligation	26	-	6.0	-	6.0
		<b>477.5</b>	<b>725.5</b>	<b>357.8</b>	<b>577.3</b>
<b>Total equity and non-current liabilities</b>		<b>8,410.5</b>	<b>8,523.0</b>	<b>6,515.6</b>	<b>6,698.4</b>
<b>Non-current assets</b>					
Land and buildings	14(a)	599.0	595.2	408.0	426.2
Plant and equipment	14(b)	1,372.2	1,710.0	1,054.2	1,349.6
Right of use asset	16	644.6	871.6	503.2	702.2
Intangible assets	15	292.9	191.6	266.6	167.7
Investment in associate	17	1,485.4	1,422.6	94.6	94.6
Investment in subsidiaries	18	-	-	702.8	702.8
Deferred income tax	13	366.9	282.6	290.8	206.0
Post-employment benefit obligation	26	27.5	-	27.5	-
Other assets	19	74.7	111.1	74.7	111.1
		<b>4,863.2</b>	<b>5,184.7</b>	<b>3,422.4</b>	<b>3,760.2</b>
<b>Current assets</b>					
Inventories	20	521.4	656.7	431.8	508.9
Receivables and prepayments	21	3,504.5	3,623.0	2,799.5	2,874.1
Cash and cash equivalents	22	1,344.2	1,039.0	1,063.2	817.3
Short-term investments	23	1,530.0	1,520.0	1,338.3	1,362.0
Current income tax		57.3	73.3	26.9	40.5
		<b>6,957.4</b>	<b>6,912.0</b>	<b>5,659.7</b>	<b>5,602.8</b>
<b>Current liabilities</b>					
Payables and accrued expenses	24	2,720.6	2,906.0	1,933.7	2,046.0
Provisions	25	558.3	537.9	536.5	515.1
Lease liabilities	16	131.2	129.8	96.3	103.5
		<b>3,410.1</b>	<b>3,573.7</b>	<b>2,566.5</b>	<b>2,664.6</b>
<b>Net current assets</b>		<b>3,547.3</b>	<b>3,338.3</b>	<b>3,093.2</b>	<b>2,938.2</b>
<b>Total assets less current liabilities</b>		<b>8,410.5</b>	<b>8,523.0</b>	<b>6,515.6</b>	<b>6,698.4</b>

The financial statements on pages 84 to 127 were approved and authorised for issue by the board of directors on 28th April 2021 and signed on its behalf by:

  
**Dr. W D Kiboro**  
Chairman

  
**R Tobiko**  
Group Finance Director



## Group Statement of Changes in Equity

for the year ended 31 December

	Attributable to equity holders of the Company							
	Notes	Share capital	Other reserves	Retained Earnings	Proposed dividends	Total	Non-controlling interest	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
<b>Year ended 31 December 2019</b>								
<b>At start of year</b>		<b>471.4</b>	<b>(136.4)</b>	<b>6,826.0</b>	<b>659.9</b>	<b>7,820.9</b>	<b>56.7</b>	<b>7,877.6</b>
Profit for the year		-	-	849.3	-	849.3	6.7	856.0
<b>Other comprehensive income, net of tax</b>								
Currency translation differences		-	21.6	-	-	21.6	0.5	22.1
Transfer of excess depreciation		-	(6.5)	6.5	-	-	-	-
Deferred income tax on transfer		-	1.9	(1.9)	-	-	-	-
Share of comprehensive income in associate	17	-	(15.5)	-	-	(15.5)	-	(15.5)
<b>Total other comprehensive income</b>		<b>-</b>	<b>1.5</b>	<b>4.6</b>	<b>-</b>	<b>6.1</b>	<b>0.5</b>	<b>6.6</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>1.5</b>	<b>853.9</b>	<b>-</b>	<b>855.4</b>	<b>7.2</b>	<b>862.6</b>
<b>Transactions with owners</b>								
Dividends:								
- Final for 2018		-	-		(659.9)	(659.9)	-	(659.9)
- Interim for 2019 paid	27	-	-	(282.8)	-	(282.8)	-	(282.2)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>(282.8)</b>	<b>(659.9)</b>	<b>(942.7)</b>	<b>-</b>	<b>(942.7)</b>
<b>At end of year</b>		<b>471.4</b>	<b>(134.9)</b>	<b>7,397.1</b>	<b>-</b>	<b>7,733.6</b>	<b>63.9</b>	<b>7,797.5</b>

## Group Statement of Changes in Equity

for the year ended 31 December (continued)

		Attributable to equity holders of the Company					
	Notes	Share capital	Other reserves	Retained Earnings	Total	Non-controlling interest	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
<b>Year ended 31 December 2020</b>							
At start of year		<b>471.4</b>	<b>(134.9)</b>	<b>7,397.1</b>	<b>7,733.6</b>	<b>63.9</b>	<b>7,797.5</b>
Profit for the year		-	-	48.1	48.1	(0.2)	47.9
<b>Other comprehensive income, net of tax</b>							
Currency translation differences		-	63.4	-	63.4	5.8	69.2
Transfer of excess depreciation		-	(6.5)	6.5	-	-	-
Deferred income tax on transfer		-	1.9	(1.9)	-	-	-
Share of comprehensive income in associate	17	-	18.4	-	18.4	-	18.4
<b>Total other comprehensive income</b>		<b>-</b>	<b>77.2</b>	<b>4.6</b>	<b>81.8</b>	<b>5.8</b>	<b>87.6</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>77.2</b>	<b>52.7</b>	<b>129.9</b>	<b>5.6</b>	<b>135.5</b>
<b>Transactions with owners</b>							
Bonus share issue	11	47.1	-	(47.1)	-	-	-
<b>At end of year</b>		<b>518.5</b>	<b>(57.7)</b>	<b>7,402.7</b>	<b>7,863.5</b>	<b>69.5</b>	<b>7,933.0</b>



## Company Statement of Changes in Equity

for the year ended 31 December

		Share capital	Other reserves	Retained earnings	Proposed dividends	Total equity
	Notes	Shs m	Shs m	Shs m	Shs m	Shs m
<b>Year ended 31 December 2019</b>						
At start of year		471.4	102.1	5,031.3	659.9	6,264.7
<b>Total comprehensive income</b>						
Profit for the year		-	-	799.1	-	799.1
<b>Other comprehensive income, net of tax</b>						
Transfer of excess depreciation		-	(3.7)	3.7	-	-
Deferred income tax on transfer		-	1.1	(1.1)	-	-
<b>Total other comprehensive income</b>		-	<b>(2.6)</b>	<b>2.6</b>	-	-
<b>Total comprehensive income for the year</b>		-	<b>(2.6)</b>	<b>801.7</b>	-	<b>799.1</b>
<b>Transactions with owners</b>						
Dividends:						
- final for 2018 paid	27	-	-	-	(659.9)	(659.9)
- interim for 2019 paid	27	-	-	(282.8)	-	(282.8)
<b>Total transactions with owners</b>		-	-	<b>(282.8)</b>	<b>(659.9)</b>	<b>(942.7)</b>
<b>At end of year</b>		<b>471.4</b>	<b>99.5</b>	<b>5,550.2</b>	-	<b>6,121.1</b>
<b>Year ended 31 December 2020</b>						
At start of year		471.4	99.5	5,550.2	-	6,121.1
<b>Total comprehensive income</b>						
Profit for the year		-	-	36.7	-	36.7
<b>Other comprehensive income, net of tax</b>						
Transfer of excess depreciation		-	(3.7)	3.7	-	-
Deferred income tax on transfer		-	1.1	(1.1)	-	-
<b>Total other comprehensive income</b>		-	<b>(2.6)</b>	<b>2.6</b>	-	-
<b>Total comprehensive income for the year</b>		-	<b>(2.6)</b>	<b>39.3</b>	-	<b>36.7</b>
<b>Transactions with owners</b>						
Bonus share issue	11	47.1	-	(47.1)	-	-
<b>At end of year</b>		<b>518.5</b>	<b>96.9</b>	<b>5,542.4</b>	-	<b>6,157.8</b>

## Statements of Cash Flows

for the year ended 31 December

		Group		Company	
	Notes	2020 Shs m	2019 Shs m	2020 Shs m	2019 Shs m
<b>Operating activities</b>					
Cash generated from operations	30	598.1	1,967.8	439.1	1,881.8
Income tax paid		(138.0)	(519.4)	(110.5)	(471.2)
<b>Net cash generated from operating activities</b>		<b>460.1</b>	<b>1,448.4</b>	<b>328.6</b>	<b>1,410.6</b>
<b>Investing activities</b>					
Interest received	8	203.2	197.6	170.6	164.8
Purchase of property, plant and equipment	14	(78.0)	(161.6)	(31.6)	(93.2)
Purchase of intangible assets	15	(155.5)	(21.9)	(151.9)	(20.4)
Proceeds from sale of property, plant and equipment		19.8	6.0	16.5	4.6
Dividends received from associate	17	7.7	7.7	7.7	7.7
Dividend received from subsidiary		-	-	-	18.7
Long-term deposit	19	36.4	63.1	36.4	63.1
Short-term investments	23	(10.0)	(231.8)	23.7	(230.4)
<b>Net cash generated from / (used in) investing activities</b>		<b>23.6</b>	<b>(140.9)</b>	<b>71.4</b>	<b>(85.1)</b>
<b>Financing activities</b>					
Dividends paid to shareholders of the Company		-	(942.7)	-	(942.7)
Payment of lease liabilities	16	(204.4)	(213.2)	(154.1)	(157.0)
<b>Net cash used in financing activities</b>		<b>(204.4)</b>	<b>(1,155.9)</b>	<b>(154.1)</b>	<b>(1,099.7)</b>
<b>Net increase in cash and cash equivalents</b>		<b>279.3</b>	<b>151.6</b>	<b>245.9</b>	<b>225.8</b>
<b>Movement in cash and cash equivalents</b>					
At start of year		1,039.0	867.1	817.3	591.5
Increase in cash and cash equivalents		279.3	151.6	245.9	225.8
Exchange gains/(losses) on cash and cash equivalents		25.9	20.3	-	-
<b>At end of year</b>	<b>22</b>	<b>1,344.2</b>	<b>1,039.0</b>	<b>1,063.2</b>	<b>817.3</b>



## Notes to the financial statements

### 1. General information

Nation Media Group PLC (the "Company") is incorporated in Kenya under the Kenya Companies Act as a public limited liability company, and is domiciled in Kenya. The address of its registered office is:

Nation Media Group PLC  
Nation Centre  
Kimathi Street  
P O Box 49010 - 00100  
Nairobi

The Company's shares are listed on the Nairobi, Kampala, Dar es Salaam and Kigali Stock Exchanges.

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

### 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Company and consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in Kenyan Shillings (Shs m), rounded to the nearest one tenth of a million. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

### Changes in accounting policy and disclosures

#### (i) New and amended standards adopted by the Group

The group applied the following standards and interpretations for the first time for their annual reporting period commencing 1 January 2020:

#### a. Presentation of Financial statements and Accounting policies, changes in accounting estimates and errors – Amendments to IAS 1 and IAS 8

These amendments use a consistent definition of materiality through IFRSs and the conceptual framework for Financial Reporting, clarify the explanation of the definition of material and incorporates some of the guidance in IAS 1 about material information. According to this amendment, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments had no impact on the financial statements of the Company.

#### b. Covid-19-Related Rent Concessions (Amendment to IFRS 16)

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if there were not lease modifications.

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Right-of-use assets and lease liabilities in respect of operating leases in force at 1 June 2020 have been recognized in accordance with the requirements of IFRS 16.

The practical expedient only applies to lessees' rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- iii. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- iv. Any reduction in lease payments affects only payments due on or before 30 June 2021; and

## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

#### b. Covid-19-Related Rent Concessions (Amendment to IFRS 16) (continued)

- v. There is no substantive change to other terms and conditions of the lease.

The group did not receive any rent concessions on existing/ongoing lease agreements in the year. However, the group renegotiated some leases which resulted in lease modifications as disclosed in note 16.

