RTG

RAINBOW TOURISM GROUP LTD

# GROWTH BEYOND BOUNDARIES...*FASTER!*

# 2022
# *ANNUAL REPORT*

*A'Zambezi River Lodge aerial view*

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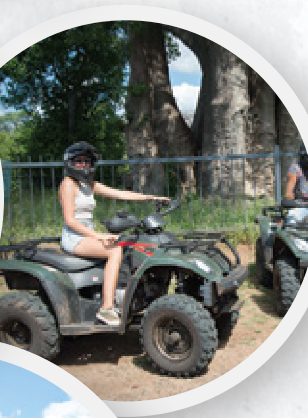
# Say Yes To Adventure!

# QUAD BIKE TOURS

## VICTORIA FALLS



Say YES to Adventure! Ride through the beauty of the African wilderness, natural tracks, humps, hills and valleys as nature's landscape dictates! It's a true adventure where you encounter the dusty, sunny, muddy and ruggedness of mother nature. Experience the freedom of riding off the beaten tracks with the possibility of encountering wildlife along the way!

Heritage ADVENTURES
Say Yes To Adventure

# CONTENTS

# ABOUT THIS REPORT

Rainbow Tourism Group Limited, a company listed on the Zimbabwe Stock Exchange (ZSE) since 1999, presents its annual report for the year ended 31 December 2022. This report integrates both financial and sustainability information to demonstrate our commitment to responsible business practices and values.

## REPORTING SCOPE

This report contains information for Rainbow Tourism Group Limited and its subsidiaries incorporated and domiciled in Zimbabwe. In this report, unless otherwise noted or referenced to: "our", "we", "us", "the Group", "RTG", "the company" refers to Rainbow Tourism Group Limited.

## REPORTING FRAMEWORK

This report was prepared with due consideration of the following:

- The Companies and other Business Entities Act [Chapter 24:31].
- Statutory Instrument (SI) 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange (ZSE) Listing Requirements) Rules 2019.
- International Financial Reporting Standards (IFRSs).
- Global Reporting Initiative (GRI) Standards.

## SUSTAINABILITY DATA

The report was compiled using qualitative and quantitative data extracted from our Company policy documents, records and from personnel accountable for material issues herein presented. In some cases, estimations were made and confirmed for consistency with business activities.

## ASSURANCE

The Financial statements were audited by BDO Zimbabwe Chartered Accountants in accordance with the International Standards of Auditing (ISAs). The independent auditors' report is found on page 59, 60 and 61.

Sustainability information was validated for compliance with the GRI Standards by the Institute for Sustainability Africa (INSAF), an independent subject matter expert. A GRI Content Index is contained on page 87. The sustainability data provided in this report was not externally assured.

## REPORT DECLARATION

The Directors take responsibility to confirm that this report was prepared in accordance with the GRI Standards 'Core' option.

## BOARD APPROVAL

The Board of Directors of Rainbow Tourism Group Limited hold a collective responsibility for this report, which was compiled by members of the management team. The Board collectively reviewed and approved the report and confirms that the report is consistent with business operations.

## RESTATEMENTS

The Company did not make any restatements of data previously published in prior years.

## FORWARD LOOKING STATEMENTS

This report may contain forward looking statements which are based on current estimates and projections by Rainbow Tourism Group. These statements, however, do not guarantee future developments and results as these may be affected by several anticipated and unanticipated risks and uncertainties. Stakeholders are cautioned against placing undue reliance on forward looking statements contained herein. We commit to publicly share any revisions of the forward-looking statements to reflect changes in circumstances and or events after the publication of this report through trading and website updates.

## FEEDBACK ON THE REPORT

The Company values opinions and feedback from all stakeholders on how we can improve our operations and reporting. We welcome any suggestions and or inquiries you may have. Kindly share feedback with Tapiwa Mari (Mr.), Company Secretary, on Email: Tapiwa.Mari@rtg.co.zw

................................

**D. Hoto**
Chairman

........................................

**T. M. Madziwanyika**
Chief Executive

RAINBOW TOURISM GROUP LTD

# OUR VISION

To be Africa's tech-enabled world class company that delivers exciting and fulfilling products and experiences.

# OUR MISSION

We exist to create and grow sustainable shareholder value through the deployment of innovative solutions that solve our customers' needs and wants in an effortless and pleasurable way.

We have integrity; we do what we say, we keep our promises

We activate synergies to achieve amazing customer success all the time

We provide consistent and reliable service to all our customers all the time

We are vibrant. We are full of life and we love what we do


In all that we do, we guarantee fulfilled experiences: fresh food, fresh pillow, fresh smile

We think, we act, we deliver – *faster!*

# RAINBOW TOURISM GROUP AT A GLANCE

ISO 9001:2015 certified, Rainbow Tourism Group Limited (RTG), is one of the largest tourism companies in Zimbabwe. Listed on the Zimbabwe Stock Exchange, RTG is a dominant player in the tourism and online retail industry. The company has expanded its business scope beyond hotels with the launch of its local tour operations subsidiary, Heritage Expeditions Africa and its digital platform; the country's only super-app, the Gateway Stream; a one-stop online marketplace that offers a diverse range of products, services and experiences. RTG also has a marketing & sales office in Johannesburg South Africa.

## HOSPITALITY DIVISION

The Group has six hotels located in Zimbabwe; two are in the capital city Harare, one in Zimbabwe's mining town - Kadoma, one in the country's second largest city – Bulawayo and two in the resort town of the world-renowned tourist attraction Victoria Falls. The Group has the largest convention centre in Zimbabwe - Harare International Conference Centre (HICC), which has a seating capacity of 4500.

## GATEWAY STREAM MOBILE AND WEB APPLICATION

Launched in 2018, Gateway Stream is Zimbabwe's first super-app with nine sub-apps (with 12 revenue channels) across a diverse range of products and services. Gateway Stream is a wholly owned subsidiary of Rainbow Tourism Group. The platform is a home-grown innovation that Zimbabweans can be proud of having been locally conceptualized and developed.

A global diversified and unified online business ecosystem, Gateway Stream provides access to markets and connects customers with the highest quality of products and services. The services available on the platform include;

- Hospitality & Leisure
- Online Shopping
- Food & Drink
- Book-A-Ride
- Insurance
- Online Auctions
- Events & Venues
- Deliveries
- Advertising
- Clothing
- Farming
- Media

## TOUR OPERATIONS SUBSIDIARY

Heritage Expeditions Africa (HExA), our tour operations arm, provides heritage packages covering adventure, wildlife, historical and cultural experiences in Zimbabwe. You can trust us to make that Dream Holiday you have cherished for so long into an unforgettable reality. Explore the rich heritage in Zimbabwe and discover a whole new world of amazing experiences when you choose our expeditions.

Heritage Expeditions Africa offers the following in Victoria Falls:

- Transfers
- Cruises on the mighty Zambezi River
- Quad bike nature rides
- Tours & game drives
- Adrenaline activities including rafting
- Scenic helicopter rides

RTG has received recognition for service excellence and performance over the years.

# OUR HISTORY
## 1981 - 2000

### 1981

Zimbabwe Tourist Board is formed as a corporate body.

### 1983

The government of Zimbabwe commissions the construction of a 5-star Hotel and Conference Centre in Harare and engages Sheraton Overseas Management Services (a subsidiary of ITT sheraton) to manage the 5-star hotel upon completion.

### 1984

A parastatal, Zimbabwe Tourist Development Corporation (ZTDC) is formed.

### 1985

The 5-star Hotel and Conference Centre construction is completed and the hotel starts operating under a management contract with the name Harare Sheraton Hotel. The Conference Centre is named Harare International Conference Centre and is operated by the Ministry of Environment and Tourism.

### 1986

ZTDC takes over Victoria Falls Rainbow Hotel, which had been closed during Zimbabwe's liberation war. Victoria Falls Rainbow Hotel closes again due to security problems; ZTDC acquires two hotels, Ambassador Hotel and A' Zambezi River Lodge.

### 1987

ZTDC establishes a touring division as a joint venture under a different name, Zimbabwe Tours.

### 1989

The Zimbabwe Tourist Development Corporation Act is amended to hive off the commercial side of ZTDC operations.

### 1991

Zimbabwe Tourism Investment Company (Pvt) Ltd (ZTIC), a company wholly owned by Government, is registered under the Companies Act, Chapter 190. The first Board is appointed in November to turn around ZTDC loss-making operations, namely Hotels Division (A' Zambezi River Lodge, Victoria Falls Rainbow Hotel, New Ambassador Hotel – formerly Ambassador Hotel, and Christmas Pass Hotel), Tours Division (comprising Zimbabwe Tours), Conference Division (comprising Harare International Conference Centre) and the Investment Division (represented by the Harare Sheraton Hotel which was operated under a management contract with Sheraton Overseas Management Services).

### 1992

The first C.E.O. is appointed and commercial business assets are transferred from ZTDC and Ministry of Environment and Tourism to ZTIC. Operations start on 1 April.

### 1994

ZTIC changes name to Rainbow Tourism Group (Private) Limited (RTG) with RTG still wholly owned by Government. Zimbabwe Tours becomes a joint venture on a shareholding structure of 60% for RTG and 40% for a strategic partner, Ireland Blyth Ltd (IBL) Mauritius, and is renamed Zimbabwe Mauritius Tours and Travel (Pvt) Ltd trading as Tourism Services Zimbabwe (TSZ).

### 1995

RTG acquires Rhodes Nyanga Hotel and Kadoma Ranch Motel.

### 1996

Chimanimani Hotel is acquired on a shareholding of 75% for RTG and 25% for a strategic partner Bervin Investments. Zambezi Safari Lodges is commissioned on a shareholding of 50% for RTG and 50% for a strategic partner Conservation Corporation Zimbabwe.

### 1997

Christmas Pass Hotel, Mutare, is disposed. Bulawayo Sun Hotel is purchased and renamed Bulawayo Rainbow Hotel.

### 1998

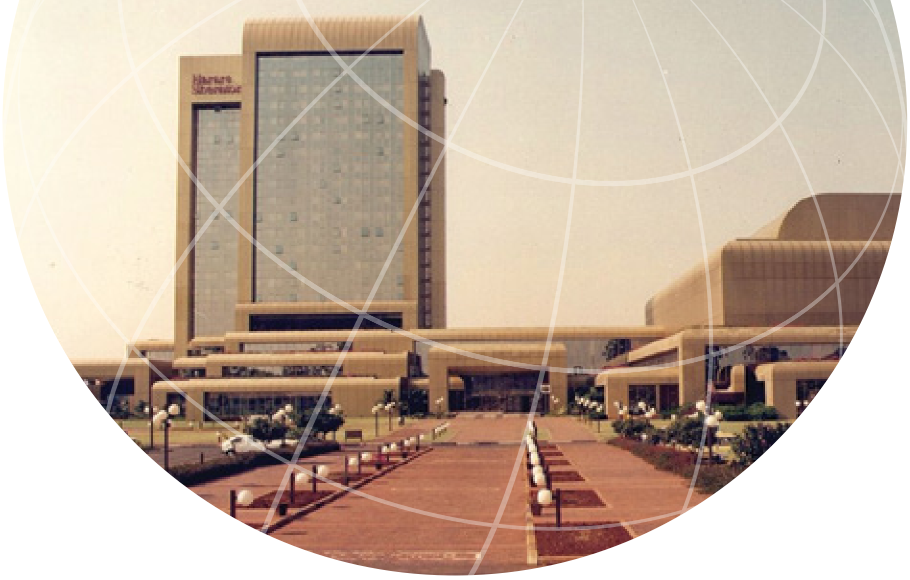
Touch the Wild (TTW) Lodges and Safaris is acquired on a shareholding structure of 60% for RTG and 40% for IBL Mauritius. ITT Sheraton is bought by Starwood Hotels and Resorts Worldwide Inc.

### 1999

The Harare Sheraton Hotel management contract is renegotiated by RTG and Starwood Hotels and Resorts Worldwide Inc. and renamed Sheraton Harare Hotel and Towers. RTG is structured into four business units (Rainbow Hotels and Conferences division, Sheraton Harare Hotel and Towers Division, Touch the Wild (Pvt) Ltd and Tourism Services Zimbabwe). A voluntary retrenchment scheme is offered. Cabinet approval for RTG privatisation is given on 29 June. RTG's strategic partnership with Accor is approved on 19 October. RTG becomes the 72nd quoted company on the Zimbabwe Stock Exchange on 1 November.

### 2000

RTG/Accor strategic partnership agreement is concluded; Accor's 35% shareholding becomes fully subscribed on 1 March. Chimanimani Hotel and Rhodes Nyanga Hotel are disposed of as they could not achieve critical mass in capacity and yield.



# OUR HISTORY

## 2001 - 2022

### 2001

A' Zambezi River Lodge is rebranded to Hotel Mercure A' Zambezi.

### 2002

Victoria Falls Rainbow Hotel is rebranded to Hotel Mercure Rainbow.

### 2004

The management contract with IBL Mauritius is terminated by mutual agreement.

### 2005

Management agreement with Starwood comes to an end and is not renewed. Management of Sheraton Harare Hotel and Towers is localised. The Hotel and Towers and Harare International Conference Centre is merged. RTG successfully carries out a rights issue in September and new shareholders emerge. Accor, Laaico, and Ministry of Environment and Tourism get diluted.

### 2006

The merged business successfully rebrands to the Rainbow Towers Hotel and Conference Centre on 19 March. Management contract with Accor is terminated.

Hotel Mercure A' Zambezi and Hotel Mercure Rainbow are rebranded to A' Zambezi River Lodge and Victoria Falls Rainbow Hotel respectively under the Rainbow Hotels Division. The Group reverses losses of the past 3 years and wipes out foreign debt incurred over management contracts.

### 2007

South African marketing office is established and Tourism Services Zambia is registered. Regional expansion strategy is unveiled.

### 2008

RTG takes over management of the first regional hotel, Hotel Edinburgh in Kitwe, Zambia. RTG also signs a management contract for Savoy Hotel in Ndola, Zambia. Rainbow Hospitality Business School (RHBS) is established.

### 2010

The refurbishment of A' Zambezi River Lodge commences. Matetsi Water Lodge is acquired as a going concern on 1 March. RTG also enters into a longterm lease over Hotel Mozambique in Beira and commences operations in July. Rainbow Hotels in Zimbabwe attains ISO 9001:2008 certification in March.

### 2011

A' Zambezi River Lodge refurbished and rebranded to a 4-star hotel. The hotel is opened mid-May. RTG seeks to recapitalise and to dispose its subsidiaries, namely TTW, Matetsi Water Lodge and TSZ in order to focus on core hotel operations and retire short term debt.

### 2012

RTG embarks on a recapitalisation exercise to address short-term debt burden. RTG secures a US$10 million loan and concludes a US$4.5 million rights issue. The Group disposes of some of TTW and TSZ to focus on core hotel operations. Hotel Edinburgh in Kitwe, Zambia is closed.

### 2013

The recapitalisation exercise is completed through a $10 million loan which is used to restructure short term debt and through a rights issue which raises $4.5 million. RTG also places Matetsi into liquidation. In 2013, the Group makes a profit of $1 million up from a $6 million loss during the previous year. This is the Group's first significant profit since the introduction of a multi-currency system in 2009.

### 2014

The Rainbow Beitbridge Hotel which is located in the border town of Beitbridge, with a rooms capacity of 136 rooms is opened for trading on 15 January.

### 2016

RTG exits non-performing markets. Rainbow Beitbridge Hotel closes on 31 May and Rainbow Hotel Mozambique closes on 30 September.

### 2018

RTG concludes its balance sheet restructuring exercise by raising $22.5 million by way of a rights issue linked to debentures. RTG establishes two tour operations subsidiaries Journeys by Exotic domiciled in the USA and Heritage Expeditions Africa domociled in Zimbabwe. RTG launches Gateway Stream, Zimbabwe's first super-app.

### 2019

RTG declares and pays a dividend for the first time since 2006 for the year ended 31 December 2018. RTG is conferred with the award for "The listed Company with the highest profitability by the Zimbabwe Independent Newspaper (Alpha Media Holdings).

### 2020

RTG refurbishes the Rainbow Towers Hotel and Conference Centre at a project cost of US$4,6million.

RTG expands Gateway Stream into 12 revenue channels which include; Hospitality & Leisure, Online Shopping, Media, Food & Drink, Book-A-Ride, Insurance, Online Auctions, Events & Venue, Deliveries, Advertising, Clothing and Farming.

RTG launches Gateway Stream Music and pay-per-view platform.

# GROUP STRUCTURE

The Group operates hotels in Zimbabwe through a combination of owned and leased hotels, a local tour operation subsidiary, Heritage Expeditions Africa, and an e-commerce platform Gateway Stream.

## TOUR OPERATIONS

Heritage
EXPEDITIONS AFRICA
Dream. Explore. Discover...

## HOTELS

### LEASED

Rainbow Towers Hotel & Conference Centre

Kadoma Hotel & Conference Centre

New Ambassador Hotel

### OWNED

Bulawayo Rainbow Hotel

A'Zambezi River Lodge

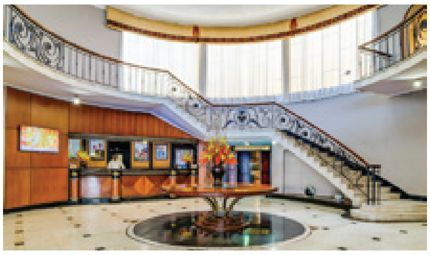
Victoria Falls Rainbow Hotel

## E-COMMERCE

GATEWAY STREAM
The Future is Here Now!

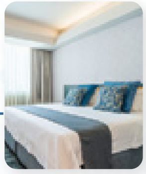
GATEWAY STREAM MEDIA

# OUR PRODUCT PORTFOLIO



| CATEGORY | HOTELS | CONFERENCE CAPACITY | ROOMS |
|---|---|---|---|
| **5 Star** *****<br>The Rainbow Towers Hotel & Conference Centre (City) | 1 | 7000 | 304 |
| **4 Star** ****<br>A' Zambezi River Lodge (Resort) | 1 | 80 | 87 |
| **3 Star** ***<br>Victoria Falls Rainbow Hotel (Resort)<br>Bulawayo Rainbow Hotel (City)<br>Kadoma Hotel & Conference Centre (City)<br>New Ambassador Hotel (City) | 4 | 930 | 487 |
| **TOTAL** | **6** | **8010** | **878** |

# GATEWAY STREAM

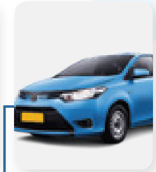


## HOSPITALITY AND LEISURE
- Holiday Packages
- Activities
- Holiday Homes
- Book-A-Room

## ONLINE SHOPPING
- Groceries
- Hardware & Home Appliances
- Pharmaceutical

## MEDIA
- Online Music
- Drama & Films
- Live Sport Events
- Live streaming & Pay-per-view

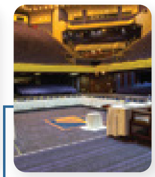
## FOOD & DRINK
- Restaurants
- Fast Food
- Rainbow Delights
- Drive-Thru



## BOOK-A-RIDE
- Car Hire
- Bus Hire
- Delivery

## INSURANCE
- Car & Property
- Life & Funeral
- Travel
- Medical


## ONLINE AUCTIONS
- Room Auctions
- General Auctions

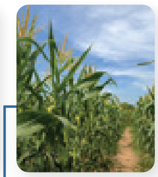


## EVENTS & VENUES
- RTG Venues
- RTG Virtual Venues

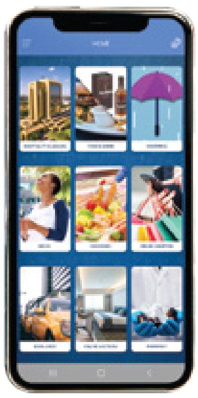
## DELIVERIES
- Own Delivery Capability
- Third Party Delivery Capability

## ADVERTISING
- Creative Design
- Advertising Space

## CLOTHING
- General Clothing
- Corporate Wear
- Uniforms



## FARMING
- Horticulture & other Crops
- Animal Husbandry
- Farmers Auction Market



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## TOUR OPERATIONS

# HERITAGE EXPEDITIONS AFRICA

### TRANSFERS

BUS HIRE

AIRPORT TRANSFERS

### ACTIVITIES

QUAD BIKES

WHITE WATER RAFTING

### TOURS

GAME DRIVES

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# SERVICE PROMISE

Fresh
FOOD

Fresh
PILLOW

Fresh
SMILE

Our service promise is expressed through the above three pillars of freshness.
Rainbow Tourism Group offers all round refreshing experiences to its customers.
From the time you check in,
your experiences will be that of freshness in all respects.
We take pride in our self-developed systems that ensure quality and pleasurable moments for our clients.

# RECOGNITION AND AWARDS

To better serve our customers and other stakeholders, we continuosly innovate. We are honored by the recognition we have received for our efforts in satisfying and exceeding the needs of our customers and other stakeholders.
These are our most recent achievements:

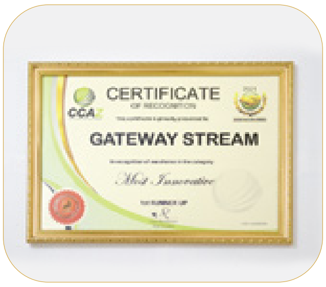

**Marketers Association of Zimbabwe:** Hospitality Sector Superbrand 2021 award was conferred on Rainbow Towers Hotel & Conference Centre.


