



TRADING UPDATE

FOR THE PERIOD ENDED 31 MARCH 2021

The Company issues a trading update for the period ended 31 March 2021.

Trading environment

The operating environment has been stable as evidenced by the subsiding inflation. The active foreign currency interbank market brought the much-needed stability in exchange rates which in turn led to the reduced month-on-month inflation during the first quarter of 2021. However, during the period under review, the months of January and February 2021 were affected by the COVID-19 pandemic related lockdown restrictions brought into effect to contain the spread of the second wave. In the month of March 2021 there was a return of business buoyed by the domestic market following the relaxation of the lockdown measures. The vaccination programs being carried out the world over are anticipated to result in the acceleration of the recovery of global tourism activities.

Performance review

The first quarter of the year closed at occupancies of 12%. This performance is attributed to the increased business activity in the month of March as there was no significant business activity in the first two months of 2021. The comparative 2020 occupancies were 33% representing full activity during that period except for Rainbow Towers Hotel & Conference Centre which was closed for a planned refurbishment. It is pleasing to note that, activities in city hotels have significantly increased mainly driven by conferencing. The resort hotels remain affected by the impact of COVID 19 on world travel. According to the UNWTO 2020 report, Africa has been the most affected in terms of international tourism because it is a long haul destination. However, it is pleasing to note that airlines are now beginning to resuscitate regional routes which will have a positive impact on regional tourism.

The tour operations arm Heritage Expeditions Africa activities were also affected by the lockdown. We anticipate the volumes to grow in line with increasing domestic business activities.

The Group's mobile and web application the Gateway Stream, which was activated in May 2020 continued to gain momentum and has become a source of replacement business, as well as a driver for revenue growth. The growth trajectory on Gateway Stream is being led by groceries, hardware and accommodation, while food and drink (Gateway Eats), Events and Insurance channels have started recording business activities and are showing high potential going into the future.

The Group inflation adjusted revenues for the period under review closed at ZW\$198 million from \$368 million recorded over the same period last year. The revenues were affected by COVID-19 lockdown related business interruptions.

Impact and Management of COVID-19

The COVID-19 pandemic continued to have an impact on the Group's performance for the period ended 31 March 2021. There are many uncertainties that make it difficult to fully estimate the full impact of the COVID-19 pandemic on the financial health of the Group. To ensure the going concern of the business, the focus remains on cost reduction measures for the hotel and tour operations business entities, whilst capacitating the digital platform: the Gateway Stream web and mobile application. The business has been able to manage its working capital, sustain costs as well as maintaining a conducive working environment for its employees.

The Group responded to the government's free vaccination program and has recorded an impressive 70% vaccination of its staff. Victoria Falls properties recorded the highest vaccination response rate. The Group will continue to prioritise the safety and health of its employees and guests as well as observing the World Health Organisation and Ministry of Health and Child Care COVID-19 guidelines across all its business units.

Outlook

The Group remains optimistic about the prospects of the tourism industry in the short to medium term. The stability in the operating environment is a positive development that will translate into increased activities. The on-going vaccination rollout across the globe is expected to improve tourism activities. The Group is upbeat about the prospects of domestic tourism as driven by the recovery of some key sectors of the economy.

The Gateway Stream will continue to drive revenue growth going forward. The Group expects to see the full activation of all the twelve Gateway Stream revenue channels in the short to medium term.

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Tapiwa Mari
Company Secretary
12 May 2021