#### (i) New and amended standards

Due to changes announced on Tax Amendment Act 2020, Value Added Tax was reduced from 16% to 14% for the period 25th April 2020 to 31 December 2020. This tax change had no impact on the group's IFRS 16 numbers as the tax amounts are excluded from the IFRS 16 model.

#### (ii) New and amended standards in issue but not yet effective as at 31st December 2020

#### a) Amendments to IAS 16, Property, Plant & Equipment – Proceeds before intended use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

#### b) Amendments to IAS 1, Classification of Liabilities as Current and Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

#### c) Amendments to IAS 37, Onerous contracts – cost of fulfilling a contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These standards have not been early adopted in preparing the financial statements. None of these is expected to have a significant effect on financial statements of the Group.

### (b) Consolidation

#### i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.



## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (b) Consolidation (continued)

##### i. Subsidiaries (continued)

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

#### a) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

##### ii. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting. Under the equity method, the investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss as appropriate. The

Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit/ (loss) of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognized in profit or loss. Associates are stated at cost in the separate financial statements of the Company.

#### c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at market value, based on valuations that are conducted at least every five years by external independent valuers, less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation.

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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Freehold land is not depreciated. Depreciation on other assets is calculated on the straight line method to write off the cost

## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (c) Property, plant and equipment (continued)

of each asset, or the revalued amounts, to their residual values over their estimated useful life. The annual rates used for this purpose are as follows:

Buildings	40 years
Plant and equipment	5 – 15 years
Computers and software	3 – 5 years
Motor Vehicles	3 – 5 years
Leasehold land	over the remaining lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are taken into account in determining the profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

#### (d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The executive management team, which is responsible for strategic decision, allocating resources and assessing performance of the operating segments, has been identified as the CODM. All transactions between business segments are conducted on an arm length basis. Income and expenses associated with each segment as included in determining business segment performance.

#### (e) Revenue and income recognition

The Group recognizes revenue for direct sales of goods and rendering of services. Revenue is recognized as and when the Group satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognized is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

Circulation revenue from the sale of newspapers is recognized on delivery of the newspapers to appointed distributors based on approved allocation list, net of returns of unsold newspapers. Advertising revenue is recognized on publication of the related advertisement on print, online or airing. Contract printing revenue recognition is based on the performance of the service agreed with the customers. E-paper revenue is recognized on delivery of electronic version of the newspaper to the customer.

The Group recognizes revenue at a point in time or over time depending on the nature of goods and services and mode of fulfilling performance obligations.

Interest income is recognized using the effective interest method.

Dividends are recognized as income in the period the right to receive payment is established.

#### (f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average principle. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Goods in transit are stated at cost. Specific provisions are made for obsolete, slow moving and defective inventories.

#### (g) Financial instruments

##### (i) Initial recognition

Financial instruments are recognized when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognized 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 amortized cost.
- Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, 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 fair value through other comprehensive income.
- All other financial assets are classified and measured at fair value through profit or loss.
- Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- All other financial liabilities are classified and measured at amortized cost.



## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (g) Financial instruments (continued)

##### (ii) Classification (continued)

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and short term investments were classified as at amortized cost.

Trade and other liabilities were classified as at amortized cost.

##### (iii) Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- Trade receivables are measured at their transaction price.
- 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 amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Exchange gains and losses on monetary items, interest income and dividend income are recognized in profit or loss.

Fair value is determined as set out in Note 4(e). Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

##### (v) Impairment

The Group recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments (Note 4(b)) for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

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.

##### (vi) Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

##### (vii) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset. Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

##### (viii) 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### (h) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates 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.

## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (h) Current and deferred income tax (continued)

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if the deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; 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 or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

#### (i) Intangible assets

##### (i) Goodwill

Goodwill represents the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest (NCI), and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for purposes of impairment testing.

The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose and are identified according to operating segments.

##### (ii) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The costs are amortized over their estimated useful lives (three to five years). Costs associated with developing or maintaining computer software programmes are recognized as an expense incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Acquired computer software and computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

##### (iii) Transmission frequencies

Acquired transmission frequencies are capitalized on the basis of the costs incurred to acquire and to bring them to use. Transmission frequencies are tested annually for impairment and carried at cost less accumulated impairment losses.

#### (j) Employee benefits

##### (i) Post employment benefit obligations

The Group operates a defined contribution retirement benefit scheme for its employees. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company and all its employees also contribute to the National Social Security Funds in the countries which they operate, which are defined contribution schemes. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate. The Company has no further obligation once the contributions have been paid.

In addition, the Group operates a gratuity scheme where the group makes contributions to a special purpose vehicle that is administered independently. The employees are entitled to specified benefits as per the scheme's rules. The gratuity scheme is a defined benefit scheme. The liability or asset recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation and related service costs is determined using the 'projected unit credit method', which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. The defined benefit obligation is calculated every five years by independent actuaries.



## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (j) Employee benefits (continued)

##### (ii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual

##### (iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

##### (iv) Profit-sharing and bonus plans

The group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### (k) Functional currency and translation of foreign currencies

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenyan Shillings (Shs), which is the Company's functional currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation 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 recognized 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/costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

##### (iii) Group companies

- i. The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) 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 end of the reporting period;
  - income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
  - all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed or sold, exchange differences that are recorded in equity are recognized in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### (l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### (m) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as separate component of equity until declared.

#### (n) Share capital

Ordinary shares are classified as equity.

#### (o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### (p) Provisions

Provisions for legal claims are recognized when (1) the Group has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and 3) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### (p) Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to passage of time is recognized as an expense.

#### (q) Leases

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

#### Definition of Lease

At inception of a contract, the Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to a customer for a period of time in exchange for consideration

#### The Group as a Lessee

As a lessee, the Group leases various assets, mainly offices. These lease contracts are typically made for fixed periods of 1 to 6 years but may have extension/termination options. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for the qualifying leases (i.e. these leases are on statement of financial position).

Contracts may contain both lease and non-lease components. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

#### Lease modifications

The Group accounts for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.



## Notes to the financial statements (continued)

### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

#### (i) Critical accounting estimates and assumptions

The Group 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.

#### a) Impairment losses on financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements and estimations are also required in applying the accounting requirements for measuring ECL, such as:

- The application of IFRS 9 risk parameters i.e. probably of default (PD), loss given at default (LGD) and exposure at default (EAD) to trade receivables; and
- The definition of default, determination of probability of default matrix and identification of exposures with significant deterioration in credit quality.
- Determination of expected future payment pattern for government advertising debt.

#### b) Provision for claims and other liabilities

The Group faces exposure to claims and other liabilities arising in the normal course of business. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal advisers estimates a provision based on past precedents.

#### c) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected product lifecycles for its assets. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

### d) Impairment of non-financial assets

Critical estimates are made by management in assessment of impairment for non-financial assets. Significant estimates relate to the determination of the projected cash flows and the discount rate.

### e) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### f) Lease term and discount rates determination on adoption of IFRS 16

Critical estimates are made by management in determining lease terms in lease contracts. Specifically, in determining which leases will be extended and renewed on expiry of the non-cancellable lease term. Estimates are also made on the discount rate.

#### (ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining the classification of financial assets and whether assets are impaired.

### 4. Financial risk management

The Group's and the Company's activity expose it to a variety of financial risks comprising market risk (including foreign exchange risks, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize adverse effects on its financial performance within the options available in East Africa to hedge against such risks.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and mitigates against financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group and the Company make significant purchases of raw materials in foreign currency, principally newsprint, inks and plates used in newspaper production, and TV programming used in broadcasting. This exposes the Group and the Company to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

## Notes to the financial statements (continued)

### 4. Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Foreign exchange risk (continued)

Management manages this risk by making the significant foreign currency purchases within periods when the exchange rates are favourable. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investment in foreign operations.

At 31 December 2020, if the shilling had weakened/strengthened against the US dollar and Euro by 5%, with all other variables held constant, the consolidated post tax profit for the year and equity would have been Shs 5.7 million higher/ lower for the US dollar whereas the Euro effect would have been Shs 1.0 million higher/ lower (2019: Shs 1.5 million for the US dollar and Shs 0.1 million for the Euro) higher/ lower mainly as a result of foreign exchange gains/losses on translation of US\$ and Euro-denominated trade payables and bank balances.

##### (ii) Price risk

The Group and the Company do not hold any investments subject to price risk.

##### (iii) Interest rate risk

The Group and the Company do not hold any borrowing and therefore not subject to interest rate risk.

#### (b) Credit risk and expected credit losses

Credit risk arises from cash and short term investments as well as trade and other receivables. 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 utilization of credit limits is regularly monitored.

The amounts that represent the Group's maximum exposure to credit risk is equal to the carrying amount of financial assets in the statement of financial position.

The Group has adopted the Expected Credit Losses (ECL) model to determine the impairment of trade receivables. The Group opted to adopt the simplified approach of determining the impairment provision. This model includes some operational simplifications for trade and other receivables because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.

Using the simplified approach, management has segmented their accounts receivable balances into Government advertising debtors, other advertising debtors, and circulation and subscription debtors.

For the Government advertising debtors, management uses the Government debt collection trends in the past to determine the expected cash flows from these debts and discounts them to the present value to determine the provision. For the other advertising debtors, management determines probabilities of default (PD) using collection trends in the past adjusted for forward looking economic variables by a management multiplier. The average PDs are then used to determine the provision.

For circulation and subscription debtors, management determines the portion of the debt not secured by a bank guarantee and applies a PD based on average collection trends in the past adjusted for forward looking economic variables on this unsecured portion to compute the provision. Dormant accounts are fully provided for.

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand. Cash balances and long-term deposits have been assessed for credit loss based on the credit rating of the financial institutions holding the assets.



## Notes to the financial statements (continued)

### 4. Financial risk management (continued)

#### (b) Credit risk and expected credit losses (continued)

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December is made up as follows:

##### Trade receivables (Note 21)

Group 2020	Current	30 Days	60 Days	90 days	120+ days	Total
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Gross carrying amount	407.0	298.4	194.6	142.3	3,523.0	4,565.3
Expected credit losses	(46.2)	(40.5)	(39.5)	(28.2)	(2,377.8)	(2,532.2)
<b>Carrying amount</b>	<b>360.8</b>	<b>257.9</b>	<b>155.1</b>	<b>114.1</b>	<b>1,145.2</b>	<b>2,033.1</b>
<b>2019</b>						
Gross carrying amount	500.0	411.3	257.4	140.1	3,088.0	4,396.8
Expected credit losses	(37.2)	(38.4)	(32.6)	(24.3)	(2,317.1)	(2,449.6)
<b>Carrying amount</b>	<b>462.8</b>	<b>372.9</b>	<b>224.8</b>	<b>115.8</b>	<b>770.9</b>	<b>1,947.2</b>
<b>Company 2020</b>	<b>Current</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 days</b>	<b>120+ days</b>	<b>Total</b>
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Gross carrying amount	273.4	205.0	151.2	118.1	2,687.3	3,435.0
Expected credit losses	(35.4)	(31.0)	(30.7)	(20.2)	(1,573.7)	(1,691.0)
<b>Carrying amount</b>	<b>238.0</b>	<b>174.0</b>	<b>120.5</b>	<b>97.9</b>	<b>1,113.6</b>	<b>1,744.0</b>
<b>2019</b>						
Gross carrying amount	370.0	323.6	209.4	113.2	2,302.5	3,318.7
Expected credit losses	(25.8)	(28.3)	(23.3)	(17.9)	(1,471.5)	(1,566.8)
<b>Carrying amount</b>	<b>344.2</b>	<b>295.3</b>	<b>186.1</b>	<b>95.3</b>	<b>831.0</b>	<b>1,751.9</b>

The overall increase in the provision for Expected Credit Losses (ECL) results from higher Loss Given Default (LGD) rates after revision of IFRS 9 model to reflect the impact of COVID-19 pandemic and expectations going forward.

Shs 204.5 million was held as collateral in the form of bank guarantees for trade receivables as at 31 December 2020 (2019: Shs 238.6 million). The stated bank guarantee amounts approximate their fair value.