**CSR Network Zimbabwe:** Top 100 Sustainable and Responsible Organisations award for Rainbow Tourism Group.


**CSR Network Zimbabwe:** Matabeleland South Region Top Sustainable & Responsible Organisations award for Bulawayo Rainbow Hotel.

**Hospitality Association of Zimbabwe:** Recognition for pioneering COVID-19 hospitality isolation response.


**Contact Centre Association of Zimbabwe (CCAZ):** Hospitality Sector 1st Runner Up for Rainbow Towers Hotel & Conference Centre.




**Contact Centre Association of Zimbabwe (CCAZ)**: Most Innovative Organisation award conferred on Gateway Stream.


**National Arts Merit Awards (NAMA)**: Promoter of the year 2022 award conferred on Gateway Stream.

## CERTIFICATIONS

The Group's six hotels and its Corporate Office are certified by the Standards Association of Zimbabwe (SAZ) to the ZWS ISO 9001:2015 standard.

## MEMBERSHIPS AND ASSOCIATIONS

- Zimbabwe Tourism Authority (ZTA).
- Tourism Business Council of Zimbabwe (TBCZ).
- Hospitality Association of Zimbabwe (HAZ).
- Association of Zimbabwe Travel Agents (AZTA).
- Marketers Association of Zimbabwe (MAZ).
- Institute of People Management of Zimbabwe (IPMZ).
- CSR Nework Zimbabwe.
- Law Society of Zimbabwe.
- Institute of Internal Auditors.
- Association of Chartered Accountants. (ACCA)
- Zimbabwe Association of Pension Funds.

# GROUP PERFORMANCE HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

It is important for all stakeholders and interested parties to know how the Group is performing. The Group posted revenues of ZWL24.5 billion, which is an increase of 131% when compared to 2021. The Group's Statement of Financial Position remains strong.

### HEADLINE EARNINGS PER SHARE

| 2022 | 2021 |
|---|---|
| 42.16 | 28.8 |

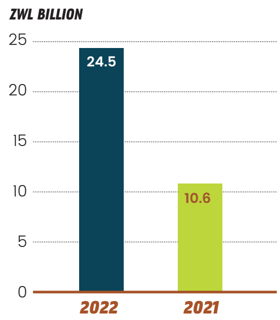
ZWL CENTS

### OCCUPANCY

| 2022 | 2021 |
|---|---|
| 51% | 31% |

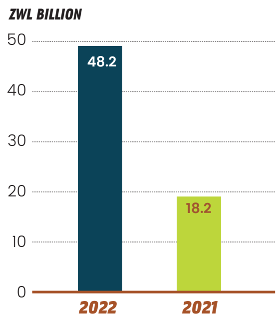
%

### REVENUE



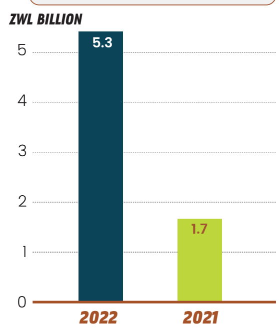

**131% increase**
ZWL 24.5 billion
(2021: ZWL 10.6 billion)

### TOTAL ASSETS



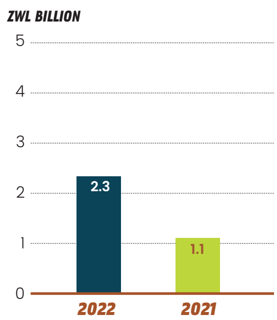

**165% increase**
ZWL 48.2 billion
(2021: ZWL 18.2 billion)

### CASH GENERATED FROM OPERATIONS



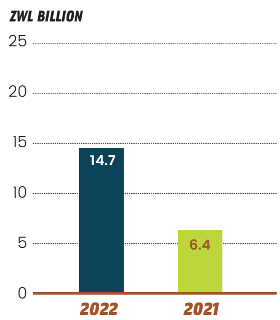

**212% increase**
ZWL 5.3 billion
(2021: ZWL 1.7 billion)

### OPERATING PROFIT



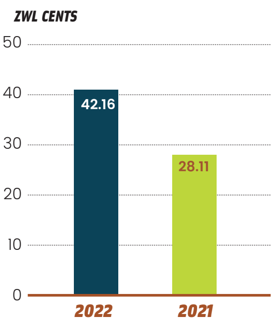

**109% increase**
ZWL 2.3 billion
(2021: ZWL 1.1 billion)

### OPERATING EXPENSES




**130% increase**
ZWL 14.7 billion
(2021: ZWL 6.4 billion)

### BASIC EARNINGS PER SHARE




**50% increase**
ZWL 42.16 cents
(2021: ZWL 28.11 cents)

# GROUP PERFORMANCE HIGHLIGHTS
**CONTINUED**

### REVPAR

| | 2022 | 2021 |
|---|---|---|
| ZWL | 41,749 | 3,940 |

**10 times growth**
ZWL 41,749
(2021: ZWL 3,940)

### EBITDA

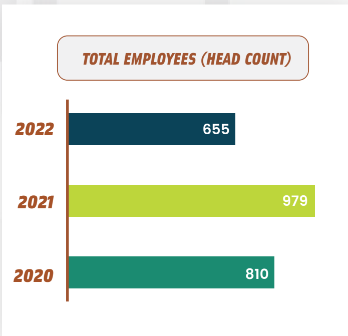
| | 2022 | 2021 |
|---|---|---|
| ZWL BILLION | 2.7 | 2.1 |

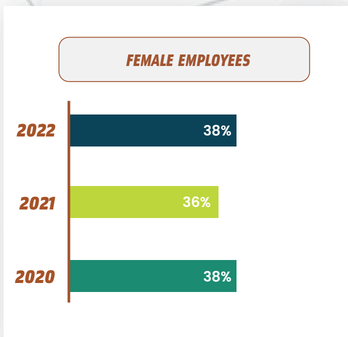
**29% increase**
ZWL 2.7 billion
(2021: ZWL 2.1 billion)

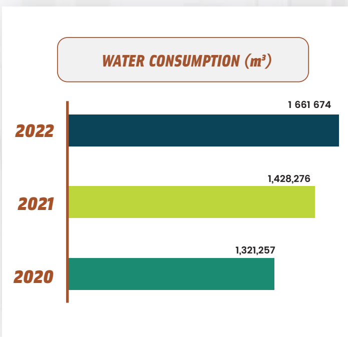
# SUSTAINABILITY HIGHLIGHTS

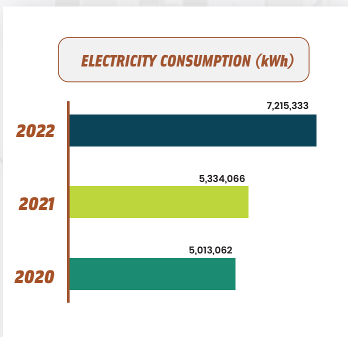
Corporate sustainability is at the core of the Group's responsible business conduct. We are pleased to share some highlights where sustainability efforts were pursued by the Group.

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Community Investments | USD 16,200 | ZWL 1,863,000 | ZWL 600,000 |
| Payments to Government (ZWL) | 1,810,573,844 | 397,870,904 | 112,140,073 |



# CHAIRMAN'S STATEMENT

**DOUGLAS HOTO**
**CHAIRMAN**

## 1. INTRODUCTION

I am pleased to report that the Group achieved yet another profitable set of financial results. The Group's financial performance as read together with the performance recorded over the past years is testament to a strong and viable business with a sustainable growth trajectory. Our revenues and occupancies are now performing above pre-COVID-19 pandemic levels. Given the uncertainty and volatility characterizing the Zimbabwean business landscape, the Group had to consistently implement various strategies aimed at maintaining profitability.

Overall, the business has remained financially and operationally sound, largely as a result of the following:

- Identification and exploitation of opportunities in diversified non-hotel undertakings such as the Gateway Stream web and mobile application and the Group's tour operations arm: Heritage Expeditions Africa. The new operations have together contributed 10% of the Group's turnover.
- Committed employees who have weathered the storm of a difficult operating environment as well as the effects and after-effects of the COVID-19 pandemic.
- Consistent refurbishment and upgrade of the Group's hotels to ensure the Group's product portfolio is moving in line with world-class standards.
- Activating various strategies aimed at ensuring that our customer service standards result in the consistent delivery of refreshing guest experiences.

I would like to pay tribute to our employees, who demonstrated a high degree of commitment throughout the COVID-19 pandemic to this day where they continue to deliver excellent service of a world class standard.

The Group closed the year with a profit from operations margin of 9%. The positive growth reported in 2022 is expected to continue into 2023 as the world tourism activities return to pre-COVID-19 pandemic levels. The Group has recorded a sustained recovery of international tourists in 2022 and the trend is projected to accelerate going forward.

## 2. OPERATING ENVIRONMENT

Our transition over the past years coincided with world-shifting events such as the COVID-19 pandemic and escalating geopolitical tensions around the world. These events have far-reaching effects on global inflation, international travel, logistics and supply chains, food and energy security as well as economic growth, the impact of which have filtered through into the local operating environment.

On the local front, the macro-economic environment has remained inflationary mainly driven by the depreciation of the local currency. This has resulted in price increases in the market which have occasioned a notable threat to the Group's margins. On a positive note, the growth in foreign currency receipts to Zimbabwe from US$ 9.9 billion in 2021 to US$ 11.6 billion in 2022 is clear evidence that the tourism sector is on a path towards recovery.

## 3. PERFORMANCE REVIEW

Occupancy for the period under review closed at 51% which is a 65% increase from the 31% posted in 2021. As noted earlier the Group is now operating at above 2019 levels. Volumes improved significantly during the year under review buoyed by accommodation, outside catering, Heritage Expeditions Africa activities as well as Gateway Stream revenue channels such as online shopping and the music application. City hotels conferencing business recorded positive performance during the year.

The Group posted revenues of ZW$24.5 billion, 131% above ZW$10.6 billion posted in 2021. Despite increased pressure from inflation, the Group's gross margins for the year under review remained unchanged at 70% compared to full year 2021. The improvement in gross profit margins is attributable to cost reduction measures that were put in place to mitigate the effects of increasing prices in the market.

The Group posted an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of ZW$2.7 billion during the year under review which was 29% above the $2.1 billion posted in 2021. Strong revenue performance coupled with a relentless grip on costs were key drivers to a healthy EBITDA performance.

The Group's statement of financial position remains strong. The current ratio closed the year on 0.71 from 1.94 reported as at 31 December 2021.

| Financial indices | DEC 2022 | DEC 2021 |
|---|---|---|
| Gearing Ratio | 1% | 1% |
| Current Ratio | 0.71 | 1.94 |
| Acid Test | 0.58 | 1.76 |

## 4. SUSTAINABILITY

The Group's sustainability thrust is underpinned by a desire to meet the business' profitability ambition while safeguarding, preserving and protecting the economy, the environment and society. During the year, the Group successfully installed a 300 KVA hybrid solar system at the Kadoma Hotel and Conference Centre. This solar system comprises a 100 KVA battery system to provide energy during times of power cuts, as well as a 200 KVA grid tie system directly feeding into the national grid. This investment in green energy has significantly reduced the hotel's energy bill. Going forward, the Group will roll out the same projects at its other properties.

The Group founded the Environmental Reporter of the Year awards which recognize the efforts of journalists who focus on sustainability and climate change issues. The awards are held annually in partnership with Environment Africa. A total of nine outstanding journalists were recognized and received monetary awards for creating national awareness on matters about the environment. In addition, the company has invested over ZW$50 million to various institutions in Harare, Kadoma and Bulawayo including orphanages, hospitals and schools during the year.

## 5. DIVIDEND

On behalf of the Board of Directors, I am pleased to advise shareholders that the Group has declared a final dividend of ZW$500 million out of which US$250,000 will be paid in foreign currency and the balance in local currency. This will bring the total dividend to shareholders for the year to ZW$880 million (equivalent to US$1.5 million), of which US$500,000 is in foreign currency. A notice with details of the dividend payment will be issued in the media.

## 6. OUTLOOK

Financial sustainability underpins our shift to value protection and creation. This requires an unwavering focus on disciplined, profitable growth that enables the Group to invest in the future while providing an acceptable return to shareholders. Building a sustainable balance sheet with manageable levels of debt remains a primary material matter for RTG. The Group managed to extinguish its debt and maintained a robust plan to ensure the existing solid working capital base is sustained. We do not believe these positive developments are aptly reflected in RTG's share price which currently trades at a discount to its net asset value.

The Board is considering various options that are designed to increase value for shareholders such as the following;

**6.1** Expansion of the Group's hotels portfolio in carefully selected areas around Zimbabwe.

**6.2** A focus on technology and digitisation through the activation and expansion of the Gateway Stream web and mobile application.

**6.3** A focus on expanding the Group's reach in the tourism value chain through investment in the tour operations arm Heritage Expeditions Africa.

## 7. ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all RTG customers and business partners for their invaluable support. I also extend my gratitude to my fellow members of the Board of Directors and members of staff for their dedication, professionalism, and determination to succeed. Together, we will continue to innovate and seize the opportunities available to us in order to create sustainable value for all stakeholders.

D. HOTO
**CHAIRMAN**

30 March 2023

# CHIEF EXECUTIVE'S REPORT

**TENDAI MADZIWANYIKA**
**CHIEF EXECUTIVE**

## 1. INTRODUCTION

The Group delivered yet another exceptional performance in 2022, posting significant improvement on key performance indicators. The year 2022 will be remembered as one of significant achievements delivered by our extraordinary colleagues in the Company, in the deployment of the power of our brands. The occupancy levels are now at pre-pandemic levels and our RevPar is nearing this significant landmark. Inspite of the incessent pressures from inflation, interest rates, and liquidity challenges, the Company continued the transformation of its business through capital expenditure investment to further enhance its product and service offering to customers.

The strength and scale of our brand: the Gateway Stream continued to allow us to capture demand for our hotels and drive revenue which, coupled with disciplined cost management, supports profit growth. Revenues grew by 131% to ZW$24.5 billion from the prior year of ZW$10.6 billion. Operating profit improved in step with revenue to ZW$2.3 billion from ZW$ 1 billion in 2021. Free cash flow margin was also ahead of 2021 and 2019, and we have been able to grow the dividend to shareholders by 150% to the equivalent of US$1.5 million.

It is key to highlight still this strong performance was posted notwithstanding the COVID-19 travel restrictions which were in place as at mid-July 2022. This performance was achieved at a time when we were contending with varied challenges in the environment including the COVID-19 pandemic, supply chain challenges driven by the East European conflict among others. Now that the Company is free of debt, has a healthy cash flow stream and is consistent in paying dividends, we can now look forward with much enthusiasm to a brighter future.

## 2. MACRO-ECONOMIC ENVIRONMENT

Pressures from the inflationary environment which remained predominant during the first half of the year significantly improved during the course of the year following several measures that were taken by Government. The uncertainty in the international commodity markets together with the consequence of the conflict in Eastern Europe negatively affected the local business operating environment. The impact caused disruptions on the supply-side giving rise to imported inflation across many commodity classes. The Group remained vigilant in mitigating the potential risks through establishing synergies with primary producers as well as hedging costs by procuring goods and services in foreign currency. Continued power cuts remained a challenge for the Group. However, the ongoing strategy of using alternative energy will mitigate against such risk with Kadoma Hotel and Conference Centre now benefiting from the investment in clean energy following the installation of a 300KVA solar plant.

## 3. TOURISM INDUSTRY OVERVIEW

### 3.1 HIGHLIGHTS ON GLOBAL TOURISM

International tourism is anticipated to continue rebounding. This is supported by the January 2023 UNWTO Tourism Barometer which reports that international tourism was stronger in 2022, backed by large pent-up demand and the lifting or relaxation of travel restrictions in many countries. The following were the key highlights;

- Over 900 million tourists travelled internationally in 2022, a 100% increase on 2021.
- International tourism recovered to 63% of pre-pandemic levels, in line with the UNWTO's scenarios published in May 2022.
- The year 2022 saw a strong rebound in tourism spending, driven by the recovery of income inching to pre-pandemic levels across many source markets.

### 3.2 TOURISM OVERVIEW – ZIMBABWE

According to the Zimbabwe Tourism Authority report, in 2022, arrivals into Zimbabwe grew by 174% to 1,043,781 arrivals from 380,000 reported in 2021. Domestic tourism significantly improved for the period under review. The growth of domestic tourism was largely underpinned by the recovery of the economy from the effects of the COVID-19 pandemic. The growth in domestic tourism has set the base for the full recovery of the sector as international tourism recovers.

## 4. OPERATIONAL PERFORMANCE REVIEW

### 4.1 REVENUES

The Group's revenues for the period under review closed at ZW$24.5 billion. Occupancy for the period under review closed at 51%, which was 65% above the prior year of 31%. The growth in volumes has been experienced across all the Group's business arms. The combined impact of Heritage Expeditions Africa and Gateway Stream drove revenues that contributed 10% to the Group's revenues.

### 4.1.1 HOTELS

Revenues under this segment recovered significantly following the easing of COVID-19 travel restrictions across the globe. Increased economic activities have seen occupancies at our city hotels matching and, in some operations, exceeding the pre-pandemic levels. Conferencing and Food & Beverage have remained a major revenue driver now contributing 54% to total revenues up from 49% in prior years.

The resort hotels at the Victoria Falls are now recovering driven by the increasing international tourism into the destination, when compared to 2021. The Group will aggressively resume its international marketing efforts aimed at recapturing our global source markets. This is an important step in optimising the returns on our previous investments in international marketing.

### 4.1.2 GATEWAY STREAM

Gateway Stream has continued to enjoy growth in activities across its revenue channels, with the grocery channel remaining the main revenue driver. Gateway Stream Media (the entertainment arm) successfully hosted six mega musical events which featured some prominent local and regional artists. The Company is set to host more mega music events in 2023.

Gateway Stream is positioned to expand outside Zimbabwe through growing its rooms channel partnership network across Africa and beyond.

### 4.1.3 HERITAGE EXPEDITIONS AFRICA (HEXA)

Heritage Expeditions Africa performance improved significantly compared to 2021 driven by an increase in tourism activities as mirrored by the performance of the hotels' business. The subsidiary is poised for a strong take-off in 2023 buoyed by the continued recovery of international tourism. The Group will scale-up investments into the subsidiary to take full advantage of the anticipated growth.

### 4.2 PROFITABILITY

The Group posted a profit after tax of ZW$1 billion which is 10% above ZW$900 million recorded in 2021. The Group declared a final dividend of ZW$500 million. The Group's business model will continue on its strong long-term track record of generating significant capacity to enable our investment plans that drive growth and fund a sustainably growing dividend.

## 5. OUTLOOK & FORECAST

The outlook is guided by the conviction that the macro-economic environment will improve significantly on the back of a host of infrastructural investments being driven by government. Such developments are fundamental for spurring economic growth.

The Group is pursuing several strategic initiatives as defined in its five-year strategic plan that runs to the end of 2027. The strategies contained in the 5-year plan are aimed at propelling the business to greater heights largely through a focus on:

- Expansion of the existing rooms stock in Zimbabwe and beyond.
- Investment in tour operation activities and the promotion of various destinations around Zimbabwe.
- An earnest drive to penetrate Africa using the Gateway Stream platform.

The Group will continue to focus on the improvement of existing product to world-class standards. Cost containment will continue to be a focus area. This will ensure profitability and improvement in cash flows.

Zimbabwe will hold its general elections in 2023. The Group is set to take full advantage of the opportunities presented by the elections season. Heritage Expeditions Africa will provide transfers and activities while hotels are geared to meet the accommodation and meal requirements of institutions and individuals alike that will be involved in the elections. Over the years the Rainbow Towers Hotel and Conference Centre has been used as the National Command Centre for the elections and these elections will be no exception. The Group anticipates a total rebound to pre-COVID-19 levels in 2023 with positive performance across all key indices.

T. Madziwanyika
**CHIEF EXECUTIVE**

30 March 2023

# BOARD OF DIRECTORS

## DOUGLAS HOTO
**Board Chairman**
(Independent)

**Qualifications:**
BSc. Mathematics (UZ).

**Experience:**
Mr. Hoto has previously worked as a Chief Executive Officer for Altfin Holdings Limited. Mr. Hoto has over 25 years' experience as an Actuary and has worked in various roles in the insurance industry in Zimbabwe and the SADC region. He is a past Chairman of the Actuarial Society of Zimbabwe and a Fellow of the Faculty of Actuaries of Scotland. He is also the founding Chairman of Zimstat and also served on the board of the Insurance and Pensions Commission.

**Other Appointments:**
Group Chief Executive Officer of First Mutual Holdings Limited. Trustee of the SV Muzenda Foundation, Vice Chairman of University of Zimbabwe Council. Non-Executive Director of First Mutual Properties.

## TENDAI M. MADZIWANYIKA
**Chief Executive**

**Qualifications:**
Bachelor of Accounting Science (B.Compt) UNISA, MBA Major-Strategic Planning (with distinction) Hull University, United Kingdom.

**Experience:**
Mr. Madziwanyika has been Chief Executive of the Company since November 2012. Prior to this, he held senior positions in the FMCG and hospitality industries including being the Managing Director of a listed hospitality group in Zimbabwe. He is a past President of the Zimbabwe Council for Tourism.

