



TRADING UPDATE

FOR THE PERIOD ENDED 31 MARCH 2023

The Company issues a trading update for the period ended 31 March 2023

TRADING ENVIRONMENT

The quarter under review was characterized by an unstable trading environment driven by increasing inflationary pressures and local currency exchange rate volatility which resurfaced in the first quarter of 2023 after a period of relative stability in 2022. The resurgence of currency instability resulted in significant pressure on operating margins, constrained liquidity and pricing distortions in the general business environment.

Despite the unfavorable macroeconomic conditions, the Group delivered healthy cash flows to support the refurbishment of hotels as well as funding pipeline growth initiatives. The business activity during the quarter under review is synonymous with the tourism industry low season which usually has subdued demand. The operating costs of the company remained on check save for the market preference towards foreign currency including some government levies.

PERFORMANCE REVIEW

Hotel occupancies closed the quarter at 43%, which was on par with the same period in 2022. City hotels continue to drive activities for the Group mainly through conferencing activities while resort hotels, which are predominantly located in Victoria Falls, have shown a strong post-COVID-19 recovery. Resort hotels are now approaching the traditional first quarter pre-COVID-19 pandemic average levels of 38%, having achieved an occupancy of 35% during the first quarter. These occupancy levels are expected to increase as the year progresses.

Inflation-adjusted revenues grew by 123% to ZW\$5.8 billion from ZW\$2.6 billion reported in the same period in 2022. The actual foreign currency revenues grew by 115% when compared to the same period in 2022. The Group's tech division (Gateway Stream) registered increased business activities, driven by Gateway Stream Media and online shopping channels. The Gateway Stream platform continued to witness exponential growth in activities during the period under review, complementing the hotels revenue generation. The Group's tour operations division, Heritage Expeditions Africa, increased its business volumes by 368%, owing to increased activity uptake around the country.

OUTLOOK

The second quarter is expected to continue registering a significant growth in revenues ahead of quarter one. The Group is set to benefit from increased activities in the tourism industry mainly driven by the Government and NGO sector. The return of regional and international tourism coupled with pre-election business is expected to boost the Group's prospects going forward. The contribution from the Group's tour operations and tech subsidiaries is expected to continue to increase and positively impact overall Group revenues.

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Tapiwa Mari
Company Secretary