Bank deposits and short-term investments	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Deposits with banks (Notes 19, 22 & 23)	2,367.7	1,848.0	1,895.0	1,468.3
Other short-term investments (Note 23)	600.1	822.1	600.1	822.1
Expected credit losses	(18.9)	-	(18.9)	-
<b>Total carrying value</b>	<b>2,948.9</b>	<b>2,670.1</b>	<b>2,476.2</b>	<b>2,290.4</b>

## Notes to the financial statements (continued)

### 4. Financial risk management (continued)

#### (c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors, which together with management, closely monitor the Group's and Company's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group and the Company's financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
<b>Liabilities less than 1 year</b>				
Payables and accrued expenses (Note 24)	2,720.6	2,906.0	1,933.7	2,046.0
Lease liabilities (Note 16)	131.2	129.8	96.3	103.5

#### (d) Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to manage capital.

The capital structure of the Group and Company consists of equity attributable to equity holders, comprising issued capital and retained earnings. The Group and Company had no borrowings at year end (2019: Nil).

#### (e) Fair value estimation

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset that are not based on observable market data (that is, unobservable data) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cash flow analysis. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of all assets and liabilities at the year-end date approximate their fair values.



## Notes to the financial statements (continued)

### 4. Financial risk management (continued)

#### (e) Fair value estimation (continued)

The following table shows an analysis of financial and non- financial instruments measured at fair value by level of the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
	Shs m	Shs m	Shs m	Shs m
<b>At 31 December 2020</b>				
<b>Non- financial assets</b>				
Freehold land and buildings	-	599.0	-	599.0
<b>At 31 December 2019</b>				
<b>Non- financial assets</b>				
Freehold land and buildings	-	595.2	-	595.2
<b>Company</b>				
<b>At 31 December 2020</b>				
<b>Non- financial assets</b>				
Freehold land and buildings	-	408.0	-	408.0
<b>At 31 December 2019</b>				
<b>Non- financial assets</b>				
Freehold land and buildings	-	426.2	-	426.2

Land and buildings are categorized under Level 2 fair value hierarchy as their value is based on inputs other than quoted prices, or inputs that are observable for the asset or liability, either directly as prices or indirectly as derived from prices. There were no transfers between the various levels during the year.

### 5. Segmental information

Management has determined the operating segments based on the various products or section's performance that are used by Executive Management Team that are used to make strategic decisions. The Group considers the business from a product perspective;

(i) Newspapers and Digital

(ii) Broadcasting

Newspapers and Digital – Incorporating sale of newspapers, advertisements published in the newspapers, advertisements in the digital platforms and subscriptions of e-paper.

Broadcasting – Incorporating advertisements and other content aired on television.

The Executive Management team considers the East African countries in which the Group operates as one geographical segment because of similarities in the risks and returns in the four countries.

Other Group operations mainly comprise courier operations and third party printing services. Neither of these constitute a separately reportable segment and have therefore been included as part of Newspapers, and Digital on the basis that the said operations are closely related and have similar economic characteristics.

There are no significant transactions between the two reportable segments.

## Notes to the financial statements (continued)

### 5. Segmental information (continued)

#### Entity-wide information

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines;

#### Entity-wide information

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines;

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Advertising revenue	4,416.4	6,010.6	3,257.5	4,576.4
Circulation revenue	1,761.5	2,392.4	1,345.1	1,844.1
Other	634.9	647.9	413.5	501.8
<b>Total</b>	<b>6,812.8</b>	<b>9,050.9</b>	<b>5,016.1</b>	<b>6,922.3</b>
Timing of revenue recognition:				
- At a point in time	6,812.8	9,050.9	5,016.1	6,922.3

### 5 Segment performance

Nation Media Group is domiciled in Kenya. The revenue attributed to Kenya was Shs 5,016.1 million (2019: Shs 6,922.3 million) while the revenues attributed to all foreign countries in total from which the entity derives revenues was Shs 1,796.7 million (2019: Shs 2,128.6 million). The Group does not derive revenues in excess of 10% of the total Group's revenue from any individual customer except the Government of Kenya.

Segment assets comprise primarily property, plant and equipment, inventories and receivables. They exclude operating cash, intangible assets, income taxes and investments. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to property, plant and equipment and intangible assets.



## Notes to the financial statements (continued)

### 5. Segmental information (continued)

#### Statement of comprehensive income

	Newspapers and Digital	Broadcasting	Unallocated	Total
	Shs m	Shs m	Shs m	Shs m
<b>2020</b>				
Revenue	5,477.9	1,334.9	-	6,812.8
Cost of sales	(845.4)	(302.6)	-	(1,148.0)
<b>Gross profit</b>	<b>4,632.5</b>	<b>1,032.3</b>	<b>-</b>	<b>5,664.8</b>
Depreciation	(464.6)	(135.1)	-	(599.7)
Amortization	(47.1)	(9.1)	-	(56.2)
Provision for impairment of receivables	(74.8)	(49.5)	-	(124.3)
Other operating costs	(3,629.9)	(808.0)	(540.1)	(4,978.0)
<b>Total operating expenses</b>	<b>(4,216.4)</b>	<b>(1,001.7)</b>	<b>(540.1)</b>	<b>(5,758.2)</b>
Operating profit	416.1	30.6	(540.1)	(93.4)
Finance income	-	-	203.2	203.2
Finance cost	(38.7)	(3.3)	-	(42.0)
Share of results of associate	-	-	52.1	52.1
<b>Contribution/profit before income tax</b>	<b>377.4</b>	<b>27.3</b>	<b>(284.8)</b>	<b>119.9</b>
<b>2019</b>				
Revenue	7,588.6	1,462.3	-	9,050.9
Cost of sales	(1,415.3)	(398.8)	-	(1,814.1)
<b>Gross profit</b>	<b>6,173.3</b>	<b>1,063.5</b>	<b>-</b>	<b>7,236.8</b>
Depreciation	(484.1)	(139.0)	-	(623.1)
Amortization	(50.5)	(1.9)	-	(52.4)
Provision for impairment of receivables	166.6	35.5	-	202.1
Other operating costs	(4,325.1)	(893.1)	(434.0)	(5,652.2)
<b>Total operating expenses</b>	<b>(4,693.1)</b>	<b>(998.5)</b>	<b>(434.0)</b>	<b>(6,125.6)</b>
Operating profit	1,480.2	65.0	(434.0)	1,111.2
Finance income	-	-	197.6	197.6
Finance cost	(76.7)	(7.7)	-	(84.4)
Share of results of associate	-	-	72.0	72.0
<b>Contribution/profit before income tax</b>	<b>1,403.5</b>	<b>57.3</b>	<b>(164.4)</b>	<b>1,296.4</b>

## Notes to the financial statements (continued)

### 5. Segmental information (continued)

#### Statement of financial position

	Newspapers and Digital	Broadcasting	Unallocated	Total
<b>2020</b>				
<b>Current assets</b>				
Inventories	470.3	51.1	-	521.4
Receivables and prepayments	1,260.7	1,577.9	665.9	3,504.5
Other assets	-	-	2,931.5	2,931.5
	<b>1,731.0</b>	<b>1,629.0</b>	<b>3,597.4</b>	<b>6,957.4</b>
<b>Non-current assets</b>				
Property, plant and equipment	1,688.3	280.7	2.2	1,971.2
Right of Use Asset	499.7	77.4	67.5	644.6
Investment in associate	-	-	1,485.4	1,485.4
Other assets	-	-	762.0	762.0
	<b>2,188.0</b>	<b>358.1</b>	<b>2,317.1</b>	<b>4,863.2</b>
<b>Total assets</b>	<b>3,919.0</b>	<b>1,987.1</b>	<b>5,914.5</b>	<b>11,820.6</b>
<b>Current liabilities</b>				
Payables and accrued expenses	588.6	2,355.5	(223.5)	2,720.6
Lease liability	111.6	19.6	-	131.2
Other liabilities	-	-	558.3	558.3
	<b>700.2</b>	<b>2,375.1</b>	<b>334.8</b>	<b>3,410.1</b>
<b>Non-current liabilities</b>				
Lease liability	-	-	448.4	448.4
Other liabilities	-	-	29.1	29.1
	-	-	<b>477.5</b>	<b>477.5</b>
<b>Total liabilities</b>	<b>700.2</b>	<b>2,375.1</b>	<b>812.3</b>	<b>3,887.6</b>
<b>Capital expenditure</b>	<b>176.6</b>	<b>56.9</b>	<b>-</b>	<b>233.5</b>
<b>2019</b>				
<b>Current assets</b>				
Inventories	606.0	50.7	-	656.7
Receivables and prepayments	1,183.6	1,608.9	830.5	3,623.0
Other assets	-	-	2,632.3	2,632.3
	<b>1,789.6</b>	<b>1,659.6</b>	<b>3,462.8</b>	<b>6,912.0</b>
<b>Non-current assets</b>				
Property, plant and equipment	1,959.8	343.1	2.2	2,305.1
Right of Use Asset	713.2	91.0	67.4	871.6
Investment in associate	-	-	1,422.6	1,422.6
Other assets	-	-	585.4	585.4
	<b>2,673.0</b>	<b>434.1</b>	<b>2,077.6</b>	<b>5,184.7</b>
<b>Total assets</b>	<b>4,462.6</b>	<b>2,093.7</b>	<b>5,540.4</b>	<b>12,096.7</b>
<b>Current liabilities</b>				
Payables and accrued expenses	564.8	2,772.0	(430.8)	2,906.0
Lease liability	114.9	14.9	-	129.8
Other liabilities	-	-	537.9	537.9
	<b>679.7</b>	<b>2,786.9</b>	<b>107.1</b>	<b>3,573.7</b>
<b>Non-current liabilities</b>				
Lease liability	612.5	79.7	-	692.2
Other liabilities	-	-	33.3	33.3
	<b>612.5</b>	<b>79.7</b>	<b>33.3</b>	<b>725.5</b>
<b>Total liabilities</b>	<b>1,292.2</b>	<b>2,866.6</b>	<b>140.4</b>	<b>4,299.2</b>
<b>Capital expenditure</b>	<b>116.8</b>	<b>66.7</b>	<b>-</b>	<b>183.5</b>



## Notes to the financial statements (continued)

### 6. Expenses by nature

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
The following items have been charged/(credited) in arriving at operating profit:				
Profit on disposal of property, plant and equipment	(19.7)	(6.4)	(16.1)	(4.6)
Employee benefits expense (Note 7)	3,106.8	3,396.6	2,267.4	2,480.5
Trade receivables-provision for impairment (Note 21)	124.3	(202.1)	124.2	(198.8)
Depreciation of property, plant & equipment (Note 14)	450.9	474.7	345.0	368.5
Amortization of leases (Note 16)	150.6	148.5	95.5	101.6
Goodwill impairment (Note 15)	-	4.0	-	-
Amortization of intangible assets (Note 15)	54.4	52.2	53.0	51.5
Consumption of inventories	801.6	1,357.4	586.3	992.6
Provision for inventory	1.5	-	1.0	-
Auditors' remuneration	23.4	25.2	13.3	15.4
Repairs and maintenance expenditure on property, plant and equipment	43.3	21.3	34.9	9.9

### 7. Employee benefits expense

Salaries and wages	2,965.8	3,217.4	2,185.2	2,368.7
Defined contribution benefit scheme	71.9	95.5	66.2	89.3
National Social Security Fund	56.6	64.2	3.5	3.7
Post-employment benefit obligation (Note 26)	12.5	19.5	12.5	18.8
	<b>3,106.8</b>	<b>3,396.6</b>	<b>2,267.4</b>	<b>2,480.5</b>

The number of persons employed by the Group at the year-end was:

	2020	2019
	Number	Number
Full time	930	1,112
Part time	388	466
	<b>1,318</b>	<b>1,578</b>

### 8. Finance cost and income

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
<b>Finance income:</b>				
Interest income	203.2	197.6	170.6	164.8
<b>Finance costs:</b>				
Interest on leases (Note 16)	(42.0)	(84.4)	(36.4)	(70.3)

### 9. Income tax expense

Current income tax:				
- Current year charge to profit of loss	150.0	403.6	121.1	390.3
- Under/(over) provision of current tax in prior years	4.5	9.9	3.2	-
Deferred income tax (Note 13):	(82.5)	26.9	(84.8)	13.4
<b>Total income tax expense</b>	<b>72.0</b>	<b>440.4</b>	<b>39.5</b>	<b>403.7</b>

## Notes to the financial statements (continued)

### 9. Income tax expense (continued)

The tax on the Group and Company's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country as follows:

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Profit before income tax	119.9	1,296.4	76.2	1,202.8
Tax calculated at the statutory tax rate of Kenya 25%, Subsidiaries 30% (2019:30%)	42.2	388.9	19.1	360.8
Tax effect of:				
- Income not subject to tax	(63.9)	(80.8)	(40.8)	(59.2)
- Expenses not deductible for tax purposes	59.2	105.2	53.9	102.1
Effect of change in tax rate	(17.9)	-	(17.9)	-
Under/(over) provision of deferred tax in prior years	27.9	17.2	22.0	-
Under/(over) provision of current tax in prior years	4.5	9.9	3.2	-
Deferred tax derecognized	20.0	-	-	-
<b>Income tax expense</b>	<b>72.0</b>	<b>440.4</b>	<b>39.5</b>	<b>403.7</b>

The statutory tax rate in Kenya was reviewed downwards from 30% to 25% effective April 2020 to December 2020 in line with KRA directive to cushion companies from COVID-19 effects. The tax rate in other countries in which the Group operates was 30%.