# BOARD OF DIRECTORS

## NAPOLEON K. MTUKWA

**Finance Director**
(Executive Director)

**Qualifications:**
B.Acc, MBA (UZ) FCCA, ACA.

**Experience:**
Mr. Mtukwa is a registered Public Accountant (PAAB) and a fellow member of the Association of Chartered Certified Accountants (ACCA). He is also a member of the Institute of Chartered Accountants England and Wales (ICAEW). Mr. Mtukwa has previously held accounting positions at Unilever Zimbabwe and Mobil Oil. He has vast experience at Senior Management level including years of serving in the position of Group Finance Manager and Group Management Accountant for Rainbow Tourism Group.

## MONICA V. HANGA (resigned 8 December 2022)

**Non-Executive Director**
(Non-Independent)

**Qualifications:**
PhD, Christ University, India (2018). MBA (UZ), BSc Psychology (UZ) Post-Graduate Diploma in Labour Law (UZ).

**Experience:**
Ms. Hanga has seventeen years' experience working in the Ministry of Public Service, Labour and Social Welfare, advancing to the position of Chief Labour Officer. Her areas of expertise include labour law, international labour standards, social protection, dispute resolution, policy development and coordination at the national, regional and international level.

**Other Appointments:**
Professional Assistant to the Minister in the same Ministry of Public Service, Labour and Social Welfare, Board Member of Hope for Adolescence, Chairperson of the Board of Shandai Community Support Organization, and National Employment Council for the Transport Operating Industry.

## DOUGLAS MAVHEMBU

**Non-Executive Director**
(Non-Independent)

**Qualifications:**
MSc Tourism & Hospitality Management (UZ), BBA in Tourism Management- Azalia University.

**Experience:**
Mr. Mavhembu has worked in various senior capacities within the Ministry of Environment, Climate, Tourism and Hospitality Industry including being Acting Director and Acting Under-Secretary. Mr. Mavhembu was the Co-Chairperson for the Zimbabwe/ Zambia Joint Technical Committee on the UNWTO General Assembly held in Victoria Falls.

**Other Appointments:**
Deputy Director to International Tourism Directorate in the Ministry of Tourism and Hospitality Industry.

# BOARD OF DIRECTORS

## CYNTHIA D. MALABA

**Non-Executive Director**
(Independent)

**Qualifications:**
B.Acc (UZ), B Compt (Hons) degree – UNISA, CA (ICAZ and SAICA). Diploma in Municipal Accounting. Global Leadership Programme with Gordon Institute of Business Studies.

**Experience:**
Mrs. Malaba was appointed to the Management Committee of a listed blue-chip Group of companies and during that period she served as Supply Chain Director and General Manager - Operations. In her earlier years she distinguished herself as Head of Internal Audit and Risk for the same company. During this period, she also served as the Vice President of the Institute of Internal Auditors. Mrs. Malaba is a Chartered Accountant registered with both the Zimbabwe and the South Africa Institutes. She completed her Articles of Clerkship with Ernst and Young and went on to consult with KPMG. She had a stint in Public service, she trained as a Municipal accountant and during this time she attained a Diploma in Municipal Accounting. Mrs. Malaba visited and worked in regional and global markets.

**Other Appointments:**
Currently running a Financial Services consulting business. Non-executive directorships in a listed Mining entity, a Financial Services and Micro lending company as well as Chairing a Development and Cultural Trust.

## GIVEMORE TAPUTAIRA

**Non-Executive**
(Independent)

**Qualifications:**
Doctor of Business Administration, (MBA) (UZ). Certified International Professional Strategist (CIPS); Certified International Professional Leader (CIPL); BSc General (Majoring in ICT& Physics).

**Experience:**
Dr. Taputaira is a professional and business leader, who possesses multi-faceted and proven work experience gained over 19 years, with a wealth of exposure in ICT and Business development projects. Dr. Taputaira has worked for various companies in the private and public sector, including a listed hospitality company and has held portfolios of Project Manager, ICT Director, Projects Director and Development Director, amongst others. In his different roles, Dr. Taputaira has worked on various projects, in the country and across Africa and worked with various regional and international partnerships and brands to deliver value. Dr Taputaira still holds representations of some of these regional partnerships. Through consultancy partnerships, Dr. Taputaira has worked on corporate strategy and EDP facilitations programs.

**Other Appointments:**
Co-founder and Managing Director of Digital Edge Solutions.

## ANDREW BVUMBE

**Non-Executive**
(Non-Independent)

**Qualifications:**
MSc Economics (UZ), BSc Economics (UZ).

**Experience:**
Mr. Bvumbe is a self-motivated economist with a wealth of experience in public policy at both domestic and international levels. He has previously served in various capacities in the World Bank Group including as Executive Director, of Africa Group as well as in the African Development Bank. A career public servant, Mr. Bvumbe is a pragmatic problem solver with strong networking and organisational effectiveness skills as well as depth of economic development issues, including central banking, macroeconomics, international finance and economic transformation.

**Other Appointments:**
Permanent Secretary (Non-Accounting) Head Public Debt Management Office in the Ministry of Finance and Economic Development

# BOARD OF DIRECTORS

## KEN CHIBOTA

**Non-Executive**
(Non-independent)

**Qualifications:** B.Acc (UZ) CA (Z)

**Experience:**
Mr. Chibota is a Chartered Accountant by profession. Mr. Chibota worked for Philips International in the Netherlands and in Zimbabwe for 22 years and as a Philips Distributor with Destiny Electronics for 12 years. He rose in Philips to become the Finance Director. In 1998, he was elevated to the position of Chief Executive Officer of Philips Zimbabwe and from 2004 of Destiny Electronics a position he retired from when the Philips Distributorship Agreement with Destiny Electronics expired on 31 December 2015. He was offered a Philips Distributorship in Healthcare for Zimbabwe and Malawi which he manages under Horizon Health Services as the owner and Chief Executive Officer. Over the years, Mr. Chibota participated as a board member in several public and private companies.

**Other Appointments:**
Chief Executive Officer of Horizon Health Services.

## LANGTON MABHANGA

**Non-Executive**
(Non-Independent)

**Qualifications:**
Doctorate Degree in Business Administration, majoring in Strategy and Leadership with jointly Chartered Institute of Management and Leadership and IIC University of Technology Cambodia. MSc Business & Economic Intelligence. Graduate Diploma in Business Intelligence.

**Experience:**
Dr. Mabhanga has keen interest in corporate leadership and strategy. He is highly skilled in strategic thinking and has great experience in business modelling. He is an astute leader who has led several trade-mission investment summits representing Zimbabwe in Turkey and Algeria. He has participated in a number of professional development programs across the globe and as part of social responsibility, he served as a Kadoma City Councillor for five years and served as the chairman of the Finance Committee. He continues to support several communities in the Kadoma District area.

**Other Appointments:**
Non-executive director of Fidelity Life Assurance Board, Board member of trustees for YMCA, Chairman of the National Business Council of Zimbabwe, Member of Pan African Chamber of Commerce(SA), Executive Director of On Point Resources.

## ARTHUR J. MANASE

*(resigned 27 April 2023)*

**Non-Executive**
(Non-Independent)

**Qualifications:**
BL (UZ), LLB (UZ), LLM University of Cambridge United Kingdom. He attained his Pupillage at the Inner Temple and at the Office of Clifford Chance in London.

**Experience:**
Mr. Manase is a Legal Practitioner with over 30 years of experience. Mr. Manase has a wealth of expertise in corporate governance. He has previously served on the Reserve Bank of Zimbabwe Board and the Estate Agents Council. He was previously appointed to represent Zimbabwe on the Permanent Court of Arbitration at the Hague. He is a Certified Arbitrator as well as a Certified Compliance Professional.

**Other Appointments:**
Executive Director of NSSA.

# SENIOR MANAGEMENT

**TENDAI M. MADZIWANYIKA**
Chief Executive

**NAPOLEON K. MTUKWA**
Finance Director

**SHUPAI MARWARE**
Commercial Director

**TICHAONA HWINGWIRI**
Operations Director

**LAURENCE DHEMBA**
Human Resources Director

**SAMSON CHITSATO**
Head: Internal Audit & Risk

**TAPIWA MARI**
Company Secretary

**PRIDE KHUMBULA**
Corporate Affairs & Quality Manager

**MEVIS CHIKAVA - GUEDES**
Brand Manager

**FORTUNE GOWERA - MAKAMANZI**
Sales & Commercial Services Manager (RSA Office)

# CORPORATE GOVERNANCE

Rainbow Tourism Group recognizes that Corporate governance is an essential element of the business that enables the Group to fulfil its obligations to its stakeholders. Our belief is that high levels of corporate governance are essential to improve organizational practice and enhance long-term value creation for our stakeholders. Ethical business conduct, integrity and commitment to values, which enhance and retain stakeholders' trust are the cornerstone of RTG's operations.

The corporate governance framework under which the Group operates is derived from various policy documents, board committee terms of reference, requirements, and procedures described in the Board Charter. These documents are reviewed by the Board on a regular basis, and the board committees that oversee them are updated to reflect changes in applicable legislations and regulations, as well as international developments in best practices of corporate governance.

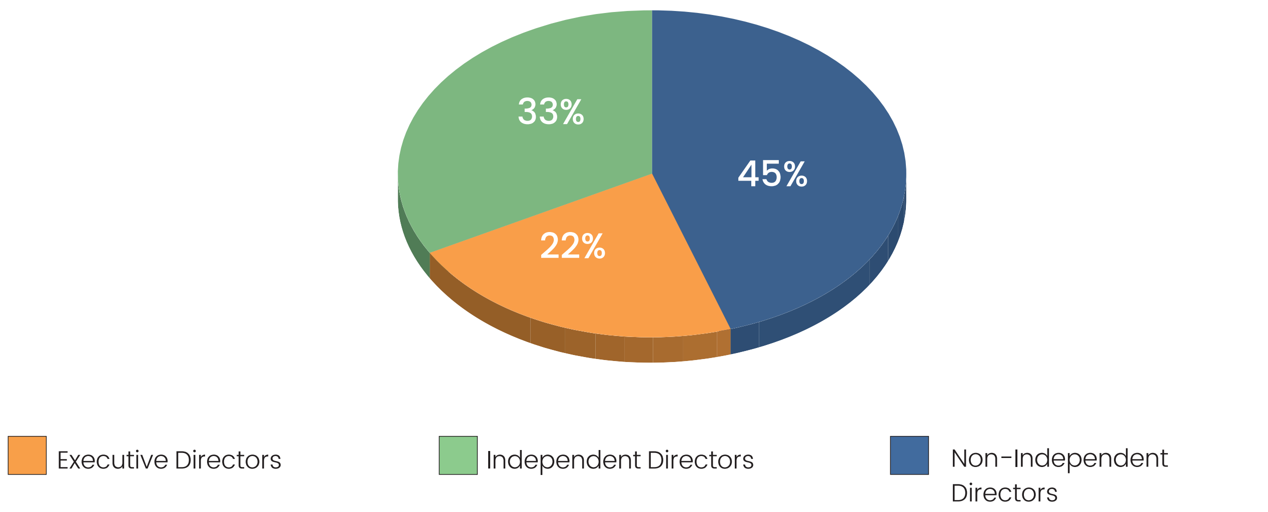
The Group is dedicated to continue aligning its governance practices with the Companies and Other Business Entities Act (24:31), SI134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rule (2019), and the National Code on Corporate Governance in Zimbabwe (2015).

## BOARD STRUCTURE

The Board's composition reflects varying skills, experience, and diversity among members to provide sound judgment on strategic issues, effective oversight, and guidance to management. During the course of the reporting broad (2022) the Board had 11 members which included nine non-executive and two executive directors, the Chief Executive Officer and the Finance Director. Subsequently, Ms. Monica Hanga and Mr. Arthur Manase resigned from the board on 8 December 2022 and 27 April 2023 respectively. The Board is now comprised of 9 members, 7 non-executive directors and 2 executive directors. The Chief Executive Officer and the Finance Director sit on the board as executive directors.

Of the 7 non-executive directors; four are non-independent while three are independent in terms of the King 3 classification. The Board has committed to ensuring that the Company complies with Section 73(8) of S.I134/2019 as read with section 206(2) of the Companies and Other Business Entities Act [Chapter 24:31] which requires a majority of directors to be independent.

## BOARD STRUCTURE



## BOARD RESPONSIBILITY

The primary responsibility of the Board is to safeguard and improve long-term shareholder value. It is at the heart of our corporate governance practices to ensure all interests of stakeholders are considered. In execution of its obligations, the Board acts independently, in good conscience, with due diligence and consideration, and in the best interests of the Group and its shareholders.

The Board meets at least once a quarter to review and monitor the performance of the Group and the top management. The Chief Executive and Board Committee reports are discussed in every board meeting. In some cases, Special Board or Special Committee meetings might be held to deliberate on ad hoc issues that emerge between scheduled meetings. Non-executive directors bring the required neutrality to the Board's deliberations and resolutions, and have adequate weight in the Board's deliberations.

## BOARD DELEGATION OF AUTHORITY

According to the National Code on Corporate Governance and the Group's Articles of Association, the positions of the Chairman and Chief Executive are independent and distinct, and the Board is balanced between the seven non-executive directors and the two executive directors. This allows for separation of duties and the enhancement of the Board's oversight role over management function.

## STAKEHOLDER CHANNELS FOR COMMUNICATING WITH THE BOARD

With regards to material concerns, the Group has systems in place through which stakeholders may engage directly with the Board of Directors. The Annual General Meetings, Analyst Briefings, Press Releases, Annual Reporting to Stakeholders, and the use of meeting proxy forms are all examples of these platforms.

## BOARD CHARTER

The Board has a Charter which details inter alia how the Board conducts its business.

## DEALING IN SECURITIES

The Board established a formal trading policy prohibiting the Group's management, officers, and employees from dealing in the Group's securities during the Group's closed periods, as defined by the Zimbabwe Stock Exchange (ZSE) Listing Rules.

## BUSINESS ETHICS

The Group adheres to strong ethical standards and good corporate practices. There is a code of ethical business conduct in effect, which is regularly implemented by disciplinary actions. The Group has a strict policy prohibiting staff and management from participating in or being affiliated with corrupt activities.

## REMUNERATION POLICY

The Human Resources, Remuneration and Corporate Governance Committee oversees the Group's remuneration policy. External stakeholders, such as shareholders, will participate in the determination of executive remuneration through nominated directors, according to the regulation. The rest of the staff's remuneration is guided by the policy and collective bargaining agreements processes.

## BOARD COMMITTEES

The Articles of Association of the Group enable the Board to delegate authority to committees made up of chosen members. The Audit and Risk Committee, the Human Resources, Remuneration and Corporate Governance Committee, the Marketing, Communications and Strategy Committee, and the Finance and Investment Committee are the four committees that make up the Board.

## COMMITTEE MEMBERS AND RESPONSIBILITIES

| COMMITTEE | MEMBERS | RESPONSIBILITIES |
|---|---|---|
| **Audit & Risk** | C. D. Malaba (Chairperson)<br>A. Bvumbe | The Committee comprises two non-executive directors. The Committee deals inter alia with compliance, internal control, and risk management. |
| **Human Resources, Remuneration and Corporate Governance** | D. Mavhembu (Chairman)<br>D. Hoto | Two non-executive directors make up the Committee. The Committee's principal responsibility is to help the Board by assessing senior executive remuneration policies and current industry practice. The Committee also advises the Board on board composition and the balance of executive and non-executive directors. In this process, skills and diversity are also considered. The Committee also sits as a Nominations Committee. |
| **Marketing, Communications & Strategy** | L Mabhanga (Chairman)<br>D. Mavhembu | Two non-executive directors make up the Committee. The Committee's mission is to evaluate and provide advice on the Group's marketing, sales, communications and overall strategic activities. |
| **Finance and Investments** | K. Chibota (Chairman)<br>G .Taputaira<br>L. Mabhanga | Three non-executive directors make up the Committee. The Committee assists the Board in considering and approving a variety of issues, including ongoing capital structure and funding oversight; capital management and planning initiatives; due diligence on acquisitions and divestments, as well as proposals that may have a material impact on the Group's capital position. |

## BOARD AND COMMITTEE MEETINGS ATTENDANCE

| BOARD MEMBER | APPOINTED | MAIN BOARD | AUDIT & RISK | HUMAN RESOURCES | MARKETING, COMMUNICATIONS & STRATEGY | FINANCE AND INVESTMENTS |
|---|---|---|---|---|---|---|
| **NUMBER OF MEETINGS** | | **5** | **3** | **7** | **4** | **7** |
| D. Hoto | 2012 | 5/5 | N/A | 7/7 | N/A | N/A |
| T.M Madziwanyika* | 2012 | 5/5 | 3/3 | 7/7 | 4/4 | 7/7 |
| N.K Mtukwa* | 2014 | 5/5 | 3/3 | 7/7 | 4/4 | 7/7 |
| A.J Manase* | 2019 | 2/5 | N/A | 3/7 | N/A | N/A |
| D. Mavhembu | 2013 | 5/5 | N/A | 7/7 | 4/4 | N/A |
| K. Chibota | 2019 | 5/5 | N/A | N/A | N/A | 7/7 |
| C.D. Malaba | 2018 | 5/5 | 3/3 | N/A | N/A | N/A |
| L. Mabhanga | 2022 | 3/5 | N/A | N/A | 3/4 | 4/7 |
| M. V Hanga• | 2020 | 5/5 | N/A | N/A | 3/4 | N/A |
| G. Taputaira | 2020 | 5/5 | N/A | N/A | N/A | 6/7 |
| A. Bvumbe | 2021 | 3/5 | 3/3 | N/A | N/A | N/A |

* Mr. T. M. Madziwanyika (Chief Executive) and Mr. N. K. Mtukwa (Finance Director) attend all board committee meetings on invitation.
*Ms. M.V. Hanga resigned on 8 December 2022.
*Mr. A. Manase resigned on 27 April 2023.

# BUSINESS CONDUCT AND COMPLIANCE



Victoria Falls Rainbow Hotel guest room

# BUSINESS CONDUCT

Adherence to our code of ethics and conducting business above board is a tone set by the Group Chief Executive. As such, we expect all our staff and stakeholders to align accordingly. With good business conduct comes a good corporate image key to our business and brands. Rainbow Tourism Group subscribes to tourism industry codes, national laws, internal codes of ethics, and best operating procedures. We compile internal monthly compliance and audit reports to evaluate and mitigate any potential negative impacts within our operations.

We conduct appraisals with stakeholders, such as the Zimbabwe Stock Exchange (ZSE), and incorporate any recommendations for improvements. The Group targets 100% compliance with all applicable socio-economic norms, policies and regulations. During the reporting period, the Group complied with all relevant policies and regulations which is an indication of good progress towards set goals.

## ANTI-CORRUPTION

The Group considers corruption a corporate threat. As such, our policies and practices are based on principles of good corporate governance and compliance with laws designed to deter corrupt activities. The nature of our activities, if not adequately managed, may give room for mismanagement of processes and procedures. This mismanagement may result in losses, compromised quality of goods and services and a negative public image which may affect even the share price as a ripple effect.

Rainbow Tourism Group commits to conducting its operations above board, as per one of our core values, integrity. We have zero tolerance to fraud and corruption. We have segregation of duties, close supervision, and strong control environment to deter corruption and bribery in our business. Audits are carried out randomly where potential risks of corruption are suspected. Our stakeholders play a key role in informing us of corrupt activities in our value chains. The Group provides suggestion boxes, whistle-blower facilities, customer feedback, and management platforms which allow our stakeholders to share views and opinions on corruption.

## CYBERSECURITY AND PRIVACY PROTECTION

Cybersecurity and privacy are a priority for our operations and guests. Our IT department dedicates its efforts to protect the business by safeguarding servers and databases from any attacks or collapses and thereby foster guest confidence. It also allows employees and guests to work freely and safely without the threat of their privacy being tempered with. Our stakeholders also develop confidence in the protection of financial data.

We have the following policies in place as a way of managing cybersecurity and privacy protection:

- Email policy
- Backup and recovery policy
- Internet and social media policy
- Password policy
- Hardware and software policy
- Business continuity (disaster recovery) plan

We conduct quarterly cyber risk board reports and updates which guide subsequent mitigatory measures and corresponding provision of financial resources. Our computer systems are set up to limit the number of devices it can connect to at any time. Other actions to mitigate the negative impacts include:

- Effective password management.
- Effective system monitoring and incident management.
- Deployment of group wide Security Appliances (Sophos XG firewalls, Endpoint Security, Email Spam Filters).
- Implementation of Secure Cloud-based Email platform-O365.

We conduct periodic internal and external reviews, cybersecurity awareness trainings, progressive and continuous technical trainings, patch management tracking reviews and replacement of legacy systems and ageing hardware. Our goal is to protect the confidentiality of company data and assets.

We are working towards a 95% systems and network uptime with the aim of reducing thefts and incidents of information breaches. We deployed the Sophos Central Email Advanced spam filter, mobile security and cloud optics. We have learnt to implement data test restores and disaster mock drills and to do periodic cumulative patch management and software updates to ensure that our data is always well protected.

## COMPLIANCE MATTERS

The Group's directors are responsible for ensuring compliance with all applicable laws and regulations. The Group manages compliance issues by submitting quarterly compliance and corporate governance reports, as well as conducting internal and external audits. During the year, the Group made a great effort to ensure compliance with the following instruments and regulations:

- The Companies and other Business Entities Act [chapter 24:31].
- SI 134 of 2019 Securities and Exchanges (Zimbabwe Stock Exchange listing Requirements) Rules.
- Tourism Act [chapter 14.20].
- Regional, Town and Country Planning Act [chapter 29:12].
- Public Accountants & Auditors Board Zimbabwe (PAAB) – Pronouncements.
- Exchange Control Act [chapter 22:05].
- Consumer Protection Act [chapter 14:44].
- Labour Act [chapter 28:01].

