

Statement of financial position for the 6 month period ending 30 June 2021

Figures in Kenyan Shilling thousand	June 2020	June 2021
Assets		
Equipment	5,389	1,315
Right-of-use assets	4,475	26,774
Intangible assets	5,575	92
Loans receivable	381,663	336,975
Trade and other receivables	16,013	15,850
Current tax receivable	266,169	266,169
Cash and cash equivalents	121,920	35,697
Total Assets	801,205	682,872
Equity and Liabilities		
Equity		
Share capital	750,000	750,000
Accumulated (loss)/surplus	(1,308,548)	(1,496,006)
Total Equity	(558,548)	(746,006)
Liabilities		
Lease liabilities - right-of-use assets	4,442	26,949
Trade and other payables	9,735	9,555
Medium term notes	1,345,577	1,392,374
Total Liabilities	1,359,753	1,428,878
Total Equity and Liabilities	801,205	682,872

Statement of comprehensive income

Figures in Kenyan Shilling thousand	June 2020	June 2021
Revenue	80,724	49,125
Other operating income	1,617	581
Impairments of loans and advances	(28,838)	12,621
Other operating expenses	(128,723)	(106,930)
	(75,221)	(44,604)
Finance costs	(68,972)	(50,610)
Other non-operating gains (losses)	(2,735)	-
Loss before taxation	(146,928)	(95,214)
Tax (charge)/credit	-	(196)
Loss for the period	(146,928)	(95,410)
Comprehensive loss for the period	(146,928)	(95,410)

Statement of changes in equity

Figures in Kenyan Shilling thousand	Share capital	(Deficit) / surplus	Total equity
Balance at 01 April 2020	750,000	(1,229,156)	(479,156)
Comprehensive loss for the year	-	(171,440)	(171,440)
Balance at 31 December 2020	750,000	(1,400,596)	(650,596)
Comprehensive loss for the 6 month period	-	(95,410)	(95,410)
Balance at 31 December 2020	750,000	(1,496,006)	(746,006)

Statement of cash flows

Figures in Kenyan Shilling thousand	June 2020	June 2021
Net cash flows from/(used in) operations	48,926	43,092
Net cash flows used in investing	(980)	(83)
Net cash flows (used in)/from financing	(19,469)	(50,610)
Total cash movement for the period	28,476	(7,601)
Cash and cash equivalents at the beginning of the period	93,444	43,298
Total cash at the end of the period	121,920	35,697

Review of financial results

The financial half year ended on a more positive note for the company. The company reported a loss after tax of Ksh 95.4 million for the period ending June 2021 as compared to a Kshs 146.9 million loss after tax for the same period in the prior year, an improvement of Ksh 51.5 million. Revenue declined year on year because of reduced growth in the loan book as a result of liquidity constraints and the negative impact of the COVID 19 pandemic in the operating environment. Our operating expenses dropped by 20% as a result of aggressive cost cutting.

Our capital remains below the minimum covenant requirements hence our continued engagement with debt and equity providers with a view to alleviating the debt and interest burden borne by the company and to placing the company on a path to sustainable profitability.

Loan impairment provisions

The company has continued adjusting carrying values for various loan asset classes during the 2021 financial year, applying its normal strict criteria. Medium Term Note Program "At a meeting of the holders of the KES 267,100,000 3-year floating rate and KES. 1,036,000,000 5-year floating rate Senior Unsecured Notes both due on 30 June 2021 (the Noteholders and the Notes respectively) held on 29th June 2021, the Noteholders, by means of extraordinary resolutions resolved:

- That the Maturity Date for the Notes due on 30 June 2021 respectively be extended to 28th February 2022.
- That the interest accrued on the Notes and payable on 30 June 2021 be deferred to 28th February 2022. The amounts of deferred interest shall not be deferred beyond the maturity date of the Notes when such amounts will become due and payable.
- That, subject to (i) the Issuer entering into an agreement with an investor or investors for the capitalisation of the Issuer on or before 28th February 2022; and (ii) any terms affecting the Notes and their repayment be on terms that are acceptable to all Noteholders holding 75% of the outstanding Notes, the maturity dates for the Notes due on 28th February 2022 be extended to a final date of 3rd August 2028.

iv. That the Trustee be authorised to concur to the modifications referred to in these Extraordinary Resolutions and do all acts and things and execute all documents, notices, forms, instruments, consents or agreements, amendments to the Trust Deed, the pricing supplement and the Conditions required to give effect to these Extraordinary Resolutions on such terms and conditions as the Trustee may in its discretion decide."

Directors and company secretary

Current directors are: EN Ndemo (Chairperson), YM Godo, TM Karanja, RL Shituse, FO Menya. The company secretary is CK Kigera. The summary financial statements are available on the company's website, www.RealPeople.co.ke

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**By order of the board of directors
Friday, 20 August 21**