### 10. Earnings per share

#### a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year

	Group	
	2020	2019
Net profit attributable to shareholders (Shs million)	48.1	849.3
Weighted average number of ordinary shares in issue (million)	197.9	188.5
<b>Basic earnings per share (Shs)</b>	<b>0.2</b>	<b>4.5</b>

#### b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and bonus shares recommended for issue. A bonus issue at the rate of one fully paid ordinary share for every ten ordinary shares held in the issued and paid up capital of the Company as at 12 June 2020 was approved during AGM held on 26 June 2020

	2020	2019
Net profit attributable to shareholders (Shs million)	-	849.3
Weighted average number of ordinary shares in issue (million)	-	207.4
<b>Diluted earnings per share (Shs)</b>	<b>-</b>	<b>4.1</b>



## Notes to the financial statements (continued)

### 11. Share capital

	Group & Company	
	Number of shares (million)	Ordinary shares Shs m
Authorised (par value of Shs 2.5 per share)	240.0	600.0
Issued and fully paid:		
31 December 2019	188.5	471.4
31 December 2020	207.4	518.5
<b>Movement of share capital is as follows:</b>		
At start of year	188.5	471.4
Bonus share issue	18.9	47.1
At end of year	207.4	518.5

### Share buy back

The NMG Board of Directors resolved to propose to its shareholders the purchase of up to ten percent (10%) of its issued and paid-up share capital in a share Buyback Programme in accordance with the provisions of the Companies Act 2015 of the Laws of Kenya. This will give NMG shareholders an option to cash in on their investments. The Buyback Programme is subject to regulatory and shareholder approvals.

## Notes to the financial statements (continued)

### 12. Other Reserves

	Revaluation reserve on buildings	Controlling Interest	Currency translation	Total
	Shs m	Shs m	Shs m	Shs m
<b>Group</b>				
<b>As at 1 January 2019</b>	<b>177.6</b>	<b>(53.9)</b>	<b>(260.1)</b>	<b>(136.4)</b>
Share of comprehensive income from associate	-	(15.5)	-	(15.5)
Currency translation differences	-	-	21.6	21.6
Transfer of excess depreciation	(6.5)	-	-	(6.5)
Deferred income tax on transfer of depreciation	1.9	-	-	1.9
	(4.6)	-	-	(4.6)
<b>Balance as at 31 December 2019</b>	<b>173.0</b>	<b>(69.4)</b>	<b>(238.5)</b>	<b>(134.9)</b>
<b>As at 1 January 2020</b>	<b>173.0</b>	<b>(69.4)</b>	<b>(238.5)</b>	<b>(134.9)</b>
Share of comprehensive income from associate	-	18.4	-	18.4
Currency translation differences	-	-	63.4	63.4
Transfer of excess depreciation	(6.5)	-	-	(6.5)
Deferred tax on transfer of depreciation	1.9	-	-	1.9
	(4.6)	-	-	(4.6)
<b>Balance as at 31 December 2020</b>	<b>168.4</b>	<b>(51.0)</b>	<b>(175.1)</b>	<b>(57.7)</b>

	Revaluation reserve on buildings	Total
	Shs m	Shs m
<b>Company</b>		
As at 1 January 2019	<b>102.1</b>	<b>102.1</b>
Transfer of excess depreciation	(3.7)	(3.7)
Deferred tax on transfer of depreciation	1.1	1.1
	(2.6)	(2.6)
<b>Balance as at 31 December 2019</b>	<b>99.5</b>	<b>99.5</b>
As at 1 January 2020	99.5	99.5
Transfer of excess depreciation	(3.7)	(3.7)
Deferred tax on transfer of depreciation	1.1	1.1
	(2.6)	(2.6)
<b>Balance as at 31 December 2020</b>	<b>96.9</b>	<b>96.9</b>



## Notes to the financial statements (continued)

### 13. Deferred income tax

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
At start of year,	(255.3)	(282.2)	(206.0)	(219.4)
(Credit) to profit or loss (Note 9)	(82.5)	26.9	(84.8)	13.4
Charge/ (credit) to the statement of comprehensive income	-	-	-	-
<b>At end of year</b>	<b>(337.8)</b>	<b>(255.3)</b>	<b>(290.8)</b>	<b>(206.0)</b>
<b>Presented by:</b>				
Deferred income tax liabilities	29.1	27.3	-	-
Deferred income tax assets	(366.9)	(282.6)	(290.8)	(206.0)
<b>At end of year</b>	<b>(337.8)</b>	<b>(255.3)</b>	<b>(290.8)</b>	<b>(206.0)</b>

Deferred income tax assets and liabilities are attributable to the following items:

	1.1.20	Charged/ (credited) to P&L	Charged/ (credited) to OCI	31.12.20
	Shs m	Shs m	Shs m	Shs m
<b>Group Year ended 31 December 2020</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	154.8	(39.4)	-	115.4
Revaluation of buildings	75.5	(0.1)	-	75.4
Currency translation differences	6.3	(10.1)	-	(3.8)
Deferred tax derecognized	16.2	20.0	-	36.2
Unrealized exchange gains	2.6	37.8	-	40.4
	<b>255.4</b>	<b>8.2</b>	<b>-</b>	<b>263.6</b>
<b>Deferred income tax assets</b>				
Provisions	(493.5)	(57.4)	-	(550.9)
Tax losses	(2.2)	(1.6)	-	(3.8)
Unrealized exchange losses	(15.0)	(31.7)	-	(46.7)
	<b>(510.7)</b>	<b>(90.7)</b>	<b>-</b>	<b>(601.4)</b>
<b>Net deferred income tax (asset)/ liability</b>	<b>(255.3)</b>	<b>(82.5)</b>	<b>-</b>	<b>(337.8)</b>

## Notes to the financial statements (continued)

### 13. Deferred income tax (continued)

	1.1.19	to P&L	to OCI	31.12.19
	Shs m	Shs m	Shs m	Shs m
<b>Group Year ended 31 December 2019</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	226.8	(72.0)	-	154.8
Revaluation of buildings	75.7	(0.2)	-	75.5
Currency translation differences	6.5	(0.2)	-	6.3
Deferred tax derecognized	-	16.2	-	16.2
Unrealized exchange gains	4.4	(1.8)	-	2.6
	<b>313.4</b>	<b>(58.0)</b>	<b>-</b>	<b>255.4</b>
<b>Deferred income tax assets</b>				
Provisions	(563.5)	70.0	-	(493.5)
Tax losses	(2.2)	-	-	(2.2)
Unrealized exchange losses	(29.9)	14.9	-	(15.0)
	<b>(595.6)</b>	<b>84.9</b>	<b>-</b>	<b>(510.7)</b>
<b>Net deferred income tax (asset)/ liability</b>	<b>(282.2)</b>	<b>26.9</b>	<b>-</b>	<b>(255.3)</b>

	1.1.20	(credited) to P&L	(credited) to OCI	31.12.20
	Shs m	Shs m	Shs m	Shs m
<b>Company</b>				
<b>Year ended 31 December 2020</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	151.7	(31.9)	-	119.8
Revaluation of buildings	43.3	-	-	43.3
Unrealized exchange gains	4.0	38.1	-	42.1
	<b>199.0</b>	<b>6.2</b>	<b>-</b>	<b>205.2</b>
<b>Deferred income tax assets</b>				
Provisions	(410.2)	(59.3)	-	(469.5)
Unrealized exchange losses	5.2	(31.7)	-	(26.5)
	<b>(405.0)</b>	<b>(91.0)</b>	<b>-</b>	<b>(496.0)</b>
<b>Net deferred income tax (asset)/ liability</b>	<b>(206.0)</b>	<b>(84.8)</b>	<b>-</b>	<b>(290.8)</b>

	1.1.19	Charged/ (credited) to P&L	Charged/ (credited) to OCI	31.12.19
	Shs m	Shs m	Shs m	Shs m
<b>Company</b>				
<b>Year ended 31 December 20</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	210.7	(59.0)	-	151.7
Revaluation of buildings	43.3	-	-	43.3
Unrealized exchange gains	7.5	(3.5)	-	4.0
	<b>261.5</b>	<b>(62.5)</b>	<b>-</b>	<b>199.0</b>
<b>Deferred income tax assets</b>				
Provisions	(471.2)	61.0	-	(410.2)
Unrealized exchange losses	(9.7)	14.9	-	5.2
	<b>(480.9)</b>	<b>75.9</b>	<b>-</b>	<b>(405.0)</b>
<b>Net deferred income tax (asset)/ liability</b>	<b>(219.4)</b>	<b>13.4</b>	<b>-</b>	<b>(206.0)</b>



## Notes to the financial statements (continued)

### 14 (a) Land and buildings

	Freehold land	Buildings	Total
Group	Shs m	Shs m	Shs m
<b>As at 1 January 2019</b>			
Valuation	9.1	802.0	811.1
Accumulated depreciation	-	(193.8)	(193.8)
<b>Net book value</b>	<b>9.1</b>	<b>608.2</b>	<b>617.3</b>
<b>Year ended 31 December 2019</b>			
Opening net book value	9.1	608.2	617.3
Depreciation charge	-	(22.2)	(22.2)
Currency translation differences	-	0.1	0.1
<b>Closing net book value</b>	<b>9.1</b>	<b>586.1</b>	<b>595.2</b>
<b>Year ended 31 December 2020</b>			
Opening net book value	9.1	586.1	595.2
Addition	-	0.6	0.6
Reclassification	-	13.6	13.6
Depreciation charge	-	(22.3)	(22.3)
Currency translation differences	-	11.9	11.9
<b>Closing net book value</b>	<b>9.1</b>	<b>589.9</b>	<b>599.0</b>
<b>As at 31 December 2020</b>			
Valuation	9.1	829.9	839.0
Accumulated depreciation	-	(240.0)	(240.0)
<b>Net book value</b>	<b>9.1</b>	<b>589.9</b>	<b>599.0</b>

	Freehold land	Buildings	Total
Company	Shs m	Shs m	Shs m
<b>Year ended 31 December 2019</b>			
Opening net book value	9.1	435.3	444.4
Depreciation charge	-	(18.2)	(18.2)
<b>Closing net book value</b>	<b>9.1</b>	<b>417.1</b>	<b>426.2</b>
<b>As at 31 December 2019</b>			
Valuation	9.1	570.8	579.9
Accumulated depreciation	-	(153.7)	(153.7)
<b>Net book value</b>	<b>9.1</b>	<b>417.1</b>	<b>426.2</b>
<b>Year ended 31 December 2020</b>			
Opening net book value	9.1	417.1	426.2
Depreciation charge	-	(18.2)	(18.2)
<b>Closing net book value</b>	<b>9.1</b>	<b>398.9</b>	<b>408.0</b>
<b>As at 31 December 2020</b>			
Valuation	9.1	570.8	579.9
Accumulated depreciation	-	(171.9)	(171.9)
<b>Net book value</b>	<b>9.1</b>	<b>398.9</b>	<b>408.0</b>

The Group's freehold land and buildings were revalued in 2017 by independent professional valuers. Valuations were made on the basis of open market value for existing use. The book values of the revalued assets were adjusted to the revalued amounts. Increase/ (decrease) arising on the revaluation was recognized in other comprehensive income and accumulated in the revaluation surplus.