# RISK MANAGEMENT

The Internal Audit Department, overseen by the Audit and Risk Committee, retains the mandate of reviewing and monitoring the different risks faced by the Group. Risks may be in the form of compliance, financial and employee issues which require the Company to put in place strategies and systems that ensure risks are adequately addressed.

## RISK MANAGEMENT FRAMEWORK

We have a dynamic risk management framework to guide our risk reduction strategies. The Group conducts materiality assessments regularly to identify key Environmental, Social and Governance (ESG) issues which may bring about operational risks. We carry out risk identification and assessment processes at regular intervals.

## GOVERNANCE RISK

In our operations, employees are key in helping us deliver quality services to our clients. Human resource risk is the risk of financial losses and negative social performance related to inadequacies in human capital and management of human resources. As a business, we mitigate this risk by enforcing the professional competence and due care principle amongst our employees.

## GENERAL RISK

Other risks, potential and actual, that we face include strategic, operational, cyber, information and technology, and physical and security risks. Our internal audit department carries out risk assessments sessions which feed into the risk matrix, reflecting their likelihood of occurrence and potential impacts.  This is then used by management to guide the Group towards risk mitigation and management.

| RISK CATEGORY | RISK DESCRIPTION | RISK MITIGATION MEASURES |
|---|---|---|
| **Operational risks** | These include risks associated with food preparation and serving, energy and water bill management. | Incorporating HACCP in food chain and keeping track of utility usages to facilitate conservation strategies. |
| **Cyber security** | This involves risks of malicious attacks on computers, servers, mobile devices, electronic systems, networks, and data. | BIS Department dedicated to managing the deployment of Group-wide security appliances (Sophos XG firewalls, Endpoint Security, Email Spam Filters). |
| **Human Capital risks** | Potential risk arising from the Group's inability to attract, retain or properly train qualified individuals. | Recruitment and staff development policies to ensure talent retention. |
| **Security** | Potential risk arising from inability to provide a safe environment for guests, employees and properties. | The Group has contracts with reputable security companies to ensure guest and property security. |
| **Regulatory and Compliance** | These are risks related to compliance with legislation, regulations, laws, rules, prescribed practices, internal policies and procedures or ethical standards which may result in losses, fines, penalties or damage to reputation. | Risk and compliance department responsible for ensuring compliance to any changing regulatory requirement. |

# SUSTAINABILITY



A'Zambezi River Lodge swimming pool

# SUSTAINABILITY

Corporate sustainability is core to our responsible business conduct. The Group's sustainability practices are guided by various policies and practices, which drive our responsible business values that anchor our brands. Our strategy continuously identifies and manages economic, environmental and social impacts associated with our business. We are cognisant of the rising demand for green hotels profile by international and domestic guests. This has been driving the Group to integrate sustainability into the business strategy.

## RESPONSIBLE BUSINESS PRACTICE

Rainbow Tourism Group's sustainability practices are based on the notion of being a responsible Company that creates value through excellence and sustainable business practices. We aim to ensure that our stakeholders and guests have an exceptional and spectacular experience through our refreshing hotels. The Group's objective is to guarantee that its hotels fulfil the service promise of "Fresh Food, Fresh Pillow, and Fresh Smile," through ethical business conduct and sustainable practices. The Group is certified to the ZWS ISO 9001:2015 - Quality Management System. As a result, the Group closely monitors and follows all quality measures in all areas of the business including service delivery, food quality and safety, security, hotel room standards, and business operations.

Our sustainability approach helps us to 'Green our Hotels' by enabling us to identify risks and opportunities posed by climate change, electricity, water, waste, and other supporting operations. Through policies, procedures, and values established across the Group, we have systems to track our response to sustainability concerns. The Group continues to implement its sustainability plans, which involves greening hotels and business operations as well as fostering a strong shared vision and values among the Group's employees and stakeholders.

## SUSTAINABILITY MATERIALITY ASSESSMENT

Our sustainability reporting methodology is supported by the materiality process, which allows us to identify key topics and aspects to our operations in terms of economic, environmental, social and governance issues.  On a yearly basis we conduct this process using the Global Reporting Initiative standards approach which allows us to refresh material topics for reporting. Management is critical in determining the most significant aspects for each reporting period. The final topics are determined through an integration of survey methods which include interviews, desktop research and questionnaires.

## MATERIALITY PROCESS

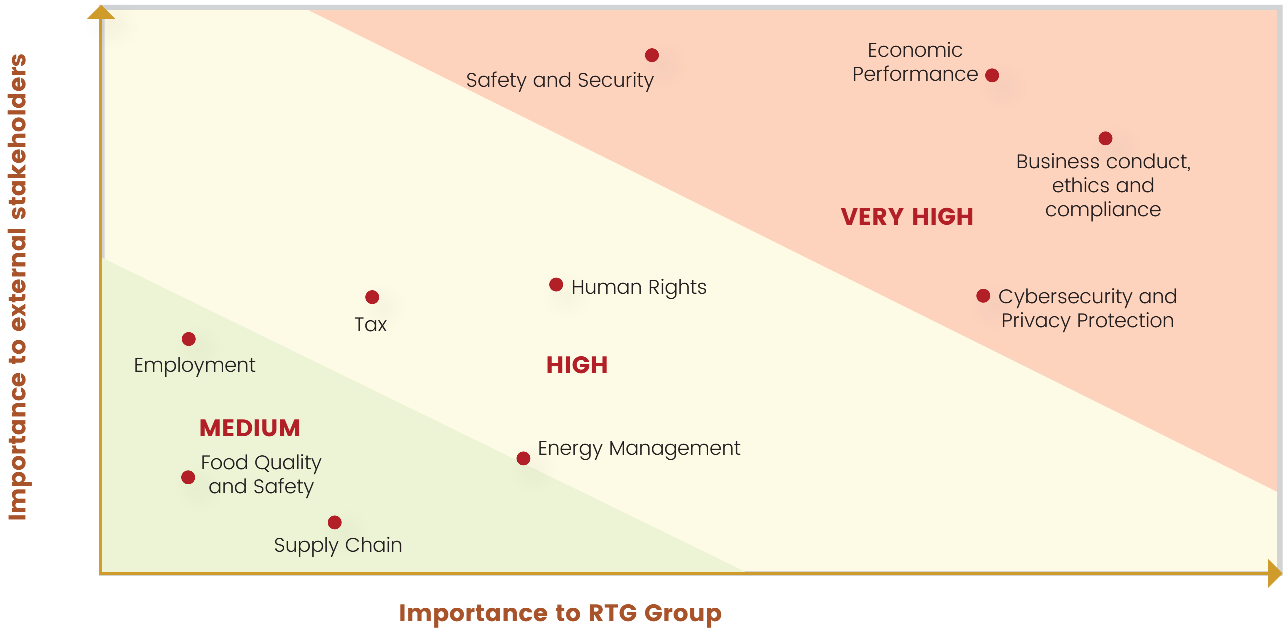
Material aspects from our operations are determined by benchmarking with global leaders and other players in the hospitality sector. The topics were streamlined and categorized into environmental, governance, social, and economic issues with the assistance of sustainability experts. Based on senior management's experience and interactions with stakeholders throughout the reporting period, a questionnaire survey was created from the topics and used to assess senior management's perspectives on each topic.

## MATERIAL TOPICS

The following issues were identified as material topics for the Group for Full Year 2022:

| Environment | ECONOMIC | SOCIAL | GOVERNANCE |
|---|---|---|---|
| • Water and effluents<br>• Energy<br>• Climate change<br>• Waste<br>• Biodiversity | • Anticorruption<br>• Tax<br>• Economic performance<br>• Supply chain | • Diversity and inclusion<br>• Human Rights<br>• Labour Relations<br>• Employment<br>• Food quality and safety<br>• Community development and engagement<br>• Occupational Health and Safety<br>• Safety and Security<br>• Human capital development | • Business conduct, compliance and ethics |

## MATERIALITY ANALYSIS




- Very High - Identifies issues with potential risk and require urgent management attention or action.
- High - Identifies issues which may require improvements to minimise negative impacts from limited existing systems.
- Medium - Indicates issues which may be under management control.

During the year economic performance, safety and security, and business conduct, ethics and compliance were considered very significant to both stakeholders and the business.

# STAKEHOLDER ENGAGEMENT

RTG Chief Executive and Commercial Director at an international trade show flanked by The Minister of Environment, Climate, Tourism and Hospitality Industry Minister Mangaliso Ndlovhu and Zimbabwe Tourism Authority CEO Ms Winnie Muchanyuka.

Our reputation in Zimbabwe's tourism industry is enhanced by the long-term stakeholder relationships we have established over the years. Stakeholder involvement is a critical shared responsibility across our value chain. We consult stakeholders to learn about their concerns, priorities, and perspectives, which allows us to continue to improve and meet their needs. Our Corporate Affairs and Quality Manager oversees stakeholder relations and coordinates engagement across departments.

## ENGAGEMENT STRATEGY

Our stakeholder engagement is designed to delegate engagement responsibility to each of the Group's functions. Departmental heads are expected to interact with stakeholders whom they work with and to report concerns to senior management. Management evaluates and develops solutions to meet stakeholder expectations. The outcomes of stakeholder engagement are then examined in order to understand risks and opportunities. Our engagement strategy is mainly through direct and indirect engagement activities.

We conduct a stakeholder mapping analysis to determine the level of influence, interest, and impact on the business that each stakeholder has. Using this process, we can determine which stakeholders to prioritise during the engagements. Further, the results of engagement are incorporated into the materiality process.

## STAKEHOLDERS AND THEIR CATEGORIES

Stakeholders are individuals or groups on whom the Group has a huge impact and who can have a significant impact on our ability to achieve our business objectives. For this report, stakeholders were identified based on their level of influence over the Group and those who define the business operating environment.

The stakeholders were categorised into:

- Internal - Employees, Management, and Board of Directors.
- External - Suppliers, Government, Guests, Shareholders, Media, Communities, and Regulatory Authorities.

## OUR STAKEHOLDER ENGAGEMENT FOR THE YEAR IS BELOW:

| STAKEHOLDER | MATERIAL ISSUES RAISED | MITIGATION MEASURES | ENGAGEMENT CHANNEL | FREQUENCY OF ENGAGEMENTS |
|---|---|---|---|---|
| **Employees** | • Remuneration.<br>• Engagement and inclusion.<br>• Skills flight. | • Continuous alignment with market reality.<br>• Staff retention initiatives. | • Physical and virtual meetings.<br>• Employee bulletins.<br>• National Works Council. | • Adhoc.<br>• Monthly.<br>• Quarterly.<br>• Annually. |
| **Guests** | • Value for money.<br>• Connectivity.<br>• Room quality. | • Innovative competitively priced products and services.<br>• Upgrade of ICT infrastructure.<br>• Product upgrades and refurbishment. | • One-on-one sales team engagement.<br>• Social media platforms.<br>• Online guest feedback platform.<br>• Company website. | • Daily.<br>• Weekly.<br>• Monthly. |
| **Government and Regulators** | • Compliance. | • Adoption and implementation of government policies.<br>• Industry /government engagement forums. | • One-on-one meetings.<br>• Statutory returns. | • Adhoc<br>• Annually |
| **Shareholders and Potential Investors** | • Adherence to corporate. governance standards.<br>• Return on investment<br>• Dividend declaration. | • Compliance to legislation.<br>• Strong performance.<br>• Retain going concern status. | • Annual General Meeting.<br>• Annual report. | • Quarterly<br>• Annually |
| **Suppliers** | • Timeous payment for products and services.<br>• Regular demand for goods and services.<br>• Business continuity. | • Adhere to agreed payment terms.<br>• Ensure going concern of the business.<br>• Build robust relationship with suppliers.<br>• Supplier evaluation and monitoring. | • Email.<br>• Telephone calls.<br>• One-on-one meetings. | • Daily.<br>• Weekly.<br>• Monthly. |
| **Communities** | • Business continuity.<br>• Employment opportunities.<br>• Responsible business practices.<br>• Improve wellbeing of the community. | • Business performance.<br>• Ensure business continuity.<br>• Support communities as guided by SDGs. | • One-on-one engagements. | • Adhoc.<br>• Bi-annually. |
| **Media** | • Regular updates on the Company.<br>• Timeous responses to enquiries. | • Regular and timeous dissemination of information.<br>• Supporting media initiatives (Reporter of the year awards).<br>• Participation in press interviews. | • Press releases and press statements.<br>• Media briefings<br>• Media Tours.<br>• One-on-one engagements. | • Weekly.<br>• Monthly.<br>• Quarterly.<br>• Annually. |
| **Industry** | • Mutual partnerships.<br>• Lobbying government and other strategic stakeholders.<br>• Fair pricing. | • Support for industry initiatives.<br>• Participation in forums with the government and industry. | • Physical and virtual meetings. | • Adhoc. |

# GUEST MANAGEMENT



A'Zambezi River Lodge High Tea

# FOOD EXPERIENCE

"Fresh food" is one of our promises to our guests, as such it is one of our most impactful selling points and we take all measures to ensure we always leave guests satisfied and feeling refreshed after one of our meals. The Group benefits from a flexible and well-balanced menu that caters to the interests and expectations of our diverse guests while ensuring zero food related complaints. Effective menu planning helps us achieve our food offering objectives and also creates opportunities for expanding our services to mobile catering.

## OUR APPROACH

As a way of managing our food offering effectively, we have the Hazard Analysis Critical Control Policy and menu development procedures which ensure quality ingredients and food preparation conditions for consistent satisfaction. We have the following measures at all our hotels:

- Methodical menu planning and keeping adequate inventory.
- Ensuring good food handling practices from 'farm to fork' through cold supply chains.
- Timeous review of menu in line with the current trends and guest feedback.
- Providing dietary requirements to guests with special dietary needs.

We conduct ZWS ISO 9001:2015 Quality Management System audits, monthly hygiene swab, laboratory tests, business reviews, and guest feedback analysis to monitor the effectiveness of our systems. Our target is to achieve at least 85% positive guest feedback rating, zero food poisoning, at least 100% hygiene index , 22% cost of sales, and 78% gross margin.

# FOOD SAFETY AND QUALITY

Serving quality meals is a priority for our hotels, as it helps to fulfil the promise of our "Freshness" value. Good food safety and quality will directly impact revenue growth as a result of referral and repeat business.

## OUR APPROACH

Rainbow Tourism Group is committed to Best Operating Procedures (BOPs), and ZWS ISO 9001:2015 Quality Management System (QMS), to ensure continuous improvement of our service. As a Group, we make use of burners to ensure food is kept at the prescribed temperatures while encouraging our guests to enjoy their meals while hot. Additionally we ensure cold foods are stored sufficiently in well calibrated freezers and cold rooms. Our employees are trained to maintain high levels of hygiene and sustainable inventory management particularly on perishable goods.

We optimise inspections, guest feedback, internal and external audits on our food quality standards. Our goal is to attain 100% hygiene index, and 85% guest satisfaction rating. We are pleased to report that we attained a 98% hygiene index in FY2022.

# GUEST SAFETY AND SECURITY

Guest satisfaction is at the core of our business and therefore we place a premium on guest safety and security. Tourists and guests are likely to frequent hotels and lodges where they feel their security and safety is prioritised. We thereby link security to brand reputation and profitability of business.

## OUR APPROACH

We ensure that our guests are safe and protected during their stay by:

- Inducting guests at check in on our emergency response plan.
- Training our employees and security personnel.
- Having guest safety and security entwined into our service provision.

We are currently implementing the ZWS ISO 9001:2015 Quality Management System as well as the Fire Life and the Safety Policy to guide us on managing safety and security as a Group. We train our staff on customer care, firefighting and emergency evacuation procedures. We have security systems such as CCTV, panic buttons and strict access control in guest rooms and conference rooms. Monthly safety and security assessments are carried out to ensure that we are meeting guest and regulatory requirements at all times.

Our goal is to ensure 100% guest and employee safety, protection of assets, and revenue. We are proud to report that we have noted a reduction in accident levels and incurred zero incidents of fraud but had minor incidents of theft which were addressed using prescribed procedures and an overall improved service delivery to customers during the reporting period.


# EMPLOYEES

# EMPLOYEES

Employees are our most valued resource as they are the driving force behind our values and service promises. As RTG, we understand that good recruitment and retention practice are key to increased productivity, low staff turnover and improved business performance.

The Group commits to ensure that employees are strategically recruited, their welfare taken care of and careers developed during their tenure. As a way of ensuring high employee performance at all times, we recruit the most talented individuals, train them, and provide engagement forums to ensure continual improvement. Discipline and professionalism are one of our priority expectations from our employees and any deviations are handled accordingly to reduce recurrence.

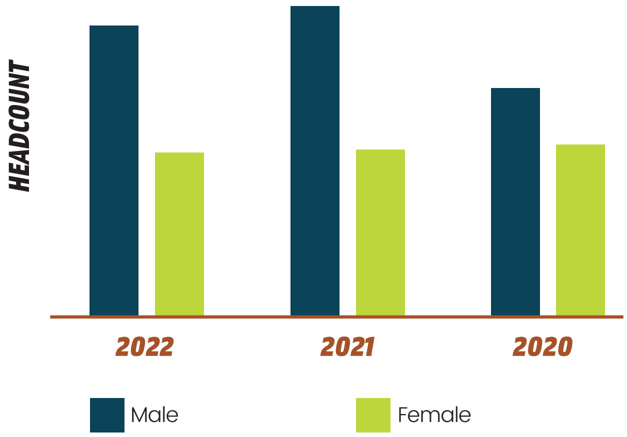
We have the following policies:

- Employment.
- Human capital development.
- Reward management.
- Employee/employer relations.

Our main goal is to have a highly efficient workforce incentivised by good performance rewards, staff development and career advancement. To achieve this, we conduct performance appraisals, internal and external audits, and labour cases analysis to track the effectiveness of our human resources management.

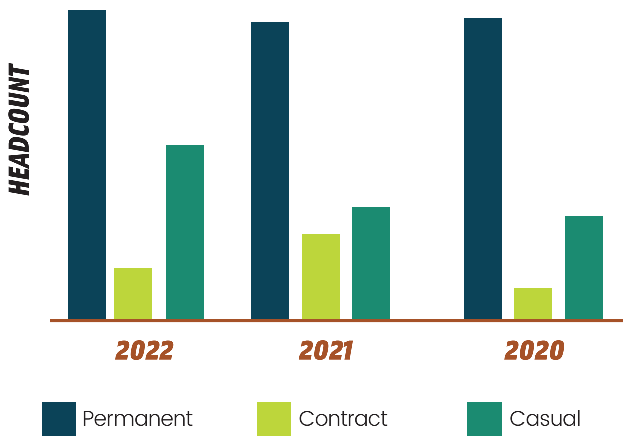
# EMPLOYMENT STATUS

### EMPLOYEES BY GENDER




| GENDER | 2022 | 2021 | 2020 |
|---|---|---|---|
| Male | 608 | 623 | 467 |
| Female | 347 | 356 | 343 |
| **Total** | **955** | **979** | **810** |

### TOTAL EMPLOYEES BASE BY CONTRACT TYPE




| CONTRACT TYPE | 2022 | 2021 | 2020 |
|---|---|---|---|
| Permanent | 552 | 519 | 528 |
| Contract | 103 | 192 | 62 |
| Casual | 300 | 268 | 220 |
| **Total** | **955** | **979** | **810** |

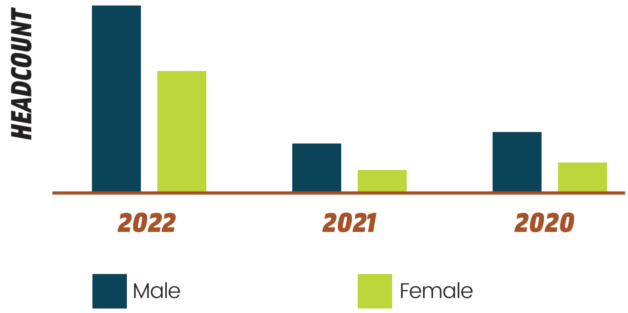
## EMPLOYMENT IMPACT

In the prior years, our employment impact was determined by the permanent workers due to the long-term nature of their contracts. In FY2022, we commenced the inclusion of contract employees in our staff movement.

Our staff recruitment and turnover are presented below:

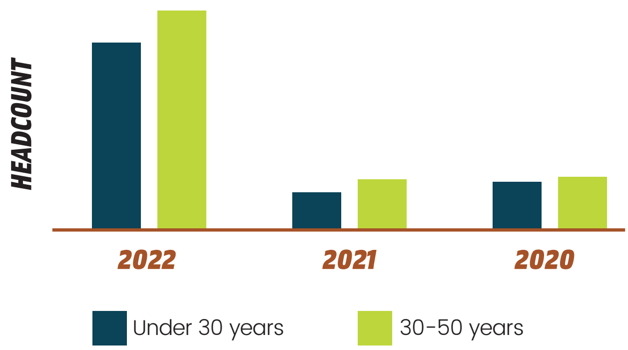
## RECRUITMENT

### EMPLOYEES HIRE BY GENDER



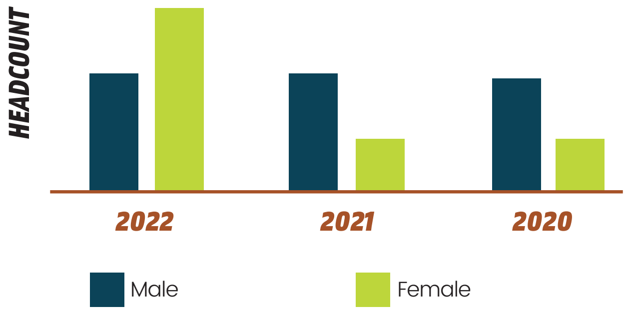

| GENDER | 2022 | 2021 | 2020 |
|---|---|---|---|
| Male | 107 | 19 | 21 |
| Female | 94 | 8 | 11 |
| **Total** | **201** | **27** | **32** |

### EMPLOYEES HIRE BY AGE



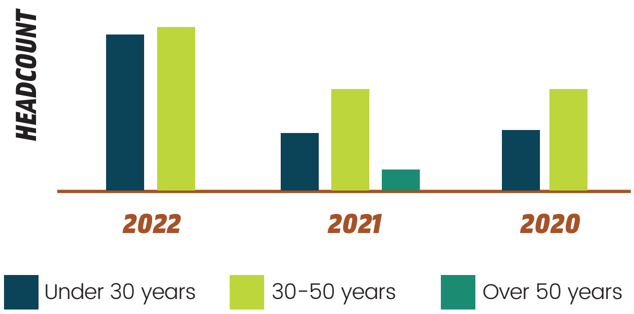

| AGE | 2022 | 2021 | 2020 |
|---|---|---|---|
| Under 30 years old | 95 | 13 | 15 |
| 30-50 years old | 106 | 14 | 17 |
| **Total** | **201** | **27** | **32** |

## PERMANENT EMPLOYEES TURNOVER BY GENDER




| GENDER | 2022 | 2021 | 2020 |
|---|---|---|---|
| Male | 25 | 25 | 24 |
| Female | 40 | 11 | 12 |
| **Total** | **65** | **36** | **36** |

## EMPLOYEES TURNOVER BY AGE




| GENDER | 2022 | 2021 | 2020 |
|---|---|---|---|
| Under 30 years old | 32 | 11 | 12 |
| 30-50 years old | 33 | 21 | 21 |
| Over 50 years | - | 4 | - |
| **Total** | **65** | **36** | **33** |

# LABOUR RELATIONS

Increased employee engagement level gives management access to a wider pool of ideas and innovations. Moreover, healthy labour relations ensure that complaints related to labour remain minimal and thus preserving shareholder value that would otherwise have been debited towards litigation costs. For a well-functioning labour relations process, adequate budgets must be availed for industrial relations engagement, training and development.

## OUR PRACTICE

The Group is committed to continuously investing in training and awareness programs on the code of conduct to ensure employees are always aware of their duties and obligations towards maintaining healthy labour relations. The training covers all staff including executives who also contribute and initiate subjects for discussions. We have a Human Resources Policy in place that is periodically reviewed to reflect any changes in the Labour Act [28:01]. The Group is committed to reviewing this policy by 31 December of each year to ensure that it is always relevant.

Employee orientation programs are conducted at recruitment stage to ensure that employees are aware of their responsibilities. Further, we conduct employee engagement surveys, disciplinary case root causes analysis and take appropriate action to ensure reduced recurrence. Our target is zero labour relations cases and where there may be any, appropriate attention is given to address the cases. Monthly business reviews and quarterly reports are used to track the effectiveness of our actions towards attaining this target, blended with key performance indicators such as staff turnover ratio, number of disciplinary hearings, and staff engagement levels.

Rainbow Tourism Group is committed to upholding a good corporate image by ensuring all labour cases are resolved internally. We have learnt the importance of decentralising and continuously engaging staff at all levels, in addition to investing in their development in line with the management of labour relations. We highly regard our stakeholders and we engage them through surveys, meetings and feedback platforms to incorporate their contributions into our operations.

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Employee Engagement rate | 80% | 78% | 81% |
| Industry level | 70% | 70% | 70% |

# OCCUPATIONAL HEALTH AND SAFETY

Employee health and safety is a priority for the Group and this is managed under the Human Resources Department. The Group provides safe workplace environments that promote good health for optimum performance as well as prevention of work-related injuries and ill health, through our processes, activities and services.

Rainbow Tourism Group is committed to creating a conducive working environment, coupled with provision of adequate personal protective equipment. The Company ensures that a day is set aside each month for safety training. The days are increased where necessary to ensure employees are kept abreast of expected safety standards.

Our Occupational Health and Safety incidences were as follows:

| INCIDENCES | UNIT | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Total number of work-related injuries | Count | 6 | 3 | 4 |
| Number of lost days as a result of the injuries | Count | 26 | 10 | 7 |
| Number of lost days due to absenteeism | Days | 49 | 7 | 23 |
| Work related fatalities | Count | - | - | - |
| Safety Training | Days | 42 | 18 | 18 |

## EMPLOYEE WELLNESS

Rainbow Tourism Group conducts health and wellness programs with the aim to boost the morale and output levels of employees.

During the year, our wellness activities were as follows:

**Wellness Trainings**

ATTENDANCE
*2022*
**Female:** 128
**Male:** 153

*2021*
**Female:** 115
**Male:** 136

**Counselling Programs**

ATTENDANCE
*2022*
**Female:** 39
**Male:** 47

*2021*
**Female:** 24
**Male:** 21

**Breast Cancer Awareness**

ATTENDANCE
*2022*
**Female:** 138
**Male:** 76

*2021*
**Female:** 22
**Male:** 17

**Zumba Dance, Aerobics**

ATTENDANCE
*2022*
**Female:** 52
**Male:** 68

*2021*
**Female:** 25
**Male:** 37

**Basic Health Screening**

ATTENDANCE
*2022*
**Female:** 120
**Male:** 138

**Male & Female Soccer & Netball**

ATTENDANCE
*2022*
**Female:** 23
**Male:** 38

**Athletics**
(including marathon participation)

ATTENDANCE
*2022*
**Female:** 27
**Male:** 35

In FY2022 we introduced basic health screening, soccer and netball, athletics as new wellness programs.

## DEFINED CONTRIBUTION PENSION

The Group pays a premium to employees when they retire through the RTG Pension Fund and the National Social Security Authority National Pension Scheme. All employees are awarded an opportunity to join pension plans of their choice for life after retirement. As a Group we pay premiums to employees upon retirement through the mandatory National Social Security Authority fund.

Below are our pension contributions:

| | UNIT | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| RTG Pension Fund | ZWL | 218,924,174 | 28,156,110 | 1,662,821 |
| National Social Security Pension (NSSA) | ZWL | 83,933,774 | 11,478,756 | 1,771,756 |
| Catering Industry Pension Fund (CIPF) | ZWL | 0 | 9,835,974 | 401,612 |
| Group Life Cover | ZWL | 40,379,298 | 3,839,013 | 521,172 |
| **Total Pension Contribution** | **ZWL** | **343,237,246** | **53,309,853** | **4,357,361** |

In 2022 employees under the Catering Industry Pension Fund (CIPF) were migrated to the RTG Pension Fund.

## COLLECTIVE BARGAINING

The majority of RTG employees are members to the Zimbabwe Catering and Hotel Workers Union (ZCHWU) and the National Employment Council for the sector. The Group participates in collective bargaining agreements and employees' coverage is presented below:

| EMPLOYEE CATEGORY | 2022 | 2021 | 2020 |
|---|---|---|---|
| NEC Registered | 49% | 51% | 55% |
| Non NEC | 51% | 49% | 45% |
| All Employees | 100% | 100% | 100% |

# DIVERSITY AND INCLUSION


The Group believes diversity and inclusion promote a healthy and productive work space as it results in improved tolerance, exchange of good work practices and shared values amongst employees. We deliberately seek to achieve diversity and inclusion in our recruitment and staff rotation to ensure better performance and subsequently increased customer satisfaction.

Our recruitment policy is fair and equitable and is not biased towards social tensions. We offer opportunities to minority groups such as those living with disabilities. As RTG, we have created a wheel-chair accessible workplace, a deliberate step by the management as a measure to concrete the minority inclusivity. Our code of conduct is against any form of discrimination, instead, we have a merit-based strategy which measures and rewards employees' contributions based on performance.

We embedded vernacular language into our corporate communication and we conduct training and awareness programs on diversity and inclusivity. Our goal is to have a diversified workforce with age-gender analysis as a key performance indicator. We use appraisals from training programs, internal and external audits as well as employees' feedback post trainings to track the effectiveness of actions regarding diversity and inclusion.

## EMPLOYEES SKILLS DEVELOPMENT

Investing in employees skills development is a crucial component for our overall service delivery as it promotes staff competence to build a competitive edge for the Group. Among the benefits from human capital development are employee attraction and retention, increased job and customer satisfaction. In addition, human capital development boosts employee morale.

We have a Human Development Policy which outlines our commitment to identifying training and development needs for staff at all levels. Where needs are established, resources are budgeted for and the training is integrated into development plans. Our goal is to have a highly competent workforce and our target is to develop our employees at all levels. In order to track the effectiveness of trainings, employees sit for pre and post training competency tests. The training materials are evaluated by management prior to delivery to ensure they meet the objectives. These trainings have been highly effective as supported by the Company's ability to adapt to different changes and still thrive as we did during the COVID-19 pandemic.

Engagement with stakeholders through guest feedback and customer complaints helps us in identifying training needs which when addressed help us 'to become the premier provider of diversified hospitality and tourism services in Zimbabwe.'

## TRAINING MODEL


## AVERAGE TRAINING HOURS PER EMPLOYEE

| GENDER | UNIT | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Male | Hours | 54 | 44 | 32 |
| Female | Hours | 54 | 40 | 32 |

## HUMAN RIGHTS

Rainbow Tourism Group is committed to the promotion of human rights and good labour practices. We aim to ensure human rights violations and any other forms of occupational abuse are monitored to maintain a safe environment for all our stakeholders.

The Group is guided by the Employee Relations Policy which seeks to safeguard all staff against human rights violations. Regular trainings are done to ensure employees understand their obligations to uphold human rights and the definitions of violations. Platforms to report any forms of abuse are also availed and regularly reviewed. The success of these processes has been apparent as there have been no cases of violation of employee rights for the period under review.

# SUSTAINABLE OPERATIONS



*Kadoma Hotel & Conference Centre solar project*

# SUSTAINABLE OPERATIONS

Rainbow Tourism Group takes pride in providing freshness in all its services and conducting operations in an ethical and environmentally friendly manner. Our sustainability policies foster environmental stewardship in our procurement practices, operations, utility usages and waste management.

## WATER AND EFFLUENTS

Water is critical in our operations as it enables us to maintain high standards of hygiene prioritised by our guests. The Group's main water sources are borehole (groundwater) and municipal. We invested in boreholes in order to mitigate gaps arising from erratic municipal water supply. New Ambassador Hotel (NAH) provides water to its neighbours for drinking.

## MANAGEMENT APPROACH

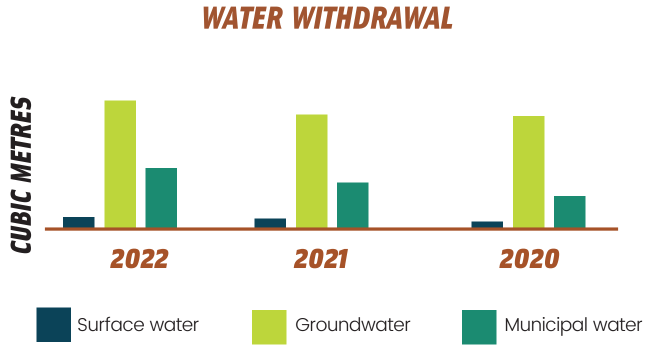
Our commitment is to ensure minimum pollution to ground and surface water bodies through our operations. We have installed water treatment plants to ensure water is safe for our operations before it is fed into our hotel systems, particularly the kitchens. Every fortnight, chlorine checks are done to assess the quality of water and test for any pathogens. Water is pumped into temporary storage tanks, which can sustain operations for at least a day. The water level is checked three times a day, and low water level alarms were installed to alert when water reserve gets to less than what may sustain the day's activities.

Water losses may occur along the water supply systems which leads to high water withdrawals and subsequent high costs. Our water saving initiatives led to installation of water reticulation closed loops while ensuring all water leakages are attended to timeously. We have the following additional measures:

- Duty management inspections.
- Monthly tracker reports.
- Snagging and leakage inspections.
- Kitchen inspections.
- Walk about inspections.

Waste water is directed to the municipal sewer system while kitchen waste water is passed through a three-stage grease trap process before the resultant water is directed to the municipal as well. We conduct internal audits to check system functionality. Chlorination and descaling effectiveness are checked through annual tests by Standards Association of Zimbabwe (SAZ) or Zimlabs.

During the reporting period our water withdrawal was as follows:




| SOURCE ($M^3$) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Surface water | 38,400 | 43,273 | 37,629 |
| Groundwater | 1 053 415 | 992,012 | 969,235 |
| Municipal water | 491 433 | 392,991 | 314,393 |
| **Total** | **1 661 674** | **1,428,276** | **1,321,257** |

## WASTE

Waste is an inescapable output from our business operations, mainly from food preparations and packaging material. Our efforts towards waste reduction contributes to the minimisation of environmental impacts, operating costs and boosts our profile as a sustainable brand.

## MANAGEMENT APPROACH

As a Group, we have made deliberate efforts towards segregation of paper, glass and kitchen waste at source to make recycling initiatives more viable. We partnered with National Waste Authority and municipal for the waste collection and segregation under guidance from EMA directives. We engage third parties to collect non-biodegradable waste for recycling. We subscribe to the waste management triple plan (reduce, reuse, recycle) at all our locations.

To manage our waste, the Group implemented the following measures:

- ensuring all rooms have adequate waste bins,
- investing in waste segregation bins,
- departmental waste management awareness trainings,
- scrap forms reports, and
- carrying out management inspections and spot checks.

During the year, the following waste was separated for recycling:

| WASTE | DISPOSAL METHOD | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Solid (Plastic and Cans) (Tons) | Third-party recycling | 30 | 8 | 5 |

# ENERGY

Our operations rely heavily on electricity, liquid petroleum gas (LPG), diesel, and petrol. As such, efficient energy management become crucial given the rising call for clean energy and going green. The Group embarked on an energy transition journey through various energy conservation initiatives and investments.

## MANAGEMENT APPROACH

RTG initiated a 'Go Green' policy in FY2022 and undertook the following actions:

- Installation of renewable energy solar systems.
- Installation of a capacitor bank for power factor correction.
- Hot water pipe lagging.
- Utilisation of off-peak periods to operate high energy consuming loads.
- Installation of room energy saver switches and energy saving bulbs (LED lights).
- Installation of low energy consuming air conditioning units.

Our goal is to utilise energy sustainably, by reducing energy costs without exceeding 2% of revenue. The Group monitors monthly bills and gas bin card system to track usage and identify areas for reducing consumption. During the FY2022, the total energy cost against total revenue was within the agreed benchmark of 2%. The Group managed to operate below the Maximum Demand threshold and installed a 300kVA solar plant at Kadoma Hotel and Conference Centre. During the year, our energy consumption was as follows:

## ENERGY CONSUMPTION ACROSS OPERATIONS

| ENERGY TYPE | UNIT | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Petrol | Litres | 70 152 | 68,550 | 39,390 |
| Diesel | Litres | 114 550 | 102,819 | 134,064 |
| **Total** | | **184,702** | **171,369** | **173,454** |

## ENERGY CONSUMED DIRECTLY BY HOTELS

| ENERGY TYPE | UNIT | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Diesel (Generators) | Litres | 43,798 | 25,558 | 48,194 |
| Electricity | kWh | 7,215,333 | 5,334,066 | 5,013,062 |
| Solar | kWh | 114,609 | - | - |

# RESPONSIBLE SOURCING

The Group's Procurement Policy regulates supply chain management to ensure consistency, costs optimisation, and quality of all hotel supplies, services, and infrastructure project materials. Our procurement processes ensure that we make purchases from the primary source so as to reduce costs from middleman and to ensure accountability from source. Our supply network includes both small-and large-scale fresh produce suppliers. The majority of our supplies, on the other hand, are sourced from regional and international vendors to ensure high quality which is always demanded by our guests, who comprise both domestic and foreign visitors.

The Group's policy is to keep a suitable amount of inventory at hand at all times to ensure consistent food and toiletry supply. Our procurement department oversees inspection of goods at the source, whether locally or worldwide, to ensure quality and food safety. The procurement department is largely dependent on ZW ISO 9001:2015 - Quality Management System to manage quality issues. To ensure quality and cost effectiveness, all procurement for infrastructure projects are handled internally. During the year, our suppliers were as follows:

| SUPPLIERS | 2022 | 2021 | 2020 |
|---|---|---|---|
| Spending on in country suppliers ( ZWL) | 8,524,421,145 | 655,724,703 | 64,152,142 |
| Import spending (ZWL) | 1,132,142,012 | - | 10,154,142 |
| Number of supplies (count) | 450 | 390 | 356 |

# CLIMATE CHANGE AND BIODIVERSITY



Kadoma Hotel & Conference Centre solar plant

# CLIMATE CHANGE

Emissions from combustion of fossil-based fuels for energy has been a major driver of climate change. As a Group, our different processes use different forms of energy which contribute to climate change. We therefore put measures to ensure efficient use of fuels to reduce the overall climate impact of our operations.

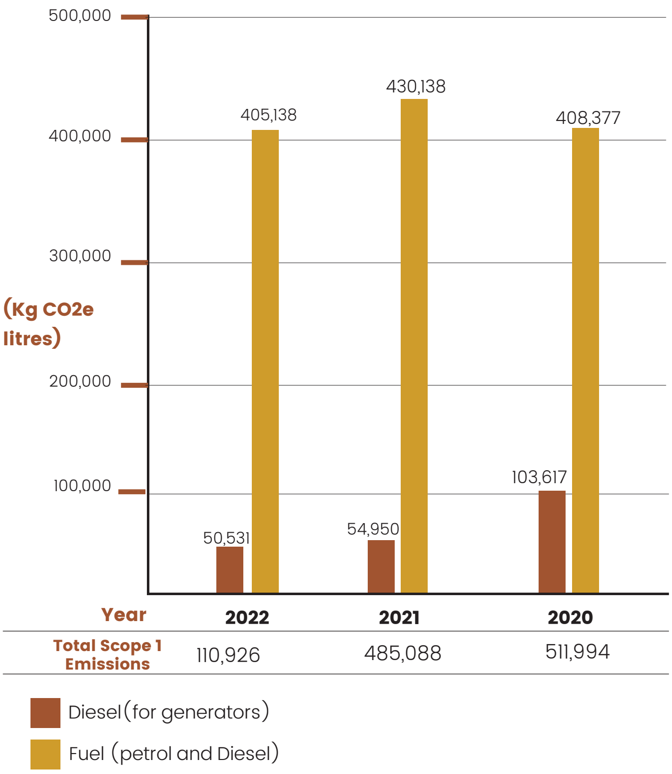
## MANAGEMENT APPROACH

The Group is guided by the regulatory requirements from the Environmental Management Agency (EMA) and its statutory instruments regarding environmental stewardship. Our goal is to reduce the hotels' carbon footprint through various green initiatives. We have an energy conservation strategy through which we have since moved to energy saving lighting options, turning off appliances and general energy conservation awareness trainings. The Group installed a solar system at Kadoma Hotel and Conference Centre as we move towards being a 'green' hospitality service provider.

## CARBON FOOTPRINT

### Scope 1: Direct Emissions

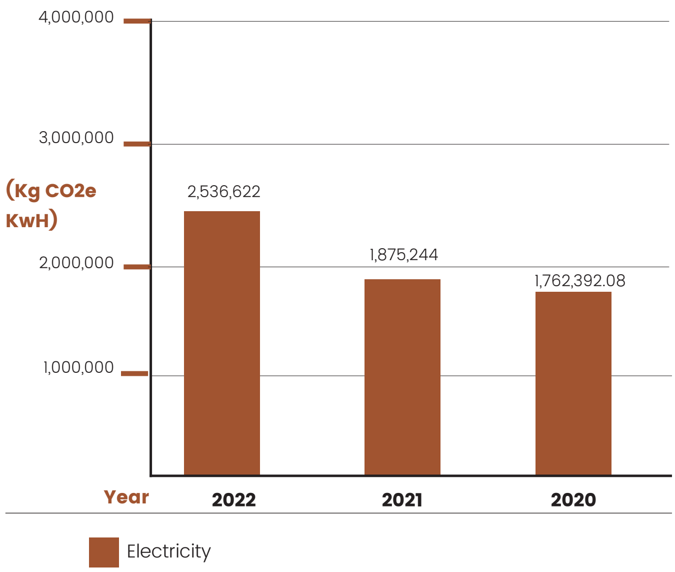
These are direct Greenhouse Gas (GHG) emissions from operations that are primarily owned or controlled by Rainbow Tourism Group, these are emissions from fuel consumed by generators and vehicles. We applied emission factors obtained from the United Kingdom (UK) Government GHG Conversion Factors to convert liquid bio-fuel usage and coal combustion as presented below:




The reduction in the emissions is mostly attributed to a reduction in diesel consumption mostly from generator usage.