## Notes to the financial statements (continued)

### 14 (a) Land and buildings (continued)

If the buildings were stated on historical cost basis, the amounts would be as follows:

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Cost	560.7	560.7	411.0	411.0
Accumulated depreciation	(211.8)	(201.4)	(188.4)	(170.2)
<b>Net book value</b>	<b>348.9</b>	<b>359.3</b>	<b>222.6</b>	<b>240.8</b>

### 14 (b) Plant and equipment

	Plant and equipment	Motor vehicle	Total
Group	Shs m	Shs m	Shs m
<b>As at 1 January 2019</b>			
Cost	8,643.3	519.8	9,163.1
Accumulated depreciation	(6,731.9)	(431.4)	(7,163.3)
<b>Net book value</b>	<b>1,911.4</b>	<b>88.4</b>	<b>1,999.8</b>
<b>Year ended 31 December 2019</b>			
Opening net book value	1,911.4	88.4	1,999.8
Additions	150.8	10.8	161.6
Disposals	(0.1)	-	(0.1)
Depreciation charge	(406.9)	(45.6)	(452.5)
Currency translation differences	1.2	-	1.2
<b>Closing net book value</b>	<b>1,656.4</b>	<b>53.6</b>	<b>1,710.0</b>
<b>Year ended 31 December 2020</b>			
Opening net book value	1,656.4	53.6	1,710.0
Additions	58.8	18.6	77.4
Reclassification	(13.6)	-	(13.6)
Disposals	(1.7)	-	(1.7)
Depreciation charge	(389.6)	(39.0)	(428.6)
Currency translation differences	28.7	-	28.7
<b>Closing net book value</b>	<b>1,339.0</b>	<b>33.2</b>	<b>1,372.2</b>
<b>As at 31 December 2020</b>			
Cost	8,703.0	549.2	9,252.2
Accumulated depreciation	(7,364.0)	(516.0)	(7,880.0)
<b>Net book value</b>	<b>1,339.0</b>	<b>33.2</b>	<b>1,372.2</b>

Reclassification of Shs 13.6 million relates to a previously work in progress asset that was accounted for under PPE, which upon completion was reclassified to buildings.



## Notes to the financial statements (continued)

### 14 (b) Plant and equipment (continued)

	Plant and equipment	Motor vehicle	Total
Company	Shs m	Shs m	Shs m
<b>Year ended 31 December 2019</b>			
Opening net book value	1,532.6	74.2	1,606.8
Additions	70.7	22.5	93.2
Disposals	(0.1)	-	(0.1)
Depreciation charge	(308.2)	(42.1)	(350.3)
<b>Closing net book value</b>	<b>1,295.0</b>	<b>54.6</b>	<b>1,349.6</b>
<b>As at 31 December 2019</b>			
Cost	6,596.8	453.8	7,050.6
Accumulated depreciation	(5,301.8)	(399.2)	(5,701.0)
<b>Net book value</b>	<b>1,295.0</b>	<b>54.6</b>	<b>1,349.6</b>
<b>Year ended 31 December 2020</b>			
Opening net book value	1,295.0	54.6	1,349.6
Additions	19.1	12.5	31.6
Disposals	(0.2)	-	(0.2)
Depreciation charge	(296.4)	(30.4)	(326.8)
<b>Closing net book value</b>	<b>1,017.5</b>	<b>36.7</b>	<b>1,054.2</b>
<b>As at 31 December 2020</b>			
Cost	6,615.7	466.3	7,082.0
Accumulated depreciation	(5,598.2)	(429.6)	(6,027.8)
<b>Net book value</b>	<b>1,017.5</b>	<b>36.7</b>	<b>1,054.2</b>

NMG commissioned a printing press in 2015 whose book value was Shs 959 million as at December 2020. Following the global shift of the media industry towards the digital space, management conducted an assessment of the printing press to test possible impairment. The computations were based on the discounted cash flow model covering six years from 2021 to 2026 when the press will be fully depreciated. The calculations used cash flow projections based on financial budgets approved by management covering the period.

The table below sets out the key assumptions used by management;

Discount rate (WACC)	18.3%
Residual value	25.0%

Management has determined the values assigned to each of the above key assumptions as follows:

- Discount rate (WACC) - Reflect specific risks relating to the company's business and the country-specific factors
- Residual Value - This was based on the salvage value of the press, its good condition and the maintenance support received from the manufacturer.

Following the above exercise, it was concluded that the printing press has adequate headroom and is not impaired. Management will continue to review the business performance and evaluate the assumptions used in the impairment assessment model.

## Notes to the financial statements (continued)

### 15. Intangible assets

	Goodwill	Computer software	Transmission frequencies	Total
Group	Shs m	Shs m	Shs m	Shs m
<b>As at 1 January 2019</b>				
Cost	187.9	714.6	27.2	929.7
Impairment/ accumulated amortization	(160.9)	(515.8)	(27.2)	(703.9)
<b>Net book value</b>	<b>27.0</b>	<b>198.8</b>	<b>-</b>	<b>225.8</b>
<b>Year ended 31 December 2019</b>				
Opening net book value	27.0	198.8	-	225.8
Additions	-	21.9	-	21.9
Amortization	-	(52.2)	-	(52.2)
Impairment	(4.0)	-	-	(4.0)
Currency translation differences	-	0.1	-	0.1
<b>Closing net book value</b>	<b>23.0</b>	<b>168.6</b>	<b>-</b>	<b>191.6</b>
<b>Year ended 31 December 2020</b>				
Opening net book value	23.0	168.6	-	191.6
Additions	-	155.5	-	155.5
Amortization	-	(54.4)	-	(54.4)
Currency translation differences	-	0.2	-	0.2
<b>Closing net book value</b>	<b>23.0</b>	<b>269.9</b>	<b>-</b>	<b>292.9</b>
<b>As at 31 December 2020</b>				
Cost	187.9	892.3	27.2	1,107.4
Impairment/ accumulated amortization	(164.9)	(622.4)	(27.2)	(814.5)
<b>Net book value</b>	<b>23.0</b>	<b>269.9</b>	<b>-</b>	<b>292.9</b>

The goodwill arose from the historical acquisition of various entities and is allocated to the newspaper and broadcasting segments. The directors monitor goodwill impairment at the level of the acquired entity, being the cash generating unit (CGU). The recoverable amount of the cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

A segment-level summary of the goodwill allocated is presented below:

	Operating Segment	2020 Shs m	2019 Shs m
Monitor Publications Limited (MPL)	Newspapers	23.0	23.0
<b>Movement in goodwill</b>		<b>2020 Shs m</b>	<b>2019 Shs m</b>
At start of year		23.0	27.0
Impairment of goodwill allocated to RUL		-	(4.0)
<b>At end of year</b>		<b>23.0</b>	<b>23.0</b>



## Notes to the financial statements (continued)

### 15. Intangible assets (continued)

Significant estimates : key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of goodwill has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the media industry in which the CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them;

	Monitor Publication Limited	
	2020	2019
Pre-tax Discount rate	17.7%	22%
Long term growth rate	4.8%	6%
Gross profit margin	85%	77%

Management has determined the values assigned to each of the above key assumptions as follows;

- Pre-tax Discount rate - reflects the specific risks relating to the relevant segments and the countries in which they operate. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.
- Long term growth rate - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports eg inflation rate.
- Gross profit margin - is based on past performance and management's expectations for the future.

	Computer software	Transmission Frequencies	Total
Company	Shs m	Shs m	Shs m
<b>As at 1 January 2019</b>			
Cost	650.4	27.2	677.6
Accumulated amortization	(451.6)	(27.2)	(478.8)
<b>Net book value</b>	<b>198.8</b>	<b>-</b>	<b>198.8</b>
<b>Year ended 31 December 2019</b>			
Opening net book value	198.8	-	198.8
Additions	20.4	-	20.4
Amortization	(51.5)	-	(51.5)
<b>Closing net book value</b>	<b>167.7</b>	<b>-</b>	<b>167.7</b>
<b>As at 31 December 2019</b>			
Cost	670.8	27.2	698.0
Accumulated amortization	(503.1)	(27.2)	(530.3)
<b>Net book value</b>	<b>167.7</b>	<b>-</b>	<b>167.7</b>
<b>Year ended 31 December 2020</b>			
Opening net book value	167.7	-	167.7
Additions	151.9	-	151.9
Amortization	(53.0)	-	(53.0)
<b>Closing net book value</b>	<b>266.6</b>	<b>-</b>	<b>266.6</b>
<b>As at 31 December 2020</b>			
Cost	822.7	-	822.7
Accumulated amortization	(556.1)	-	(556.1)
<b>Net book value</b>	<b>266.6</b>	<b>-</b>	<b>266.6</b>

## Notes to the financial statements (continued)

### 16. Leases

#### (i) Right of Use Asset

	Land	Buildings	Plant and Equipment	Motor Vehicle	Total
Group	Shs m	Shs m	Shs m	Shs m	Shs m
<b>Year ended 31 December 2020</b>					
At start of year	67.4	783.6	8.1	12.5	871.6
Additions	-	32.2	3.9	14.7	50.8
Amortization for the year	(1.8)	(136.2)	(4.3)	(8.3)	(150.6)
Lease Modifications	-	(132.9)	-	(7.3)	(140.2)
Currency translation differences	1.9	10.9	-	0.2	13.0
<b>At end of year</b>	<b>67.5</b>	<b>557.6</b>	<b>7.7</b>	<b>11.8</b>	<b>644.6</b>

<b>Year ended 31 December 2019</b>					
At start of year	69.3	-	-	-	69.3
Adoption of IFRS 16	-	919.5	12.5	18.8	950.8
Amortization for the year	(1.8)	(135.9)	(4.4)	(6.3)	(148.4)
Currency translation differences	(0.1)	-	-	-	(0.1)
<b>At end of year</b>	<b>67.4</b>	<b>783.6</b>	<b>8.1</b>	<b>12.5</b>	<b>871.6</b>

	Land	Buildings	Plant and Equipment	Motor Vehicle	Total
Company	Shs m	Shs m	Shs m	Shs m	Shs m
<b>Year ended 31 December 2020</b>					
At start of year	40.9	653.2	8.1	-	702.2
Additions	-	23.7	3.8	-	27.5
Amortization for the year	(1.4)	(89.8)	(4.3)	-	(95.5)
Lease modification	-	(131.0)	-	-	(131.0)
<b>At end of year</b>	<b>39.5</b>	<b>456.1</b>	<b>7.6</b>	<b>-</b>	<b>503.2</b>
<b>Year ended 31 December 2019</b>					
At start of year	42.3	-	-	-	42.3
Adoption of IFRS 16	-	749.0	12.5	-	761.5
Amortization for the year	(1.4)	(95.8)	(4.4)	-	(101.6)
<b>At end of year</b>	<b>40.9</b>	<b>653.2</b>	<b>8.1</b>	<b>-</b>	<b>702.2</b>



## Notes to the financial statements (continued)

### 16. Leases (continued)

#### (ii) Lease liabilities

The movement in the lease liabilities over the year was as follows:

	Buildings	Plant and Equipment	Motor Vehicle	Total
Group	Shs m	Shs m	Shs m	Shs m
<b>Year ended 31 December 2020</b>				
At start of year	800.5	8.5	13.0	822.0
Additions	32.2	3.8	14.8	50.8
Interest on lease liability	40.9	0.9	0.2	42.0
Lease modification	(133.1)	-	(9.7)	(142.8)
Lease payments	(193.9)	(4.8)	(5.7)	(204.4)
Currency translation differences	11.0	-	1.0	12.0
<b>At end of year</b>	<b>557.6</b>	<b>8.4</b>	<b>13.6</b>	<b>579.6</b>
<b>Year ended 31 December 2019</b>				
At start of year	-	-	-	-
Adoption of IFRS 16	919.5	12.5	18.8	950.8
Lease payments	(201.1)	(5.2)	(6.9)	(213.2)
Interest on lease liability	82.1	1.2	1.1	84.4
<b>At end of year</b>	<b>800.5</b>	<b>8.5</b>	<b>13.0</b>	<b>822.0</b>

	Buildings	Plant and Equipment	Motor Vehicle	Total
Company	Shs m	Shs m	Shs m	Shs m
<b>Year ended 31 December 2020</b>				
At start of year	666.3	8.5	-	674.8
Additions	23.7	3.8	-	27.5
Interest expense	35.5	0.9	-	36.4
Payments	(149.3)	(4.8)	-	(154.1)
Lease modification	(130.5)	-	-	(130.5)
<b>At end of year</b>	<b>445.7</b>	<b>8.4</b>	<b>-</b>	<b>454.1</b>
<b>Year ended 31 December 2019</b>				
At start of year	-	-	-	-
Adoption of IFRS 16	749.0	12.5	-	761.5
Interest expense	69.1	1.2	-	70.3
Payments	(151.8)	(5.2)	-	(157.0)
<b>At end of year</b>	<b>666.3</b>	<b>8.5</b>	<b>-</b>	<b>674.8</b>

## Notes to the financial statements (continued)

### 16. Leases (continued)

#### (ii) Lease liabilities (continued)

The split of the lease liabilities is as follows:

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Current	131.2	129.8	96.3	103.5
Non-current	448.4	692.2	357.8	571.3
<b>At end of year</b>	<b>579.6</b>	<b>822.0</b>	<b>454.1</b>	<b>674.8</b>

The lease modification was as a result of rent reduction with no escalation on the renewed lease agreement of the main premises.

### 17. Investment in associate

	Group	
	2020	2019
	Shs m	Shs m
At start of year	1,422.6	1,373.8
Share of profit before income tax	75.0	101.7
Share of income tax expense	(22.9)	(29.7)
Dividends received	52.1	72.0
Share of other comprehensive income	(7.7)	(7.7)
	18.4	(15.5)
<b>At end of year</b>	<b>1,485.4</b>	<b>1,422.6</b>

Investment in associate is carried in the consolidated statement of financial position at amounts that reflect the Group's share of the net assets of the associate and includes goodwill on acquisition.

Other comprehensive income from associate relates to the net fair value (loss)/gain on financial assets (quoted and unquoted investments).

Key financial information on the associate, which is unlisted, was as follows:

	Country of incorporation	% interest held	Assets	Liabilities	Revenues	Profit/(loss)	Other
			Shs m	Shs m	Shs m	Shs m	Shs m
<b>Year 2020</b>							
Property Development and Management Limited	Kenya	20%	10,138.7	2,322.5	939.5	262.1	92.1
<b>Year 2019</b>							
Property Development and Management Limited	Kenya	20%	10,157.0	2,654.6	1,178.0	360.2	(77.4)

There were no changes in the interest held in the unlisted associate during the year. The initial investment in associate carried in the Company's statement of financial position is Shs 94.6 million (2019: Shs 94.6 million).



## Notes to the financial statements (continued)

### 18. Investment in subsidiaries

The Company's interest in its subsidiaries, all of which are unlisted and all of which have the same year end as the Company, were as follows as at 31 December 2020 and 2019:

	Company			
	Country of incorporation	Holding %	2020 Shs m	2019 Shs m
<b>Trading subsidiaries:</b>				
Nation Marketing & Publishing Limited	Kenya	100.0	0.5	0.5
Monitor Publications Limited	Uganda	83.3	75.1	75.1
Mwananchi Communications Limited	Tanzania	100.0	569.3	569.3
Nation Holdings Tanzania Limited	Tanzania	100.0	150.4	150.4
Africa Broadcasting Uganda Limited	Uganda	100.0	347.7	347.7
Nation Holdings Rwanda Limited	Rwanda	100.0	8.3	8.3
Kenya Buzz Limited	Kenya	51.0	2.0	2.0
			<b>1,153.3</b>	<b>1,153.3</b>
<b>Non trading subsidiaries:</b>				
Nation Carriers Limited	Kenya	100.0	3.0	3.0
Nation Infotech Limited	Kenya	100.0	1.5	1.5
East African Televisions Network Limited	Kenya	100.0	-	-
Africa Broadcasting Limited	Kenya	100.0	-	-
Nation Newspapers Limited	Kenya	100.0	-	-
Nation Carriers Uganda Limited	Uganda	100.0	-	-
Nation Carriers Tanzania Limited	Tanzania	100.0	-	-
Africa Broadcasting Tanzania Limited	Tanzania	100.0	-	-
Nation Printers and Publishers Limited	Kenya	100.0	-	-
Radio Uhuru Limited	Tanzania	100.0	20.5	20.5
			<b>1,178.3</b>	<b>1,178.3</b>
<b>Provision for impairment on investment in:</b>				
Mwananchi Communications Limited			(416.8)	(416.8)
Africa Broadcasting Uganda Limited			(17.5)	(17.5)
Radio Uhuru Limited			(20.5)	(20.5)
Nation Holdings Rwanda Limited			(8.3)	(8.3)
Nation Holdings Tanzania Limited			(12.4)	(12.4)
			<b>(475.5)</b>	<b>(475.5)</b>
<b>Net investment in subsidiaries</b>			<b>702.8</b>	<b>702.8</b>

## Notes to the financial statements (continued)

### 18. Investment in subsidiaries (continued)

The company tests whether investment in subsidiaries has suffered any impairment whenever indicators are noted. As a result of decline in performance, the Directors performed a valuation exercise on Mwananchi Communications Limited. The recoverable value of the entity has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The following table sets out the key assumptions:

	Mwananchi Communications Limited	
	2020	2019
Pre-tax Discount rate	16.7%	17.9%
Long term growth rate	5.9%	3%
Gross profit margin	76%	68%

Management has determined the values assigned to each of the above key assumptions as follows;

- *Pre-tax Discount rate* - reflects the specific risks relating to the entity and the countries in which the subsidiary operates. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.
- *Long term growth rate* - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports e.g. inflation rate.
- *Gross profit margin* - is based on past performance and management's expectations for the future.

Following the above exercise, there was no additional provision for impairment made on the Company's investment in Mwananchi Communications Limited.

### 19. Other assets

	Group & Company	
	2020 Shs m	2019 Shs m
Long-term deposits	74.7	111.1

The balance relates to long-term deposits held with a bank as back up funds for staff mortgage scheme. The long-term deposits are carried at amortized cost.

### 20. Inventories

	Group		Company	
	2020 Shs m	2019 Shs m	2020 Shs m	2019 Shs m
Raw materials	407.3	553.5	345.7	429.6
Engineering spares	229.7	226.1	199.9	201.3
Other stock	69.3	60.4	68.2	59.1
Gross inventory	<b>706.3</b>	<b>840.0</b>	<b>613.8</b>	<b>690.0</b>
Less: provision for obsolete stock	(184.9)	(183.3)	(182.0)	(181.1)
	<b>521.4</b>	<b>656.7</b>	<b>431.8</b>	<b>508.9</b>

Inventories are held at cost. The cost of inventories recognized as an expense and included in the consolidated 'cost of sales' amounted to Shs 801.6 million (2019: Shs 1,357.5 million).



## Notes to the financial statements (continued)

### 21. Receivables and prepayments

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Trade receivables	4,565.3	4,396.8	3,435.0	3,318.7
Less: provision for impairment	(2,532.2)	(2,449.6)	(1,691.0)	(1,566.8)
	2,033.1	1,947.2	1,744.0	1,751.9
Due from related parties (Note 31)	4.0	3.7	604.6	536.9
Less: provision for impairment	-	-	(364.8)	(322.2)
	4.0	3.7	239.8	214.7
Other receivables and prepayments	1,467.4	1,672.1	815.7	907.5
	<b>3,504.5</b>	<b>3,623.0</b>	<b>2,799.5</b>	<b>2,874.1</b>

Movement on the provision for impairment of trade receivables is as follows:

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
<b>At start of year</b>	2,449.6	2,683.4	1,566.8	1,765.6
Charge for the year	124.3	(202.1)	124.2	(198.8)
Debt write off	(41.7)	(31.7)	-	-
<b>At end of year</b>	<b>2,532.2</b>	<b>2,449.6</b>	<b>1,691.0</b>	<b>1,566.8</b>

The carrying amounts of the above receivables approximate their fair values.

### 22. Cash and cash equivalents

For the purposes of cash flow statements, cash and cash equivalents comprise cash and bank balances and term deposits held with banks, maturing in less than 90 days from origination. The year-end cash and cash equivalent comprise the following:

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Cash and bank balances	341.7	322.5	272.0	246.0
Fixed deposits with banks	1,002.5	716.5	791.2	571.3
	<b>1,344.2</b>	<b>1,039.0</b>	<b>1,063.2</b>	<b>817.3</b>

### 23. Short-term investments

	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Fixed deposits with banks	929.9	697.9	738.2	539.9
Other short-term investments	600.1	822.1	600.1	822.1
	<b>1,530.0</b>	<b>1,520.0</b>	<b>1,338.3</b>	<b>1,362.0</b>

The short term investments include term deposits, treasury bills and other short term investments with maturity more than 90 days but less than one year. Included in the other short term investments is a commercial paper and fixed deposits with related parties. Refer to Note 31 (vii) for further details.

The weighted average effective interest rate on the bank deposits during the year was 7.2% (2019: 8.1%) and that of the other short term investments was 9.7% (2019: 9.9%). The carrying amounts of the above short term investments approximate their fair values.

## Notes to the financial statements (continued)

### 24. Payables and accrued expenses

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Trade payables	416.1	571.8	280.0	378.4
Due to related parties (Note 31)	9.3	17.6	60.6	36.4
Accrued expenses	1,358.3	1,173.6	1,068.1	944.6
Other payables	936.9	1,143.0	525.0	686.6
	<b>2,720.6</b>	<b>2,906.0</b>	<b>1,933.7</b>	<b>2,046.0</b>

The carrying amounts of the above payables and accrued expenses approximate their fair values.

### 25. Provisions for claims and other liabilities

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
At 1 January	537.9	527.2	515.1	506.3
Payments in the year	(43.5)	(56.5)	(40.4)	(55.9)
Charge for the year	63.9	67.2	61.8	64.7
<b>At 31 December</b>	<b>558.3</b>	<b>537.9</b>	<b>536.5</b>	<b>515.1</b>

The Group makes specific provisions for claims and other liabilities arising in the normal course of business. Specific provisions are made for estimated claims and other liabilities to the extent that the Group considers it probable that there will be an outflow of economic benefits and the amount can be reliably estimated. Any insurance reimbursements in relation to claims and other liabilities are only recognized when the Group is certain of reimbursement. Typically, this will only occur when a reimbursement claim is accepted by the insurer.

Due to the nature of these provisions, management is unable to estimate the timing of their settlement with certainty. The impact of discounting on the provision is not considered to be material.

### 26. Post-employment benefit obligation

The Group maintains a gratuity scheme under which qualifying employees are entitled to receive remuneration equal to the sum of two weeks' pay for every year of service completed upon leaving the Group.

The amount included in the statement of financial position arising from the post-employment benefit obligation is arrived at as follows:

	Group and Company	
	2020	2019
	Shs m	Shs m
Opening balance	6.0	2.4
Payments in the year	(46.0)	(15.9)
Charge to P&L	12.5	19.5
<b>Closing balance</b>	<b>(27.5)</b>	<b>6.0</b>
Present value of funded obligations	(88.0)	(111.1)
Fair value of plan assets (fixed term deposit)	115.5	105.1
<b>Deficit/Surplus on funded plan</b>	<b>27.5</b>	<b>(6.0)</b>



## Notes to the financial statements (continued)

### 26. Post-employment benefit obligation (continued)

The scheme was last valued by an independent actuary as at 31 December 2015. The significant actuarial assumptions were as follows;

Discount rate	14%
Inflation rate	6%
Current service cost (% salary)	1.6%
Assumed retirement age	55 years

A slight increase or reduction in the actuarial assumptions does not result in a material change in the liability and the Group adopted the most conservative resultant liability.