### Scope 2: Indirect Emissions

These are emissions from the consumption of energy generated and supplied by a third party in which RTG has no direct control. Our Scope 2 emissions were calculated using emission factors obtained from the Southern African Power Pool 2015 using Operating Margin factors and the Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC) as presented below:




# BIODIVERSITY

*A'Zambezi River Lodge garden facing rooms*

Fauna and flora are an important aspect to the tourism and hospitality industry as they bring aesthetic value to our different landscapes. Our unit A'Zambezi River lodge in Victoria Falls has a natural landscape (gardens) occupying more than 50% of the area, offering a scenic 'in-touch-with nature' feel which is our key selling point. In collaboration with the Parks and Wildlife authorities, we keep the lodge animals' friendly while also ensuring guest safety. Guests are briefed on how to conduct themselves when they encounter any animals to manage human- wildlife conflict. We seek to ensure a balance on our developments versus disturbance to ecosystems.

## MANAGEMENT APPROACH

We understand the need to ensure sustenance of ecosystems as major disturbances may result in negative impacts such as species extinction due to loss of habitats, environmental pollution and erosion. To manage our environmental footprint, we have set up gardens for fruits and vegetables which contribute 65% of our fruit and vegetable menu. These gardens are maintained using organic manure as opposed to chemical fertilizers to reduce soil damage.

We employ environmentally friendly pest control methods as our operations are prone to pest attacks. The Group has taken up various initiatives to ensure reduced nature disturbances as stated below:

- Permitting fallow periods for indigenous bushes and trees.
- Use of permeable road pavers.
- Installation of Insect-friendly outside lighting.
- Allowing nesting aids, insect habitats, nests left to flourish in the indigenous trees.
- Using waste water for watering gardens.

During FY2022, we hosted the Environmental Reporter of the Year awards in partnership with Environment Africa, and successfully conducted Communal Areas Management Program for Indigenous Resources (CAMPFIRE) meetings. In line with this, we encouraged and promoted farmers to conduct horticulture under greenhouse conditions.

RTG commits to foster a balance of the ecosystem and abide by Environmental Management Agency (EMA), Zimbabwe Tourism Authority (ZTA), Zimparks and other relevant environmental laws. These stakeholders help us in preserving the environment and managing wildlife. This is further supported by the Group's commitment to prohibiting tree felling and promoting tree pruning as a sustainable method. Future projects to be implemented include afforestation and reforestation.

Our goal is to reduce direct pressure on flora and fauna species and to promote sustainable use. We aim to ensure that benefits arising from use of and access to genetic resources are equitably shared within the regions from which they are obtained. We analyse customer feedback, reports, and engage auditors in tracking the effectiveness of our actions towards biodiversity management within our hotel locations.


# INVESTING IN COMMUNITY AND ECONOMIC DEVELOPMENT



Hupenyu Hutsva Children's home donation

# INVESTING IN OUR COMMUNITIES

*Kutama Mission School donation.*


*Environmental Reporter of the year Awards.*

We are committed to addressing socio-economic disparity, poverty, and community development. Our goal is to contribute to employing individuals within the communities around our hotels, infrastructure developments and the disadvantaged in our society. We identify priority areas for support and community outreach programs each year.

During the reporting period our corporate social activities were as follows:

| THEME | PURPOSE | BENEFICIARIES | MATERIALS DONATED | VALUE (USD) |
|---|---|---|---|---|
| **Wellness and Nutrition** | Development of organic nutritional gardens to ensure we responsibly use sourced organic produce. | Community Capacity Building Initiative Centre for Africa. | Plant seeds, tools and garden space. | $1,000 |
| **Environment mindfulness** | Reduce our impact on the environment through education and awareness. | Zimbabwe Sunshine Group Environmental Reporter Awards. | Prize money to winners. | $13,500 |
| | Support media efforts in the branding and positioning of destination Zimbabwe. | National Journalism & Media Awards Tourism Reporter of the Year Awards. | Prize money to winners. | $1,000 |
| **Orphanage** | Improve the quality of life for children living in Orphanages. | Hupenyu Hutsva Children's home. | Beds. | $9,000 |
| | | Kutama Mission School, United Bulawayo Hospital, Kadoma General Hospital, Mustard Seed. | Linen and Food Items | $6,000 |
| TOTAL | | | | $30,500 |

# SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) launched by the United Nations are a critical pillar of how businesses ought to thrive in healthy societies and sustainable economies. In this regard, RTG believes that it has a key role to play.

During the year, our business sustainability actions and performance contributed to the following SDGs:

| SUSTAINABLE DEVELOPMENT GOALS | SDG TARGET | BUSINESS ACTIONS | IMPACT |
|---|---|---|---|
| 2 ZERO HUNGER | Target 2.1, 2.4 | The Group donated US$1 000 worth of Plant seeds, tools and labour. Food items worth US$6 000 were donated to the orphanages.<br><br>Development of the nutritional gardens in selected hotels across the Group for organic & traditional foods for hotels and beverage options.<br><br>Development of horticultural gardens in the peri-urban/rural communities' marginalised zones; children's homes, old people's homes, family-oriented women's club through our partner CCBICA. | Contribution to sustainable agriculture practices.<br><br>Contributed food to the less privileged. |
| 8 DECENT WORK AND ECONOMIC GROWTH | Target 8.1; 8.3; and 8.8 | The Group supports decent work and creates employment opportunities within the company and the supply chain and have 655 employees.<br>Rainbow Tourism Group contributed ZWL 3,913,491,677 in taxes and ZWL 343,237,246 in pension contribution for employees. | Contributed taxes for economic development and employee welfare post-employment. |
| 15 LIFE ON LAND | Target 15.2 | The Group supported media efforts in building awareness on climate change and sustainability. | Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. |

# ECONOMIC PERFORMANCE

The Group remains committed to being the leaders in the tourism and hospitality sector in Zimbabwe. We contribute to economic growth through timeous and correct tax payments, investments in infrastructural development, decent employment creation, and services that earn the nation foreign currency. The Group is active in employment creation, as it employs over 550 employees and offers a variety of commodities to the local communities and the country at large. All this has had a positive impact on the country's employment statistics and thereby contributing towards poverty reduction. Through our hotels, we also promote tourism in the country by offering memorable luxury services to guests and tourists.

The Group relies on its finance policies and operating procedures that have a bearing on direct economic value generation and distribution. The Group conducts the following:

- Monthly reports on financial performance.
- Business reviews and accounting reviews for each business unit.
- Performance evaluations of teams.
- Investing in continuous staff development.

We strive to adapt to our ever-changing customer needs and expectations by investing in innovation processes for a dynamic economic environment. Stakeholder engagement through interface sessions enables us to gather crucial market information to influence our strategic plans. Our goal is to attain 25% annual return and a 20% food and beverage cost of sales.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

The Group's approach to direct economic value generation and distribution is guided by the annual business strategy, policies, international standards, and priorities adopted for the year.

## PAYMENTS TO GOVERNMENT

The Group makes tax payments to the Government as part of its compliance obligation as a good corporate citizen. Our timeous and correct tax remittances are core to our business values and contribution to economic development. We are cognisant that the taxes we pay go a long way in financing national infrastructure development, social services, civil servants, and national policies. In this regard, the Group believes in playing its role while contributing to sustainable development through tax payment in Zimbabwe.

## APPROACH TO TAX MANAGEMENT

The Group employs tax planning strategies which are guided by the Executive committee. Our strategy is to always reduce our overall tax liability through timeous tax remittances. In addition, we invest in training of personnel responsible for tax submissions to avoid any defaults. We evaluate our tax management through internal audits, compliance reports, and performance analysis.

## ENGAGING ON TAX

We engage with tax authorities to keep the business up to date with developments in our operating environment. Policy advocacy on tax matters is done in consultation with ZIMRA, Industry and Regulatory bodies whom we engage through emails, phone calls and interface meetings. We attend seminars and workshops pertaining to tax issues, to ensure our tax policies and procedures are up to date.

The Group targets 100% tax compliance. We are pleased to report that during FY2022, we incurred no tax penalties.

During the reporting period our tax payments were as follows:

| | 2022 (ZWL) | 2021 (ZWL) | 2020 (ZWL) |
|---|---|---|---|
| Value Added Tax (VAT) | 1,262,932,912 | 164,597,714 | 43,198,703 |
| PAYE and Aids Levy | 2,328,972,242 | 231,864,022 | 68,941,370 |
| Withholding Tax | 3,029,080 | 1,409,168 | 435,889 |
| IMMT | 318,557,443 | - | |
| **Total Taxes** | **3,913,491,677** | **397,870,904** | **112,575,962** |

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies and Other Business Entities Act (Chapter 24:31), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the financial year then ended, in conformity with International Financial Reporting Standards.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements and the related notes have been audited by the company's external auditors and their report is presented on pages 59, 60 and 61.

The financial statements and the related notes set out on pages 63 to 85, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:

| | | |
|---|---|---|
| ................................ | ................................ | ................................ |
| **D.Hoto** | **T. M. Madziwanyika** | **N. K. Mtukwa** |
| **Board Chairman** | **Chief Executive** | **Finance Director** |

# REPORT OF THE DIRECTORS

**Your Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2022.**

## SHARE CAPITAL

The authorised share capital of the Company remained unchanged from the previous year at ZW$250 000 divided into 2 500 000 000 ordinary shares of $0.0001 each, of which $249,549.55 divided into 2,495,495,543 ordinary shares of $0.0001 cents are in issue.

Shareholders will be requested to approve, by Special Resolution, an increase in the Company's authorized share capital from the current 2,500,000,000 ordinary shares to 5,000,000,000 ordinary shares.

Following this increase, the Company's share capital will change to $500,000 divided into 5,000,000,000 ordinary shares of $0.0001 each, of which $249,549.55 divided into 2,495,495,543 ordinary shares of $0.0001 cents will remain in issue. This increase will create headroom in unissued shares of 2,504,504,457 ordinary shares.

The directors have proposed to increase the authorised share capital of the Company to enhance flexibility in structuring its capital and provide room for growth opportunities, acquisitions and strategic initiatives. This proactive step demonstrates the Company's forward-thinking approach and readiness to capitalise on emerging prospects.

## RESERVES

The movement of the reserves of the Group is shown **in the statement of changes in equity.**

## DIVIDENDS

The Board is pleased to declare a final dividend of 10.728 ZWL cents per share for the year ended 31 December 2022. This dividend will be payable in full to all the ordinary shareholders of the Company registered at the close of business day 22 May 2023.

## DIRECTORS

In addition, shareholders will be requested to re-elect Messrs. Givemore Taputaira and Andrew Bvumbe who retire by rotation at the Annual General Meeting, and being eligible, offer themselves for re-election in accordance with Article 103 of the Articles of Association of the Company.

## DIRECTORS' FEES

In terms of section 167 as read with section 207 of the Companies and Other Business Entities Act, shareholders must set or approve Directors' compensation which includes emoluments, salaries and pensions. Shareholders will be asked to approve payment of Directors' fees of ZW$53,082,249 for the year ended 31 December 2022. This amount includes directors' sitting fess, retainer fees and other benefits that directors are entitled to.

## AUDITORS

A resolution to fix the remuneration of ZW$55 515 374 for Messrs. BDO Zimbabwe Chartered Accountants for the past year's audit in accordance with section 191 of the Companies and Other Business Entities Act.

## BORROWING POWERS

In terms of the Articles of Association, the company is authorised to borrow funds amounting to, but not exceeding twice the aggregate of:-

i. The amount of issued and paid up share capital of the company and
ii. The total amount of capital and revenue reserves of the company including share premium.

The directors confirm that during the year under review the company's borrowings were within the above limits.

## RESPONSIBILITY FOR FINANCIAL STATEMENTS

The directors are responsible for the maintenance of adequate accounting records and the preparation of the financial information included in this Annual Report. The Financial Statements have been consistently prepared in accordance with International Financial Reporting Standards, and where required, reflect our best estimates and judgements.

To fulfill this responsibility, the Group maintained systems of internal control which are designed to provide reasonable assurance that the records accurately reflect the transactions of the Group and safeguard its interests.

The Group's financial statements have been prepared on the going concern basis since the directors have every reason to believe that the Group has adequate resources to continue into the foreseeable future.

For and on behalf of the Board

**T. MARI**
**COMPANY SECRETARY**

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF RAINBOW TOURISM GROUP LIMITED

### QUALIFIED OPINION

We have audited the consolidated inflation adjusted financial statements of **RAINBOW TOURISM GROUP LIMITED AND ITS SUBSIDIARY ("the Group")** set out on pages 63 to 85, which comprise the consolidated inflation adjusted statement of financial position as at 31 December 2022, inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity and inflation adjusted statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the basis for Qualified Opinion section of our report, the accompanying consolidated inflation adjusted financial statements present fairly, in all material aspects, the financial position of the Group as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### BASIS FOR QUALIFIED OPINION

**Non-compliance with International Financial Reporting Standard 16 (IFRS 16) with respect to management disagreement to derecognize the right of use asset**

The Group had the right of use assets carried at ZWL15,596,722,888 (2021: ZWL 2,213,824,310) as at 31 December 2022. In prior and current periods, the Group recognized the right of use assets (and the corresponding lease liabilities) on leases with variable lease payments based on the level of revenue generated. This accounting treatment is not in conformity with the requirements of IFRS 16 paragraph 27 which only permits the recognition of fixed lease payments as right of use assets and lease liabilities.

Management has not agreed to derecognize the recorded right of use assets and the related lease liabilities hence the current and prior period amounts of the right of use assets, lease liabilities and retained earnings in the inflation adjusted statement of financial position and operating expenses in the inflation adjusted statement of profit or loss and other comprehensive income are misstated. Had the derecognition been made, the following balances would have been materially affected:

**Inflation adjusted statement of financial position:**

• ZWL 12,384,039,055 (2021: ZWL1,790,315,512) included in right of use assets of ZWL15,596,722,888 (2021: ZWL 2,213,824,310).
•ZWL 11,643,898,894 (2021: ZWL 1,545,354,089) included in lease liability of ZWL14,654,450,268 (2021: ZWL 1,648,778,204).
•ZWL 57,209,674 included in retained earnings of ZWL 12 084 668 012 (2021: ZWL11,980,677,601).

**Inflation adjusted statement of profit or loss and other comprehensive income:**

• ZWL 69,506,807 (2021: 5,981,349) finance cost included in net finance costs of ZWL 120,426,116 (2021: ZWL 40,893,222).
• ZWL 72,536,356 (2021: ZWL6,189,946) depreciation expense included in administration expenses of ZWL9,902,212,020 (2021: ZWL (4,036,395,342).

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' Code of Ethics for Professional Accountants (Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgment were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

# INDEPENDENT AUDITOR'S REPORT (continued)

<table>
<tr><th>KEY AUDIT MATTER</th><th>AUDIT RESPONSE</th></tr>
<tr><td>Revenue recognition<br><br>There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240: Revised).<br><br>There is also a risk that not all revenue is recorded as the Group has multiple revenue streams which vary from conferencing revenues, accommodation, touring operations and commission from gateway stream platform.<br><br>Furthermore, the timing of revenue may not be adhered to as required by IFRS 15, Revenue from contracts with customers, where revenue received in advance for unutilized hotel accommodation days as at year end are included in the current year revenue.<br><br>In addition, there is a risk that revenue is presented at amounts higher than what has been generated by the Group.<br><br>Due to the above matters, revenue recognition has been considered as a key audit matter.</td><td>The Group applied IFRS 15 requirements in revenue recognition and we:<br><br>• Assessed the appropriateness of the revenue recognition criteria used by Management as per the IFRS 15 requirements.<br>• Tested design, implementation and operating effectiveness of internal controls implemented to ensure accurate processing of revenue transactions.<br>• Performed cut off tests to verify that transactions were processed in the correct periods.<br>• Selected invoices from the billing system and tracing if they were appropriately posted in the revenue accounts.<br>• Selecting manual journal entries processed to all revenue accounts to confirm validity and business rationale as well as the appropriateness of the adjustments processed.<br>• Performed analytical procedures and assessed the reasonableness of explanations provided by management.<br>• Reviewed the disclosures in the inflation adjusted financial statements against the requirements of IFRS.</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Valuation of property, plant and equipment<br><br>Property and equipment is valued at ZWL 26,916,847,607 (2021: ZWL 12,587 038,837). A valuation exercise was carried out at year end. In determining the value of property (immovable assets), the directors made use of independent external values who in turn made extensive assumptions and judgements in the process.<br><br>The determination of the value of property and equipment was therefore considered to be a matter of significance due to the:<br><br>• Inherent subjectivity of the key assumptions that underpin the valuation of property and equipment and the heightened uncertainty involved in making these assumptions and<br>• Fact that the current economic environment is extremely volatile and the valuation of properties in the Zimbabwean market is intricate and highly subjective.</td><td>The Group applied the requirements of IFRS 13 and we:-<br><br>• Obtained an understanding of the approach followed by management and the independent valuers for the valuation of the Group's property, plant and equipment through discussions with management and the external valuers, as well as inspection of minutes of meetings of the board of directors.<br>• Evaluated the independent valuers' work by assessing their competence, independence and capabilities with reference to their qualifications and industry experience and noted no aspects requiring further consideration.<br>• Assessed the work performed by the independent external valuers in valuing Property and equipment by performing the following:<br>a) Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements.<br>b) Evaluated the principles and the integrity of the models used, in accordance with generally accepted valuation methodology in the economic environment at hand.<br>c) Assessed the inputs in the valuation model for accuracy and completeness.<br>d) Evaluated the consolidation financial statement disclosures for appropriateness and adequacy.</td></tr>
<tr><td></td><td></td></tr>
</table>

### OTHER INFORMATION

The directors are responsible for other information. The other information comprises the Chairman's Statement, Director's Report, Corporate Governance report and Sustainability Report, which we obtained prior to the date of this report and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Financial Statements our responsibility is to read the other information 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 that we have obtained prior to the date of the Auditors' Report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT (continued)

**Responsibilities of directors for the financial statements**
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**
Our objective is 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 International Auditing Standards (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with International Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess risks of material misstatements 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 the internal controls.Obtain an understanding of the internal control relevant to the audit in order to design audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the company to cease or continue as a going concern. Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of 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 company to express an opinion on the financial statements. We are responsible for the directing, supervision and performance of the company 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 legal and regulatory requirements**
Except for the matters discussed in the Basis for Qualified Opinion section of our report, the accompanying inflation adjusted financial statements were prepared in accordance with the requirements of section 273 of the Companies and Other Business Entities Act (Chapter 24:31).

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BDO Zimbabwe Chartered Accountants
Per: Martin Makaya
Partner
Registered Public Auditor
PAAB Certificate No :0407

Kudenga House
3 Baines Avenue
Harare

30 March 2023

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## as at 31 December 2022

| | Notes | INFLATION ADJUSTED 2022 ZWL | INFLATION ADJUSTED 2021 ZWL | HISTORICAL COST 2022 ZWL | HISTORICAL COST 2021 ZWL |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non current assets** | | | | | |
| Property and equipment | 5 | 26 916 847 607 | 12 587 038 837 | 24 661 271 045 | 3 661 578 815 |
| Intangible assets | 6 | 172 932 010 | 67 350 360 | 172 932 010 | 19 592 269 |
| Right-of use assets | 7.1 | 15 596 722 888 | 2 213 824 310 | 15 596 722 888 | 644 003 113 |
| | | 42 686 502 505 | 14 868 213 507 | 40 430 925 943 | 4 325 174 197 |
| **Current assets** | | | | | |
| Inventories | 8 | 1 045 378 564 | 305 105 175 | 575 618 852 | 88 755 319 |
| Trade and other receivables | 9 | 3 922 756 495 | 2 223 626 661 | 3 922 756 495 | 646 854 624 |
| Other financial assets | 10 | 547 044 | 541 441 | 547 044 | 157 506 |
| Cash and cash equivalents | | 507 345 899 | 759 720 058 | 507 345 899 | 221 003 121 |
| | | 5 476 028 002 | 3 288 993 335 | 5 006 268 290 | 956 770 570 |
| **Total assets** | | **48 162 530 507** | **18 157 206 842** | **45 437 194 233** | **5 281 944 767** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 11.1 | 57 510 532 | 57 510 532 | 249 550 | 249 550 |
| Share premium | 11.2 | 2 131 155 506 | 2 131 155 506 | 10 227 505 | 10 227 505 |
| Revaluation reserve | 11.3 | 19 158 320 300 | 10 902 832 524 | 19 537 568 662 | 3 171 641 965 |
| Retained earnings | | 1 181 835 486 | 1 077 845 076 | 255 439 833 | 429 659 873 |
| **Total equity** | | **22 528 821 824** | **14 169 343 638** | **19 803 485 550** | **3 611 778 893** |
| **Non current liabilities** | | | | | |
| Lease liabilities | 7.2 | 13 376 836 444 | 1 648 778 204 | 13 376 836 444 | 479 630 787 |
| Deferred tax | 12 | 4 590 794 636 | 646 620 024 | 4 590 794 636 | 356 049 654 |
| | | 17 967 631 080 | 2 295 398 228 | 17 967 631 080 | 835 680 441 |
| **Current liabilities** | | | | | |
| Short term portion of borrowings | 13 | - | 6 081 429 | - | 1 769 092 |
| Trade and other payables | 14 | 6 075 942 319 | 1 160 602 226 | 6 075 942 319 | 639 064 683 |
| Tax payable | | 92 434 894 | 156 706 171 | 92 434 894 | 86 287 427 |
| Lease liabilities | 7.2 | 1 277 613 824 | 218 116 171 | 1 277 613 824 | 63 450 154 |
| Bank overdraft | | 220 086 566 | 150 958 979 | 220 086 566 | 43 914 077 |
| | | 7 666 077 603 | 1 692 464 976 | 7 666 077 603 | 834 485 433 |
| **Total liabilities** | | **25 633 708 683** | **3 987 863 204** | **25 633 708 683** | **1 670 165 874** |
| **Total equity and liabilities** | | **48 162 530 507** | **18 157 206 842** | **45 437 194 233** | **5 281 944 767** |

These financial statements were approved by the Board of Directors on 30 March 2023 and signed on its behalf by:

**D. Hoto**
Chairman

**T. M. Madziwanyika**
Chief Executive

**N. K. Mtukwa**
Finance Director

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
### for the year ended 31 December 2022

| | | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | ZWL | ZWL | ZWL | ZWL |
| **Revenue** | 15 | **24 521 819 371** | **10 612 503 788** | **17 283 887 935** | **2 392 408 627** |
| Cost of sales | | (7 480 967 836) | (3 152 967 083) | (5 489 903 320) | (710 782 847) |
| **Gross profit** | | **17 040 851 535** | **7 459 536 705** | **11 793 984 615** | **1 681 625 780** |
| Other operating income | 16 | 408 427 861 | 1 032 650 511 | 349 915 960 | 232 793 509 |
| Administrative expenses | | (9 902 212 020) | (4 036 395 342) | (7 141 654 930) | (909 936 735) |
| Distribution expenses | | (2 927 610 188) | (2 206 864 080) | (2 267 251 213) | (497 500 003) |
| Other operating expenses | | (2 325 944 913) | (1 170 098 618) | (1 782 802 138) | (263 778 848) |
| **Profit from operations** | | **2 293 512 275** | **1 078 829 176** | **952 192 294** | **243 203 703** |
| Net finance costs | 17 | ( 120 426 116) | (40 893 222) | (78 425 395) | (15 644 800) |
| Net monetary loss | | (637 097 846) | (211 964 726) | - | - |
| **Profit before tax** | 18 | **1 535 988 313** | **825 971 228** | **873 766 899** | **227 558 903** |
| Income tax expense | 19 | (498 932 253) | (134 551 477) | (498 932 253) | (30 332 344) |
| **Profit for the year** | | **1 037 056 060** | **691 419 751** | **374 834 646** | **197 226 559** |
| Other comprehensive income: | | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | |
| Gain on property revaluation, net of tax | | 8 255 487 776 | - | 16 365 926 697 | - |
| **Total comprehensive income for the year** | | **9 292 543 836** | **691 419 751** | **16 740 761 343** | **197 226 559** |
| **Earnings per share** | 20 | | | | |
| **Basic earnings per share (ZWL cents)** | | **42.16** | **28.11** | **15.24** | **8.02** |
| **Headline earnings per share (ZWL cents)** | | **42.16** | **28.81** | **15.24** | **8.18** |

# CONSOLIDATED STATEMENT OF CASHFLOWS
## for the year ended 31 December 2022

| | | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | ZWL | ZWL | ZWL | ZWL |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| **Cash generated from operations** | 21 | **5 248 450 018** | **1 676 446 412** | **2 440 095 506** | **16 089 350** |
| Finance income | | - | ( 168 352) | - | ( 37 952) |
| Investment income | | - | 562 095 823 | - | 126 714 951 |
| Finance costs | | (142 427 974) | (69 567 240) | (78 425 395) | (15 682 752) |
| Income tax paid | | (727 994 954) | (167 441 998) | (404 441 641) | (37 746 953) |
| **Net cash inflows generated from operations** | | **4 378 027 090** | **2 001 364 645** | **1 957 228 470** | **89 336 644** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Payments on purchase of property and equipment | | (1 421 440 499) | (406 334 146) | (782 690 574) | (91 601 128) |
| Development of intangible assets | | (66 089 776) | (48 199 152) | (36 391 143) | (10 865 680) |
| Proceeds from sale of property and equipment | | 3 357 243 | 1 074 736 | 2 845 121 | 242 281 |
| Proceeds from sale of other financial assets | | - | 1 063 605 554 | - | 239 771 797 |
| **Net cashflows (utilised)/generated in investing activities** | | **(1 484 173 032)** | **610 146 992** | **(816 236 596)** | **137 547 270** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Lease principal repayment | | (1 272 045 141) | (854 323 706) | (481 766 898) | (79 876 258) |
| Repayment of borrowings | | - | (31 682 954) | - | (7 142 383) |
| Dividend | | (933 065 650) | - | (549 054 686) | - |
| **Net cashflows utilised in financing activities** | | **(2 205 110 791)** | **(886 006 660)** | **(1 030 821 584)** | **(87 018 641)** |
| Effects of IAS 29 restatement | | (1 010 245 012) | (1 322 423 825) | - | - |
| **NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS** | | **(321 501 746)** | **403 081 152** | **110 170 289** | **139 865 273** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **608 761 079** | **205 679 927** | **177 089 044** | **37 223 771** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 22 | **287 259 333** | **608 761 079** | **287 259 333** | **177 089 044** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### *for the year ended 31 December 2022*

| | INFLATION ADJUSTED | | | | |
|---|---|---|---|---|---|
| | Share capital ZWL | Share premium ZWL | Revaluation reserve ZWL | Retained earnings ZWL | Total equity ZWL |
| **Balance at 1 January 2021** | **57 510 532** | **2 131 155 506** | **10 902 832 524** | **386 425 325** | **13 477 923 887** |
| Total comprehensive income for the year | - | - | - | 691 419 751 | 691 419 751 |
| **Balance at 31 December 2021** | **57 510 532** | **2 131 155 506** | **10 902 832 524** | **1 077 845 076** | **14 169 343 638** |
| Total comprehensive income for the year | - | - | 8 255 487 776 | 1 037 056 060 | 9 292 543 836 |
| Dividend | - | - | - | (933 065 650) | (933 065 650) |
| **Balance at 31 December 2022** | **57 510 532** | **2 131 155 506** | **19 158 320 300** | **1 181 835 486** | **22 528 821 824** |

| | HISTORICAL COST | | | | |
|---|---|---|---|---|---|
| | Share capital ZWL | Share premium ZWL | Revaluation reserve ZWL | Retained earnings ZWL | Total equity ZWL |
| **Balance at 1 January 2021** | **249 550** | **10 227 505** | **3 171 641 965** | **232 433 314** | **3 414 552 334** |
| Total comprehensive income for the year | - | - | - | 197 226 559 | 197 226 559 |
| **Balance at 31 December 2021** | **249 550** | **10 227 505** | **3 171 641 965** | **429 659 873** | **3 611 778 893** |
| Total comprehensive income for the year | - | - | 16 365 926 697 | 374 834 646 | 16 740 761 343 |
| Dividend | - | - | - | (549 054 686) | (549 054 686) |
| **Balance at 31 December 2022** | **249 550** | **10 227 505** | **19 537 568 662** | **255 439 833** | **19 803 485 550** |

## 1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

### 1.1 NATURE OF BUSINESS AND INCORPORATION

Rainbow Tourism Group (RTG) is a limited liability company incorporated and domiciled in Zimbabwe. The Group is in the tourism services industry as hoteliers and providers of conference facilities, tour operations as well as e-commerce services. Its registration number is 4880/91. Its registered office and principal place of business is No. 1 Pennefather Avenue, Harare, Zimbabwe. The Group is listed on the Zimbabwe Stock Exchange (ZSE).

### 1.2 FUNCTIONAL CURRENCY

These financial statements are presented in Zimbabwe Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates.

### 1.3 BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention. For the purpose of fair presentation in accordance with International Accounting Standard (IAS) 29 "Financial Reporting In Hyperinflationary Economies", the historical cost information has been restated for changes in the general purchasing power of the ZWL and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Company and the Group. The historical cost financial statements have been provided by way of supplementary information.

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms. The financial statements and the corresponding figures for the previous year have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Reserve Bank of Zimbabwe. The figures are based on information provided by the Zimbabwe National Statistics Agency (ZIMSTATS). The indices and conversion factors used are as follows:

| DATE | INDEX | FACTOR |
|---|---|---|
| Dec-21 | 3,977.46 | 3.4376 |
| Jan-22 | 4,189.97 | 3.2632 |
| Feb-22 | 4,483.06 | 3.0499 |
| Mar-22 | 4,766.10 | 2.8688 |
| Apr-22 | 5,507.11 | 2.4828 |
| May-22 | 6,662.17 | 2.0523 |
| Jun-22 | 8,707.35 | 1.5703 |
| Jul-22 | 10,932.83 | 1.2506 |
| Aug-22 | 12,286.26 | 1.1129 |
| Sep-22 | 12,713.12 | 1.0755 |
| Oct-22 | 13,113.95 | 1.0426 |
| Nov-22 | 13,349.42 | 1.0242 |
| Dec-22 | 13,672.91 | 1.0000 |

### 1.4 STATEMENT OF COMPLIANCE

These financial statements have been prepared under the assumption that the Group operates on a going concern basis. The financial statements for the year ended 31 December 2022 (including comparatives) were approved and authorised for issue by the Board of Directors on 30 March 2023. Amendments to the financial statements are not permitted after approval.

## 2. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these consolidated financial statements, several new Accounting Standards and amendments to existing Standards had been published by the IASB. None of these Standards or amendments to existing Standards have been adopted by the Group as they are not applicable to the Group and to the industry (e.g. changes to IFRS 17 pertaining to Insurance Contracts).

New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

### 2.1 AMENDMENTS EFFECTIVE 1 JANUARY 2022

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37); • Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- • Property and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- • Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9 and IAS 41); and
- • References to Conceptual Framework (Amendments to IFRS 3).

The Group applied these amendments for the first time which are effective for annual periods beginning on or after 1 January 2022. These new amendments issued by the IASB have no material effect on the Group's financial statements.

#### 2.1.1 ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT (AMENDMENTS TO IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract. The Group, prior to the application of the amendments, did not have any onerous contracts.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

### 2.1.2 PROPERTY AND EQUIPMENT: PROCEEDS BEFORE INTENDED USE (AMENDMENTS TO IAS 16)

These am endments had no impact on the consolidated financial statements of the Group as there were no sale of items of this nature either produced or made available for use on or after the beginning of the earliest period presented.

The amendment to IAS 16 prohibits the Group from deducting from the cost of an item of property and equipment any proceeds received from selling items produced while the Group is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it has been constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in the profit or loss.

### 2.1.3 ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018 -2020 (AMENDMENTS TO IFRS 1, IFRS 9, AND IAS 41)

2.1.3.1 Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1 and IFRS 9).

A subsidiary that uses the exemption in paragraph D16(a) of IFRS 1 may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in paragraph D16(a).

The amendment in IFRS 9 clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

### 2.1.3.2 ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018-2020 (AMENDMENTS TO IAS 41)

The requirement in IAS 41 for entities to exclude cash flows for tax when measuring fair value has been removed. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

### 2.1.4 REFERENCES TO CONCEPTUAL FRAMEWORK (AMENDMENTS TO IFRS 3)

IFRS 3:11 amendment refers to the 2018 version of the Conceptual Framework for Financial Reporting. IFRS 3 has also been amended in respect of the specific requirements for transactions and other events within the scope of IAS 37 or IFRIC 21.

For a provision or contingent liability that would be within the scope of IAS 37, the acquirer shall apply IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21, the acquirer shall apply IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred at the acquisition date. The acquirer shall not recognise a contingent asset at the acquisition date.

## 2.2 AMENDMENTS EFFECTIVE 1 JANUARY 2023

The following amendments are effective for periods beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS8)
- Deferred Tax Related to Assets and Liabilities arising from a single transaction (Amendments to IAS12)
- Insurance Contracts (IFRS 17)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)

### 2.2.1 DISCLOSURE OF ACCOUNTING POLICIES (AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2):

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added to support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

### 2.2.2 DEFINITION OF ACCOUNTING ESTIMATES (AMENDMENTS TO IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error.

### 2.2.3 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

### 2.2.4 IFRS 17 INSURANCE CONTRACTS

In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.

These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

### 2.2.5 IAS 1 PRESENTATION OF FINANCIAL STATEMENTS (AMENDMENT - CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT)

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. The amendments aim to promote consistency in applying the requirements by helping entities 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.

These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

### 2.3 AMENDMENT EFFECTIVE 1 JANUARY 2024

The following amendment is effective for the period beginning 1 January 2024

• IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

### 2.3.1 IAS 1 PRESENTATION OF FINANCIAL STATEMENTS (AMENDMENT - NON-CURRENT LIABILITIES WITH COVENANTS).

The amendments issued clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date. The 2022 amendments introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period, including:

(a) the carrying amount of the liability;
(b) information about the covenants;
(c) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

The Group is currently assessing the impact of these new accounting standards and amendments.

The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

## 3 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 OVERALL CONSIDERATIONS

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### 3.2 FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of the entities with a functional currency other than the ZWL dollar, are translated into ZWL dollars upon consolidation. The functional currency of the Group has remained unchanged during the reporting period.

### 3.3 REVENUE

**Performance obligations and timing of revenue recognition**

The majority of the Group's revenue is derived from hotel operations and includes the sale of food, beverages and rental of rooms. Revenue is recognized at a point in time when rooms are occupied and food and beverages are sold. There is limited judgement needed in identifying the point control passes: once the service has been rendered of the specified goods , the Group, usually will have a present right to payment.

**Determining the transaction price**
Most of the Group's revenue is derived from fixed price services and therefore the amount of revenue to be earned from each service is determined by reference to those prices approved price lists.

**Allocating amounts to performance obligations**
There is a fixed unit price for each type of commodity or service provided, with discounts given for some arrangements. Therefore, there is no significant judgement involved in allocating the contract price to each service or commodity provided.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

### 3.4 BORROWING COSTS
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### 3.5 INVENTORIES
Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventory is determined using weighted average cost.

### 3.6 PROPERTY AND EQUIPMENT
Items of property and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liabilities are recognised in provisions.

Subsequent costs are included in the assets' carrying amount or recognised 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 can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and capital work-in-progress are not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write off their carrying value over their expected useful economic lives. It is provided on a straight line basis over the remaining useful lives at the following rates:

| | |
|---|---|
| Buildings | 2-4% |
| Leasehold improvements | 5-20% |
| Furniture and equipment | 10-15% |
| Motor vehicles | 25-33% |

Items of property and equipment are revalued after every three years by an independent appraiser based on market evidence of the most recent prices achieved in arm's length transactions of similar properties. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of property and equipment are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

### 3.6.1 IMPAIRMENT OF PROPERTY AND EQUIPMENT
The carrying amount of property and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment loss is recognised directly through the statement of comprehensive income when the carrying amounts of the assets exceed the fair values of the respective assets.

### 3.6.2 DERECOGNITION OF PROPERTY AND EQUIPMENT
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal.

### 3.7 EXTERNALLY ACQUIRED INTANGIBLE ASSETS
Externally acquired and internally developed intangible assets are initially recognised at historical cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired Group or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The useful economic life of the Group's intangible assets is as follows:

| | |
|---|---|
| Microsoft user rights | 8 years |
| Mobile and web application | 8 years |

### 3.8 LEASES

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

### 3.9 FAIR VALUE MEASUREMENT

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Finance Director.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or
liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
– Level 3: inputs for the asset or liability that are not based on observable market data
(unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 3.10 POST-EMPLOYMENT BENEFITS - DEFINED CONTRIBUTION SCHEMES

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

### 3.11 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### 3.12 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### 3.13 EARNINGS PER SHARE

Earnings per share is calculated by dividing profit/ (loss) after tax by the weighted average number of shares in issue throughout the year.

### 3.13 FINANCIAL INSTRUMENTS

#### 3.14.1 FINANCIAL INSTRUMENTS

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

In the periods presented, the Group does not have any financial assets categorised as FVOCI.The classification is determined by both:
• the Group's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

#### 3.14.2 FAIR VALUE THROUGH PROFIT OR LOSS

This category comprises only in-the-money derivatives (see financial liabilities section for out of- money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

#### 3.14.3 LOANS AND RECEIVABLES

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g., trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the term's receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. 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 – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

#### 3.14.4 AVAILABLE-FOR-SALE

Non-derivative financial assets not included in the above categories are classified as available for- sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

### 3.14.5 FINANCIAL LIABILITIES

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

### 3.14.6 FAIR VALUE THROUGH PROFIT OR LOSS

This category comprises only out-of-the-money derivatives (see financial assets for in the money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

### 3.14.7 OTHER FINANCIAL LIABILITIES

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and other payable on maturity, as well as any interest or coupon payable while the liability is outstanding.

Liability components of convertible loan notes are measured as described further below. Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### 3.14.8 FAIR VALUE MEASUREMENT HIERARCHY

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

### 3.14.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may nzot be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units (CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

### 3.14.10 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of bank balances and amounts due from other banks and dealing securities.

### 3.15 COST OF SALES

Cost of sales includes the cost of materials, cost of direct labour in the production of food served and the costs of maintaining hotel rooms.

### 3.16 SERVICE STOCKS

During the year management carried out service stock impairment test which resulted in some stocks being written off.

### 3.17 INCOME TAX

### 3.17.1 CURRENT TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

### 3.17.2 DEFERRED TAX

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except: Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except: "where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures.

Deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets at each statement of financial position date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable Group and the same taxation authority. Deferred capital gains tax arises on the revalued property. The capital gains tax liability is computed on the revaluation adjustment based on rates ruling on the statement of financial position date.

## 4. SIGNIFICANT JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

The following are key assumptions concerning the future, and other key sources of estimation uncertainly at the balance sheet date that have risk of causing material adjustment to the carrying amounts of asset and liabilities within the next financial year.

### 4.1 TRADE RECEIVABLES

The Group assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### 4.2 IMPAIRMENT TESTING

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

### 4.3 RESIDUAL VALUES AND USEFUL LIFES

The company is required to assess residual values and the remaining useful lives of its property and equipment on an annual basis. This affects the amount of depreciation that is recognized in the statement of financial position. Management assessed residual values at nil for all assets as it intends to use the assets until the end of their economic useful lives.

### 4.4 GOING CONCERN

The operations of the company were significantly affected and may continue to be affected for the foreseeable future, by the adverse effects of the liquidity challenges in the economy and the need for recapitalization of the company. The ability of the company to continue operating as a going concern, in such an environment, is subject to continual assessment.

### 4.5 VALUATION OF PROPERTY AND EQUIPMENT

On 31 December 2022, the Group carried out a director's revaluation on all categories of property and equipment. The estimate and associated assumptions were based on historical information, market observable inputs and other factors that were considered relevant. The Group also assessed the useful and residual values of property plan and equipment taking into account past experience and technology changes. The useful lives and no changes to those useful lives have been considered necessary during the year.

### 4.6 FUNCTIONAL CURRENCY

The directors considered the following key attributes of a functional currency as guided by the provisions of IAS 21: Effects of Changes in Exchange Rates:

- The currency that mainly influences sales prices for goods and services;
- The currency of the competitive forces and regulations that mainly determine the sales prices of goods and services;
- The currency that mainly influences labour, material and other costs of providing goods and services;
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

Having considered the above attributes, the directors concluded that the Zimbabwean dollar is the functional and presentation currency of the company.