### 27. Dividends

During the year, no interim dividend was paid (2019: Shs 282.8 million). At the annual general meeting to be held in May 2021, no final dividend in respect to the year ended 31 December 2020 will be proposed.

### 28. Commitments

#### Capital expenditure

Commitments for capital expenditure at the reporting date are as follow

	Group	
	2020	2019
	Shs m	Shs m
Contracted for but not provided for	1.7	27.8

### 29. Contingent liabilities

The Group is a defendant in various claims brought against the Group in the normal course of business. The Group has made provisions were deemed appropriate in line with group policy and legal advice. In the directors' opinion after taking appropriate legal advice, no significant additional liability will arise from the resolution of these matters beyond what has been provided for in the financial statements.

## Notes to the financial statements (continued)

### 30. Cash generated from operations

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Reconciliation of profit before tax to cash generated from operations				
Profit before income tax	119.9	1,296.4	76.2	1,202.8
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	450.9	474.7	345.0	368.5
Amortization of leases (Note 16)	150.6	148.4	95.5	101.6
Amortization of intangible assets (Note 15)	54.4	52.2	53.0	51.5
Goodwill impairment	-	4.0	-	-
Profit on sale of property, plant and equipment	(19.6)	(6.5)	(16.0)	(4.6)
Impairment of subsidiary (Note 18)	-	-	-	71.5
Interest income (Note 8)	(203.2)	(197.6)	(170.6)	(164.8)
Lease finance cost (Note 8)	42.0	84.4	36.4	70.3
Share of result after tax of associate (Note 17)	(52.1)	(72.0)	-	-
Dividend received from associate (Note 17)	-	-	(7.7)	(7.7)
Dividend received from subsidiary	-	-	-	(18.7)
Post-employment benefit obligation (Note 26)	(33.6)	3.6	(33.6)	3.6
Changes in working capital:				
- inventories	135.3	459.5	77.1	364.9
- receivables and prepayments	118.5	(466.5)	74.6	(121.3)
- payables and accrued expenses, and provisions	(165.0)	187.2	(90.8)	(35.8)
<b>Cash generated from operations</b>	<b>598.1</b>	<b>1,967.8</b>	<b>439.1</b>	<b>1,881.8</b>

### 31. Related parties

Aga Khan Fund for Economic Development, S.A (AKFED) incorporated in Switzerland is the principal shareholder of the Company. There are various other companies which are related to the Group through common shareholdings and directorships.

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
<b>i) Sale of goods and services</b>				
<b>Subsidiaries:</b>				
Monitor Publications Limited	-	-	9.7	11.8
Mwananchi Communications Limited	-	-	19.7	25.3
<b>Other related parties:</b>				
Property Development and Management Limited	1.5	1.5	1.5	1.5
TPS Eastern Africa Limited	3.3	15.2	1.6	1.6
Jubilee Holdings Limited	9.4	8.0	8.0	5.5
	<b>14.2</b>	<b>24.7</b>	<b>40.5</b>	<b>45.7</b>
<b>ii) Purchase of goods and services</b>				
<b>Subsidiaries:</b>				
Monitor Publications Limited	-	-	7.8	20.2
Mwananchi Communications Limited	-	-	27.6	37.6
<b>Other related parties:</b>				
Property Development and Management Limited	88.9	166.4	88.9	166.4
TPS Eastern Africa Limited	17.1	38.7	0.6	6.7
Jubilee Holdings Limited	215.1	239.5	181.3	193.2
	<b>321.1</b>	<b>444.6</b>	<b>306.2</b>	<b>424.1</b>



## Notes to the financial statements (continued)

### 31. Related parties (continued)

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
<b>iii) Outstanding balances from transactions with related parties</b>				
<b>Amounts due from related parties</b>				
<b>Subsidiaries:</b>				
Mwananchi Communications Limited	-	-	41.1	42.8
Monitor Publications Limited	-	-	159.0	137.2
Nation Infotech Limited	-	-	0.9	0.9
Radio Uhuru Limited	-	-	4.9	4.9
Nation Marketing and Publishing Limited	-	-	37.0	36.9
Nation Holdings Rwanda Limited	-	-	327.8	285.3
Kenya Buzz Limited	-	-	12.7	10.5
Nation Holdings Tanzania Limited	-	-	19.1	18.0
<b>Other related parties:</b>				
TPS Eastern Africa Limited	1.9	3.1	0.1	-
Jubilee Holdings Limited	0.6	0.6	0.5	0.4
Property Development and Management Limited	1.5	-	1.5	-
	<b>4.0</b>	<b>3.7</b>	<b>604.6</b>	<b>536.9</b>
<b>Provision for impairment</b>				
Nation Holdings Rwanda Limited	-	-	(327.8)	(285.3)
Nation Marketing and Publishing Limited	-	-	(37.0)	(36.9)
	<b>4.0</b>	<b>3.7</b>	<b>239.8</b>	<b>214.7</b>
<b>Amounts due to related parties</b>				
<b>Subsidiaries:</b>				
Africa Broadcasting Uganda Limited	-	-	57.0	29.3
Monitor Publications Limited	-	-	-	-
Nation Marketing and Publishing Limited	-	-	-	-
Nation Holdings Tanzania Limited	-	-	-	-
<b>Other related parties:</b>				
Property Development and Management Limited	0.7	0.7	1.3	0.7
Jubilee Insurance	7.8	14.2	1.7	5.2
TPS Eastern Africa Limited	0.8	2.7	0.6	1.2
	<b>9.3</b>	<b>17.6</b>	<b>60.6</b>	<b>36.4</b>
<b>iv) Loans to executive directors</b>				
At start of year	-	2.4	-	2.4
Loans advanced during the year	-	1.5	-	1.5
Loans repaid during the year	-	(3.9)	-	(3.9)
<b>At end of year</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>

Loans to executive directors are on terms similar to those applicable to other employees and are included in other receivables.

## Notes to the financial statements (continued)

### 31. Related parties (continued)

#### v) Key management compensation

Key management includes executive directors. The compensation paid or payable to key management for employee services is shown below.

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Salaries and other short term employment benefits	149.6	283.6	128.5	255.6
Post-employment benefits (Defined contribution)	10.2	18.6	7.7	15.4
	<b>159.8</b>	<b>302.2</b>	<b>136.2</b>	<b>271.0</b>

#### vi) Directors' remuneration

	Group		Company	
	2020	2019	2020	2019
	Shs m	Shs m	Shs m	Shs m
Fees for services as director	25.8	29.6	24.0	27.4
Salaries and other short term employment benefits	46.6	58.8	46.6	58.8
Other benefits	3.5	4.1	3.5	4.1
	<b>75.9</b>	<b>92.5</b>	<b>74.1</b>	<b>90.3</b>

#### vii) Other related party transactions

Included as part of short-term investments (Note 23) are the following balances with related parties:

	Group and Company	
	2020	2019
	Shs m	Shs m
Term deposit with Diamond Trust Bank Kenya Limited	610.0	567.5
Short term note investment with Industrial Promotion Services (K) Limited	400.0	400.0
	<b>1,010.0</b>	<b>967.5</b>

The short term investment note with Industrial Promotion Services (K) Limited is for a duration of 3 months each (renewable), attracting interest rate of 7.8% per annum for 2020 and 9.3% per annum for 2019.



## Principal Shareholders and their respective Shareholding at 31 December 2020

No.	Name of shareholder	No. of shares held	%
1	THE AGA KHAN FUND FOR ECONOMIC DEVELOPMENT (AKFED)	92,618,177	44.66
2	ALPINE INVESTMENTS LIMITED	21,050,222	10.15
3	KIMANI JOHN KIBUNGA	6,191,416	2.99
4	STANBIC NOMINEES LIMITED	3,150,471	1.52
5	STANDARD CHARTERED NOMINEES RESD A/C KE11450	2,512,210	1.21
6	THE JUBILEE INSURANCE COMPANY OF KENYA LIMITED	2,493,499	1.20
7	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 915B	2,492,636	1.20
8	STANDARD CHARTERED NOMINEES RESD A/C KE11401	2,343,788	1.13
9	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004667	1,820,900	0.88
10	ELGANTIN PROPERTIES LTD	1,650,000	0.80

## Distribution of Shareholding

### At 31 December 2020

No. of shares	No. of shareholders	No. of shares held	% of shareholding
1 - 500	5,083	901,078	0.43
501 - 5,000	5,313	11,046,995	5.33
5,001 - 10,000	870	6,249,265	3.01
10,001 - 100,000	1,203	29,344,413	14.15
100,001 - 1000,000	100	19,103,069	9.21
Over 1,000,000	14	140,751,695	67.87
TOTAL	12,583	207,396,515	100.00

## Directors Shareholding

Name	No. of shares held	% of Shareholding
Yasmin Jetha	16,692	0.0080
Wangethi Mwangi	5,563	0.0027
Stephen Gitagama	1,425	0.0007

## NOTES

[illegible]



# PROXY FORM



I/WE \_\_\_\_\_  
of \_\_\_\_\_  
  
(include email address and mobile number)  
a member of NATION MEDIA GROUP PLC hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
  
(include email address and mobile number)  
  
(delete below text as appropriate if The Chairman of the Meeting is not the alternate proxy)  
  
or in his/her place THE CHAIRMAN OF THE MEETING as my/our proxy and/or representative  
  
to vote at his/her discretion for me/us and on my/our behalf at the Annual General Meeting to be held on Friday, 25 June 2021 and at every adjournment thereof  
  
AS WITNESS my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2021.  
  
USUAL SIGNATURES (S)  
\_\_\_\_\_  
\_\_\_\_\_

Please clearly mark the box below to instruct your proxy how to vote

RESOLUTION	FOR	AGAINST	ABSTAIN
<b>ORDINARY BUSINESS</b> 1. To receive the financial statements for the year ended 31 December 2020, and the Chairman's, Directors' and Auditors' reports thereon.			
2. To confirm that PricewaterhouseCoopers LLP continue in office as the Company's Auditors in accordance with section 721(2) of the Kenyan Companies Act 2015 and to authorise the directors to fix the remuneration of the Auditors.			
3. To elect and re-elect Directors: a. Mr. Dennis Aluanga retires by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for re-election. b. Mr. Stephen Dunbar-Johnson retires by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for re-election. c. Mr. Louis Otieno retires by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for re-election.			
d. In accordance with the provisions of section 769 of the Companies Act 2015, the following Directors, being members of the Board Audit and Risk Committee be elected individually to continue serving as members of the Committee: i. Mr Leonard Mususa ii. Mr Anwar Poonawala iii. Mr Al-Noor Ramji			
4. To receive, consider and if thought fit approve the Directors' Remuneration Report and the remuneration paid to the Directors for the year ended 31 December 2020 and to authorise the directors to fix the remuneration of the Non-Executive Directors.			

<b>SPECIAL BUSINESS</b> 5. THAT the following directors who have reached the age of 70 years to continue to serve as directors of the Company:  a. "That Dr. Wilfred D. Kiboro, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a period of one year." b. "That Prof. Lee Huebner, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a period of one year." c. "That Mr. Anwar Poonawala, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a period of one year." d. "That Mr. Francis O. Okello, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a period of one year."			
6. "THAT a new article to be numbered as Article 13A is inserted into the Company's Articles of Association immediately following the current Article 13 as follows:13A. The Company may acquire its own shares in accordance with Part XVI of the Companies Act, 2015."			
<b>Amendment of Articles</b> 7. "THAT a new article to be numbered as Article 68A is inserted into the Company's Articles of Association immediately following the current Article 68 as follows:68A(i) The Board may, whenever it thinks fit: convene a shareholders' meeting entirely by electronic communication; or provide for one or more shareholders, or proxies for shareholders to participate by electronic communication in all or part of a shareholders meeting that is being held in person, as long as the electronic communication employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting.68A(ii) If shareholders participation in a meeting is by electronic communication, as contemplated in Article 68A(i) the notice of that meeting must inform shareholders of the availability of that form of participation, and provide any necessary information to enable shareholders or their proxies to access the available medium or means of electronic communication; and access to the medium or means of electronic communication is at the expense of the shareholder or proxy, except to the extent that the company determines otherwise.			
8. "THAT, in accordance with Section 458 of the Companies Act, 2015, the Company be and is hereby authorised to make market purchases of paid-up and issued ordinary shares of KES 2.50 each in the capital of the Company ("Ordinary Shares") in connection with a buyback for Ordinary Shares on the terms and conditions set out in the Circular to the Company's shareholders dated 31 May 2021 (the "Buyback") and which circular was made available to the shareholders together with the notice for the annual general meeting (and is also available on the Company's website), provided that: a. the maximum number of Ordinary Shares that may be purchased pursuant to the terms of this resolution is 20,739,652 Ordinary Shares; b. the maximum price (exclusive of any expenses) that may be paid for any Ordinary Share shall be KES 25 as recommended by the Board; c. the minimum price (exclusive of expenses) that may be paid for any Ordinary Share shall be KES 2.50 being the nominal value of the shares; and d. this authority shall expire at the end of 18 months from the date of the annual general meeting of the Company held on 25 June 2021, unless previously varied, revoked or renewed in accordance with the provisions of the Companies Act, 2015".			
9. "THAT, in accordance with section 329 of the Companies Act 2015 the directors of the Company be generally and unconditionally authorised to re-allot such Ordinary Shares as may be purchased by the Company pursuant to the Buyback provided that this authority shall, unless renewed, varied or revoked by the Company, expire no later than five years from the effective date of these resolutions."			

- Notes**
- Proxy Forms can be emailed to [NMGPAGM@image.co.ke](mailto:NMGPAGM@image.co.ke) or delivered to the physical offices of the Company or the Company's Registrar at the following address:  
Image Registrars Limited,  
5th Floor Absa Towers (formerly Barclays Plaza),  
P.O. Box 9287 – 00100 GPO  
Loita Street,  
Nairobi
  - Proxy Forms must reach the registered office of the Company or the Company's Registrar no later than 3.00 p.m. on Wednesday, 23 June 2021.
  - Proxy Forms must be sent/scanned with a copy of the ID of the Shareholder and the appointed Proxy.



FOMU YA MSHIRIKA

MIMI/SISI \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

wa \_\_\_\_\_

\_\_\_\_\_

(jumuisha anwani ya barua pepe na nambari ya simu ya mkononi)

mwanachama wa SHIRIKA LA NATION MEDIA GROUP ninamteua

\_\_\_\_\_

wa \_\_\_\_\_

(jumuisha anwani ya barua pepe na nambari ya simu ya mkononi)

(futa matini yaliyo hapo chini ifaavyo ikiwa Mwenyekiti wa Mkutano sio mshirika mbadala)

au kwa niaba yake MWENYEKITI WA MKUTANO kama mshirika wangu/wetu na/au mwakilishi

kupiga kura kwa siri yake mwenyewe kwa ajili yangu/yetu na kwa niaba yangu/yetu katika Mkutano Mkuu wa Kila Mwaka utakaofanyika Ijumaa, tarehe 25 Juni 2021 na kila uhairishaji wake utakaotokea

KAMA SHAHIDI kidole/vidole changu/vyetu siku hii ya \_\_\_\_\_ ya \_\_\_\_\_ 2021.

SAINI ZA KAWAIDA

\_\_\_\_\_

Tafadhali tia alama kwenye kisanduku kilicho hapa chini ili kuelekeza mshirika wako jinsi ya kupiga kura

UAMUZI	KUUNGA MKONO	KUPINGA	KUTOSHIRIKI
<b>SHUGHULI YA KAWAIDA</b> 1. Kupokea taarifa za kifedha za mwaka uliokamilika tarehe 31 Disemba 2020, na ripoti za Mwenyekiti, Wakurugenzi Watendaji na Wakaguzi.			
2. Kuthibitisha kwamba kampuni ya PricewaterhouseCoopers LLP itaendelea kuhudumu kama Mkaguzi wa Kampuni kwa mujibu wa kifungu cha 721(2) cha Sheria ya Kampuni ya Kenya 2015 na kuidhinisha wakurugenzi kusuluhisha mshahara wa Wakaguzi.			
3. Kuchagua na kuchagua tena Wakurugenzi: a. Bw. Dennis Aluanga, anastaafu kwa mzunguko kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na kwa kuwa anastahiki, amejitosa ulingoni ili kuchaguliwa tena. b. Bw. Stephen Dunbar-Johnson, anastaafu kwa mzunguko kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na kwa kuwa anastahiki, amejitosa ulingoni ili kuchaguliwa tena. c. Bw. Louis Otieno, anastaafu kwa mzunguko kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na kwa kuwa anastahiki, amejitosa ulingoni ili kuchaguliwa tena.			
d. Kwa mujibu wa kanuni za sehemu ya 769 za Sheria ya Kampuni ya 2015, Wakurugenzi Watendaji wafuatao, kwa kuwa wanachama wa Kamati ya Bodi ya Ukaguzi na Hatari wachaguliwe kila mmoja kibinafsi ili waendelee kuhudumu kama wanachama wa Kamati hiyo: i. Bw. Leonard Mususa ii. Bw. Anwar Poonawala iii. Bw. Al-Noor Ramji			

4. Kupokea, kuzingatia na ikifikiri kuwa ni sawa, iidhinisha Ripoti ya Mshahara wa Wakurugenzi na mshahara uliolipwa kwa Wakurugenzi kwa mwaka uliokamilika tarehe 31 Disemba 2020 na kuidhinisha wakurugenzi kurekebisha mshahara wa Wakurugenzi Wasio Watendaji.			
<b>SHUGHULI MAALUM</b> 5. KWAMBA wakurugenzi wafuatao ambao wamefikisha umri wa miaka 70 waendeleo kuhudumu kama wakurugenzi wa Kampuni: a. "Kwamba Dkt. Wilfed D. Kiboro, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja." b. "Kwamba Prof. Lee Huebner, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja." c. "Kwamba Bw. Anwar Poonawala, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja." d. "Kwamba Bw. Francis. Okello, mkurugenzi ambaye anastaafu kwa mujibu wa Ibara ya 101 ya Taarifa ya Ushirika ya Kampuni na ambaye amepitisha umri wa miaka 70, licha ya ukweli huo, achaguliwe tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."			
6. "KWAMBA kifungu kipya kitakachopewa nambari kama Kifungu cha 13A kijumuishwe katika Vifungu vya Taarifa ya Ushirika ya Kampuni mara moja chini ya Kifungu cha sasa cha 13 ifuatavyo:  13A. Kampuni inaweza kununua hisa zake zenyewe kwa mujibu wa Sehemu ya XVI ya Sheria ya Kampuni, 2015."			
<b>Marekebisho kwenye Vifungu</b> 7. "KWAMBA kifungu kipya kitakachopewa nambari kama Kifungu cha 68A kijumuishwe katika Vifungu vya Taarifa ya Ushirika ya Kampuni mara moja chini ya Kifungu cha sasa cha 68 ifuatavyo:68A(i) Bodi inaweza, kila inapofikiria kuwa ni vyema:kuitisha mkutano wa wenye hisa ambao utafanyika kupitia mawasiliano ya kielektroniki kikamilifu au kutoa nafasi kwa mwenye hisa mmoja au zaidi, au washirika wa wenye hisa kushiriki kupitia njia ya mawasiliano ya kielektroniki katika mikutano yote au baadhi ya mikutano ya wenye hisa ambayo inafanywa ana kwa ana, alimradi njia ya mawasiliano ya kielektroniki inayotumika inawawezesha watu wote wanaoshiriki katika mkutano huo kuwasiliana kwa njia sambamba bila mtu wa kati, na kushiriki kwa ufanisi katika mkutano huo.  68(ii) Ikiwa wenye hisa watashiriki katika mkutano kupitia mawasiliano ya kielektroniki, kama ilivyoangaziwa katika Kifungu cha 68(i) taarifa ya mkutano huo lazima iwajulishe wenye hisa kuhusu upatikanaji wa njia hiyo ya kushiriki na kutoa taarifa zozote zinazohitajika ili kuwezesha wenye hisa au washirika wao kufikia chombo au njia inayopatikana ya mawasiliano ya kielektroniki; na  gharama ya kufikia chombo au njia ya mawasiliano ya kielektroniki zinalipwa na mwenye hisa au mshirika wake, isipokuwa ikiwa kampuni itabaini vinginevyo.			
8. "KWAMBA, kwa mujibu wwa Sehemu ya 458 ya Sheria ya Kampuni ya 2015, Kampuni ipewe idhini na hivyo imeidhinishwa kufanya ununuzi wa hisa za kawaida zilizolipiwa na zilizotolewa za KES 2.50 kwa kila hisa kwenye mtaji wa Kampuni ("Hisa za Kawaida") kuhusiana na kampuni kununua hisa zake yaani Hisa za Kawaida kulingana na sheria na masharti yaliyobainishwa kwenye Taarifa iliyotumwa kwa wenye hisa wa Kampuni mnamo tarehe 31 Mei 2021 ("Kampuni kununua hisa zake") na taarifa hiyo ilitolewa pamoja na taarifa ya mkutano mkuu wa kila mwaka (na inapatikana kwenye tovuti ya Kampuni), ilisema kwamba: a. idadi ya juu zaidi ya Hisa za Kawaida zinazoweza kununuliwa kwa mujibu wa sheria za azimio hili ni Hisa 20,739,652 za Kawaida; b. bei ya juu zaidi (bila kujumuisha gharama zozote) inayoweza kulipwa kwa Hisa yoyote ya Kawaida itakuwa KES 25 kama ilivyopendekezwa na Bodi; c. bei ya chini zaidi (bila kujumuisha gharama zozote) inayoweza kulipwa kwa ajili ya Hisa yoyote ya Kawaida itakuwa KES 2.50 hii ikiwa ni thamani ya sarafu ya hisa hizo; na d. muda wa mamlaka hii utaisha mwishoni wa miezi 18 kuanzia tarehe ambapo mkutano mkuu wa mwaka wa Kampuni utakaofanyika tarehe 25 Juni 2021, isipokuwa kama ilibadilishwa, kubatilishwa au kufanywa upya awali kwa mujibu wa kanuni za Sheria ya Kampuni 2015."			
9. "KWAMBA, kwa mujibu wa sehemu ya 329 ya Sheria za Kampuni 2015, wakurugenzi wa Kampuni kwa ujumla na bila masharti yoyote, waruhusiwe kugawa upya Hisa za Kawaida ambazo huenda zimenunuliwa na Kampuni kwa mujibu wa kanuni hiyo ya Kampuni kununua hisa zake alimradi mamlaka hii, isipokuwa iwe imewekwa upya, kubatilishwa au kubatilisha na Kampuni, itaisha muda sio baada ya miaka mitano tangu tarehe ya kuanza kutekelezwa kwa maazimio haya."			

Vidokezo

- 1.Fomu za Washirika zinaweza kutumwa kwa NMGPAGM@image.co.ke au kuwasilishwa katika ofisi za Kampuni au Msajili wa Kampuni katika anwaniifuatayo:
- Image Registrars Limited,  
5th Floor Absa Towers (formerly Barclays Plaza),  
P.O. Box 9287 – 00100 GPO  
Loita Street,  
Nairobi
2. Fomu za Washirika ni sharti zifike katika ofisi iliyosajiliwa ya Kampuni au Msajili wa Kampuni mwisho saa 9 jioni siku ya Jumatano, tarehe 23 Juni 2021.
3. Fomu za Washirika ni sharti zitumwe/zichanganuliwe pamoja na nakala ya Kitambulisho cha Mwenye hisa na Mshirika aliyeteuliwa.





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