### 5. PROPERTY AND EQUIPMENT

**INFLATION ADJUSTED**

| | LAND & BUILDINGS ZWL | LEASEHOLD IMPROVEMENTS ZWL | CAPITAL WORK IN PROGRESS ZWL | OFFICE EQUIPMENT, FURNITURE AND FITTINGS ZWL | MOTOR VEHICLES ZWL | TOTAL ZWL |
|---|---|---|---|---|---|---|
| **Net carrying amount as at 31/12/20** | **8 421 462 741** | **2 610 525 793** | **24 442 884** | **1 743 870 894** | **152 716 887** | **12 953 019 199** |
| Gross carrying amount - cost | 8 491 610 426 | 2 677 571 347 | 24 442 884 | 1 786 148 511 | 162 865 468 | 13 142 638 636 |
| Accumulated depreciation | (70 147 685) | (67 045 554) | - | (42 277 617) | (10 148 581) | (189 619 437) |
| Additions | - | 9 811 349 | 230 322 000 | 121 298 456 | 44 902 340 | 406 334 145 |
| Disposals | - | - | - | (16 107 618) | - | (16 107 618) |
| Transfer within classes | - | 81 386 234 | (81 386 234) | - | - | |
| Depreciation charge for the year | (232 113 715) | (163 222 677) | - | (309 205 459) | (51 665 038) | (756 206 889) |
| **Net carrying amount as at 31/12/21** | **8 189 349 026** | **2 538 500 699** | **173 378 650** | **1 539 856 273** | **145 954 189** | **12 587 038 837** |
| Gross carrying amount - cost | 8 491 610 426 | 2 768 768 930 | 173 378 650 | 1 891 339 349 | 207 767 808 | 13 532 865 163 |
| Accumulated depreciation | (302 261 400) | (230 268 231) | - | (351 483 076) | (61 813 619) | (945 826 326) |
| Additions | - | 165 690 772 | 878 392 256 | 362 932 664 | 14 424 808 | 1 421 440 499 |
| Disposals | - | (637 080) | - | (118 922 275) | (2 220 050) | (121 779 405) |
| Revaluation surplus | 12 250 926 980 | - | - | 997 568 962 | 158 051 990 | 13 406 547 932 |
| Depreciation charge for the year | (95 029 159) | (74 102 622) | - | (179 499 988) | (27 768 487) | (376 400,256) |
| **Net carrying amount as at 31/12/22** | **20 345 246 847** | **2 629 451 769** | **1 051 770 906** | **2 601 935 636** | **288 442 450** | **26 916 847 607** |
| Gross carrying amount - cost | 20 742 537 406 | 2 933 82 622 | 1 051 770 906 | 3 132 918 700 | 378 024 556 | 28 239 074 189 |
| Accumulated depreciation | (397 290 559) | (304 370 853) | - | (530 983 064) | (89 582 106) | (1 322 226 582) |

**HISTORICAL COST**

| | LAND & BUILDINGS ZWL | LEASEHOLD IMPROVEMENTS ZWL | CAPITAL WORK IN PROGRESS ZWL | OFFICE EQUIPMENT, FURNITURE AND FITTINGS ZWL | MOTOR VEHICLES ZWL | TOTAL ZWL |
|---|---|---|---|---|---|---|
| **Net carrying amount at 31/12/2020** | **2 434 613 721** | **725 701 585** | **4 423 651** | **535 361 195** | **43 982 716** | **3 744 082 868** |
| Gross carrying amount - Cost | 2 454 893 157 | 735 310 727 | 4 423 651 | 557 536 224 | 47 083 804 | 3 799 247 563 |
| Accumulated depreciation | (20 279 436) | (9 609 142) | - | (22 175 029) | (3 101 088) | (55 164 695) |
| Additions | - | 2 211 802 | 51,922,181 | 27 344 676 | 10 122 469 | 91 601 128 |
| Disposal | - | - | - | (3 631 189) | - | (3 631 189) |
| Transfer within classes | - | 23 658 789 | (23,658,789) | - | - | - |
| Depreciation charge for the year | (52 326 092) | (36 795 779) | - | (69 705 116) | (11 647 005) | (170 473 992) |
| **Net carrying amount at 31/12/2021** | **2 382 287 629** | **714 776 397** | **32 687 043** | **489 369 566** | **42 458 180** | **3 661 578 815** |
| Gross carrying amount - Cost | 2 454 893 157 | 761 181 318 | 32 687 043 | 581 249 711 | 57 206 273 | 3 887 217 501 |
| Accumulated depreciation | (72 605 528) | (46 404 921) | - | (91 880 145) | (14 748 093) | (225 638 686) |
| Additions | - | 91 234 635 | 483 670 853 | 199 842 326 | 7 942 760 | 782 690 574 |
| Disposal | - | (350 797) | - | (65 482 406) | (1 222 431) | (67 055 634) |
| Revaluation surplus | 18 015 285 312 | 2 031 307 | - | 2 219 444 525 | 254 554 157 | 20 491 315 301 |
| Depreciation charge for the year | (52 326 092) | (40 803 272) | - | (98 838 430) | (15 290 217) | (207 258 011) |
| **Net carrying amount at 31/12/2022** | **20 345 246 849** | **766 888 270** | **516 357 896** | **2 744 335 581** | **288 442 449** | **24 661 271 045** |
| Gross carrying amount - Cost | 20 470 178 469 | 854 096 463 | 516 357 896 | 2 935 054 156 | 318 480 759 | 25 094 167 742 |
| Accumulated depreciation | (124 931 620) | (87 208 193) | - | (190 718 575) | (30 038 310) | (432 896 697) |

**5. HISTORICAL COST (CONT'D)**

Fair values of the land and buildings are based on valuations performed by Sherwood Greene Valuators, an accredited independent valuer as at 31 December 2022.As a real estate expert, Sherwood Greene Valuators has experience in property transactions in the location and category of the investment properties held by the Group. Valuation models in accordance with recommendations by the International Valuation Standards Committee have been applied.

Other components of the property and equipment were valued by directors.

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **6. INTANGIBLE ASSETS** | | | | |
| Opening balance | 67 350 360 | 23 834 700 | 19 592 269 | 9 782 403 |
| Additions | 66 089 776 | 48 199 152 | 36 391 143 | 10 865 680 |
| Revaluations | 42 907 006 | - | 118 829 079 | - |
| Amortisation | (3 415 132) | (4 683 492) | (1 880 481) | (1055 814) |
| **Closing balance** | **172 932 010** | **67 350 360** | **172 932 010** | **19 592 269** |
| **7. LEASES** | | | | |
| **7.1 Right-of-use assets** | | | | |
| Cost | 2 213 824 310 | 2 398 370 455 | 644 003 113 | 155 014 596 |
| Adjustment | 14 999 328 495 | - | 14 999 328 495 | 530 591 309 |
| Accummulated depreciation | (84 645 867) | (184 546 145) | (46 608 720) | (41 602 792) |
| | **15 596 722 888** | **2 213 824 310** | **15 596 722 888** | **644 003 113** |
| **7.2 Lease liabilities** | | | | |
| Current liabilty | 1 277 613 824 | 218 116 171 | 1 277 613 824 | 63 450 154 |
| Non-current liability | 13 376 836 444 | 1 648 778 204 | 13 376 836 444 | 479 630 787 |
| | **14 654 450 268** | **1 866 894 375** | **14 654 450 268** | **543 080 941** |

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet.

| RIGHT OF USE ASSET | LEASE TERM | REMAINING TERM | OPTION FOR AN EXTENSION |
|---|---|---|---|
| Rainbow Towers Hotel | 25-30 years | 14 years | Yes |
| Kadoma Hotel & Conference Centre | 20-25 years | 15 years | Yes |
| New Ambassador Hotel | 10-15 years | 2 years | Yes |

The Group has leases for the three hotels. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property and equipment.

Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **8. INVENTORIES** | | | | |
| Food and beverages | 518 610 701 | 151 362 211 | 285 563 631 | 44 031 378 |
| Service stocks | 275 835 045 | 80 505 476 | 151 883 591 | 23 419 102 |
| Other stocks | 250 932 818 | 73 237 488 | 138 171 630 | 21 304 839 |
| | **1 045 378 564** | **305 105 175** | **575 618 852** | **88 755 319** |
| **9. TRADE AND OTHER RECEIVABLES** | | | | |
| Trade | 3 728 789 432 | 1 849 894 947 | 3 728 789 432 | 538 135 795 |
| Less: Allowance for credit losses | (225 812 943) | (224 890 630) | (225 812 943) | (65 420 849) |
| | 3 502 976 488 | 1 625 004 317 | 3 502 976 488 | 472 714 946 |
| Other receivables | 573 028 128 | 680 564 165 | 573 028 128 | 197 976 614 |
| Less : Allowance for credit losses | (153 248 121) | (81 941 822) | (153 248 121) | (23 836 936) |
| | 419 780 007 | 598 622 344 | 419 780 007 | 174 139 678 |
| **Total** | **3 922 756 495** | **2 223 626 661** | **3 922 756 495** | **646 854 624** |
| The fair value of trade and other receivables classified as loans and receivables is as follows: | | | | |
| Trade | 3 502 976 488 | 1 625 004 317 | 3 502 976 488 | 472 714 946 |
| Other | 419 780 007 | 598 622 344 | 419 780 007 | 174 139 678 |
| | **3 922 756 495** | **2 223 626 661** | **3 922 756 495** | **646 854 624** |

The table below describes the credit loss allowanced recognised on balance sheet.

| | CURRENT ZWL | MORE THAN 30 DAYS PAST DUE ZWL | MORE THAN 60 DAYS PAST DUE ZWL | MORE THAN 90 DAYS PAST DUE ZWL | MORE THAN 120 DAYS PAST DUE ZWL | TOTAL ZWL |
|---|---|---|---|---|---|---|
| Gross carrying amount | 1 379 686 620 | 501 372 279 | 501 372 279 | 1 520 153 352 | 52 747 974 | 3 728 789 432 |
| Average expected loss rate | 0.5% | 2.0% | 2.0% | 10% | 100.0% | 6.1% |
| **Credit loss allowance** | **6 899 751** | **10 027 446** | **10 027 446** | **152 015 335** | **52 747 974** | **225 812 943** |

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **10. OTHER FINANCIAL ASSETS** | | | | |
| Listed securities | | | | |
| Balance at 1 January | 541 441 | 824 357 375 | 157 506 | 239 806 164 |
| Fair value adjustment | 5 603 | 583 017 909 | 389 538 | 131 431 480 |
| Disposal | - | (1 406 833 843) | - | (371 080 138) |
| **Balance at 31 December** | **547 044** | **541 441** | **547 044** | **157 506** |

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **11. SHARE CAPITAL AND RESERVES** | | | | |
| **11.1 Share capital** | | | | |
| Authorised | | | | |
| **2 500 000 000 ordinary shares of ZWL 0.0001 each** | **250 000** | **250 000** | **250 000** | **250 000** |
| Issued and fully paid | | | | |
| **2 495 495 543 ordinary shares of ZWL 0.0001 each** | **57 510 532** | **57 510 532** | **249 550** | **249 550** |

The unissued shares are under the control of the directors for an indefinite period subject to the limitations imposed by the Companies and Other Business Entities Act (Chapter 24.31), the Zimbabwe Stock Exchange and approval by members in a general meeting.

| | INFLATION ADJUSTED 2022 ZWL | INFLATION ADJUSTED 2021 ZWL | HISTORICAL COST 2022 ZWL | HISTORICAL COST 2021 ZWL |
|---|---|---|---|---|
| **11.2 Share premium** | | | | |
| Balance at 1 January | 2 131 155 506 | 2 131 155 506 | 10 227 505 | 10 227 505 |
| **Balance at 31 December** | **2 131 155 506** | **2 131 155 506** | **10 227 505** | **10 227 505** |
| **11.3 Revaluation reserve** | | | | |
| Opening balance | - | 10 902 832 524 | 3 171 641 965 | 3 171 641 965 |
| Movement during the year | 19 158 320 300 | - | 16 365 926 697 | - |
| **Closing balance** | **19 158 320 300** | **10 902 832 524** | **19 537 568 662** | **3 171 641 965** |
| **12. DEFERRED TAX** | | | | |
| **Analysis of deferred tax** | | | | |
| Property and equipment | 4 627 170 498 | 651 743 617 | 4 627 170 498 | 358 870 868 |
| Intangible assets | 31 967 820 | 4 502 713 | 31 967 820 | 2 479 338 |
| Leave pay provision | (68 343 682) | (9 626 306) | (68 343 682) | (5 300 552) |
| | **4 590 794 636** | **646 620 024** | **4 590 794 636** | **356 049 654** |
| **Deferred tax reconciliation** | | | | |
| Balance at the beginning of the year | 646 620 024 | 482 418 436 | 356 049 654 | 265 635 011 |
| Movement through profit or loss | 65 777 820 | 164 201 588 | 65 777 820 | 90 414 643 |
| Movement through other comprehensive income | 4 168 967 161 | - | 4 168 967 161 | - |
| Effect of inflation | (290 570 370) | - | - | |
| **Balance at the end of the year** | **4 590 794 636** | **646 620 024** | **4 590 794 636** | **356 049 654** |

The amounts recognised in other comprehensive income relate to revaluation of land and building the income tax relating to these components of other comprehensive income. All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

| | INFLATION ADJUSTED 2022 ZWL | INFLATION ADJUSTED 2021 ZWL | HISTORICAL COST 2022 ZWL | HISTORICAL COST 2021 ZWL |
|---|---|---|---|---|
| **13. BORROWINGS** | | | | |
| Short term portion of borrowings | | | | |
| **Local banks** | **-** | **6 081 429** | **-** | **1 769 092** |

The short term borrowings related to a bank facility denominated in United States Dollars extended towards the purchase of buses for Heritage Expeditions Africa. The interest cost for the facility is 9% per year.

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | **2022 ZWL** | **2021 ZWL** | **2022 ZWL** | **2021 ZWL** |
| **14. TRADE AND OTHER PAYABLES** | | | | |
| Trade payables | 3 220 249 429 | 856 101 242 | 3 220 249 429 | 563 381 661 |
| Provisions and other payables | 2 855 692 890 | 304 500 984 | 2 855 692 890 | 75 683 022 |
| | **6 075 942 319** | **1 160 602 226** | **6 075 942 319** | **639 064 683** |
| **15. REVENUE** | | | | |
| Rooms revenue | 5 815 451 995 | 4 287 987 807 | 6 983 564 125 | 966 653 980 |
| Food, beverages and conferencing | 16 023 601 974 | 5 417 488 319 | 8 823 107 428 | 1 221 280 675 |
| Other operating activities | 2 682 765 402 | 907 027 662 | 1 477 216 382 | 204 473 972 |
| | **24 521 819 371** | **10 612 503 788** | **17 283 887 935** | **2 392 408 627** |
| Revenue represents amounts invoiced for sales, less value added tax as appropriate. | | | | |
| **16. OTHER OPERATING INCOME** | | | | |
| Rental income | 8 612 897 | 16 871 367 | 4 742 536 | 9 289 914 |
| Other sundry income | 399 814 964 | 1 015 779 144 | 345 173 424 | 223 503 595 |
| | **408 427 861** | **1 032 650 511** | **349 915 960** | **232 793 509** |
| **17. NET FINANCE COSTS** | | | | |
| Finance income | - | 98 960 | - | 37 952 |
| Finance costs | (120 426 116) | (40 893 222) | (78 425 395) | (15 682 752) |
| | **(120 426 116)** | **(40 893 222)** | **(78 425 395)** | **(15 644 800)** |
| **18. PROFIT BEFORE TAX** | | | | |
| Profit before tax is arrived at after taking into account the following: | | | | |
| **Expenses** | | | | |
| Staff costs | 16 696 502 457 | 3 836 257 549 | 9 193 627 942 | 1 162 502 288 |
| Audit fees | 41 821 022 | 64 594 311 | 23 027 992 | 19 574 034 |
| Inventory write off | 84 421 521 | 16 235 990 | 46 485 188 | 4 919 997 |
| Depreciation of property and equipment | 464 466 233 | 781 022 062 | 260 612 437 | 236 673 352 |
| Directors' emoluments: | - | | | |
| For services as directors | 96 402 412 | 39 506 694 | 53 082 249 | 11 971 725 |
| Loss on disposal of assets | 10 003 856 | 287 168 535 | 5 508 443 | 87 020 768 |
| **19. INCOME TAX EXPENSE** | | | | |
| Current tax | 114 604 064 | (295 965 878) | 114 604 064 | ( 86 287 428) |
| Deferred tax | 65 777 820 | 279 610 688 | 65 777 820 | 90 414 643 |
| Intermediated money transfer tax | 318 550 369 | ( 118 196 287) | 318,550,369 | (34 459 559) |
| | **498 932 253** | **134 551 477** | **498 932 253** | **(30 332 344)** |
| Tax rate reconciliation | | | | |

## 19. INCOME TAX EXPENSE (CNT'D)

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| Accounting profit | **1 535 988 313** | **825 971 228** | **873 766 899** | **227 558 903** |
| Tax at 24.72% | 379 696 311 | 204 180 088 | 215 995 177 | 56 252 561 |
| **Adjusted for:** | | | | |
| Bad debts | 100 853 203 | 10 048 021 | 95 853 203 | 2 922 977 |
| Expected credit loss | ( 55 886 156) | ( 255 441) | (55 886 156) | ( 74 472) |
| Entertainment | 1 268 984 | 1 547 609 | 634 492 | 450 201 |
| Donations | 868 382 | 61 581 | 434 191 | 17 914 |
| Service stock provisions | 13 789 367 | - | 11 491 139 | - |
| (Non-taxable)/non-deductable differences | 58 342 163 | (350 133 335) | 230 410 207 | (89 901 523) |
| | **498 932 253** | **134 551 477** | **498 932 253** | **(30 332 344)** |

## 20. EARNINGS PER SHARE

| | | | | |
|---|---|---|---|---|
| **20.1 Basic earnings/(loss) per share** | | | | |
| **Numerator** | | | | |
| Profit for the year and earnings used in basic EPS (cents) | 103 705 605 979 | 69 141 975 100 | 37 483 464 558 | 19 722 655 900 |
| **Denominator** | **'000s** | **'000s** | **'000s** | **'000s** |
| Weighted average number of shares used in basic EPS | 2 459 537 000 | 2 459 537 000 | 2 459 537 000 | 2 459 537 000 |
| Basic earnings per share (ZWL cents) | 42.16 | 28.11 | 15.24 | 8.02 |
| **20.2 Headline earnings per share** | | | | |
| **Numerator** | | | | |
| Profit for the year and earnings used in basic EPS (cents) | 103 705 605 979 | 69 141 975 100 | 37 483 464 558 | 19 722 655 900 |
| Profit on sale of assets | - | 1 718 235 607 | - | 387 347 017 |
| | 103 705 605 979 | 70 860 210 707 | 37 483 464 558 | 20 110 002 917 |
| **Denominator** | **'000s** | **'000s** | **'000s** | **'000s** |
| Weighted average number of shares used in basic EPS | 2 459 537 000 | 2 459 537 000 | 2 459 537 000 | 2 459 537 000 |
| Headline earnings per share (ZWL cents) | 42.16 | 28.81 | 15.24 | 8.18 |

## 21. CASH FLOW INFORMATION

| | | | | |
|---|---|---|---|---|
| **21.1 Cash generated from operating activities** | | | | |
| Profit before tax | 1 535 988 313 | 825 971 228 | 873 766 899 | 227 558 903 |
| Adjusted for: | | | | |
| Depreciation of property and equipment, intangibles assets and right of use assets | 449 876 688 | 1 049 861 133 | 260 612 437 | 236 673 351 |
| Non-cash components of other income | - | (840 560 951) | - | (189 490 182) |
| Loss on disposal of property & equipment | 115 578 923 | 17 182 355 | 64 210 513 | 3 873 470 |
| Monetary loss | 637 097 846 | (211 964 726) | - | - |
| Net finance costs | 142 427 974 | 69 567 240 | 78 425 395 | 15 682 752 |
| Net Finance Income | - | - | - | (37 952) |
| **Operating profit before working capital changes** | **2 880 969 744** | **910 056 279** | **1 277 015 245** | **294 260 342** |
| Working capital changes | | | | |

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| **CASH FLOW INFORMATION (CNT'D)** | **2022 ZWL** | **2021 ZWL** | **2022 ZWL** | **2021 ZWL** |
| Increase in inventories | (740 273 389) | (49 660 721) | (486 478 352) | (61 034 534) |
| Increase in trade and other receivables | (1 807 586 431) | (520 058 997) | (3 384 358 470) | (425 306 617) |
| Increase in trade and other payables | 4 915 340 094 | 1 336 109 851 | 5 033 917 083 | 208 170 159 |
| | **5 248 450 018** | **1 676 446 412** | **2 440 095 506** | **16 089 350** |
| **22. CASH AND CASH EQUIVALENTS** | | | | |
| Bank and cash balances | 507 345 899 | 759 720 058 | 507 345 899 | 221 003 121 |
| Bank overdraft | (220 086 566) | (150 958 979) | (220 086 566) | (43 914 077) |
| | **287 259 333** | **608 761 079** | **287 259 333** | **177 089 044** |

The bank overdraft is unsecured and is denominated in US$. The interest rate is pegged at 9% per annum.

## 23. RELATED PARTY INFORMATION

### 23.1 Related party

| Related party | Nature of relationship |
|---|---|
| National Social Security Authority (NSSA) | Parent |
| Heritage Expeditions (HEXA) | Subsidiary |

**Related party transactions**

The following are transactions with related parties during the year:-

| Related party | Nature of transaction | | | | |
|---|---|---|---|---|---|
| Heritage Expeditions (HEXA) | Management fees | 383 156 785 | 725 258 997 | 101 460 776 | 210 978 373 |

### 23.2 Compensation to key management

| | | | | |
|---|---|---|---|---|
| Short term benefits | 5 843 775 860 | 1 804 863 488 | 3 217 769 780 | 406 875 801 |

Included in the short benefits is a bonus accrual linked to the RTG share.

### 23.3 Senior management shareholding in the Company

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | NUMBER OF SHARES | PERCENTAGE OWNERSHIP | NUMBER OF SHARES | PERCENTAGE OWNERSHIP |
| Tendai Madziwanyika (Chief Executive Officer) | - | - | 2 520 542 | 0.01% |
| Napoleon Mtukwa (Finance Director) | - | - | 76 000 | 0.0001% |

There no share options available to the Group's employees.

### 23.4 Non - executive directors

| | | | | |
|---|---|---|---|---|
| Fees | 96 402 412 | 53 105 467 | 53 082 249 | 11 971 725 |

### 23.5 Loans to key management

| | | | | |
|---|---|---|---|---|
| **Loans** | **111 223 694** | **12 620 690** | **61 243 321** | **2 845 120** |

The loans relate to a Motor Vehicle scheme in place for employees.

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the Group. These include the Chief Executive, Finance Director and other senior management of the Group.

### 23.6 Group structure

The Group comprises the following companies:

| | | | | SHAREHOLDING | |
|---|---|---|---|---|---|
| | NAME | BUSINESS | LOCATION | 2022 | 2021 |
| 1 | Rainbow Tourism Group (Zimbabwe) -Company | Hotelier | Zimbabwe | 100% | 100% |
| 2 | Heritage Expeditions Africa | Tour Operation | Zimbabwe | 100% | 100% |

## 24. RETIREMENT BENEFITS

### 24.1 Catering Industry Pension Fund (NEC) - Zimbabwe

This is a defined contribution scheme legislated under the National Social Security Act (1989). The company's obligations are limited to specific contributions as legislated from time to time, and are currently 10% of pensionable earnings.

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **Contribution for the year** | 71 195 071 | 16 906 067 | 39 202 282 | 4 917 987 |

### 24.2 National Social Security Authority Scheme (NSSA) - Zimbabwe

This is a defined contribution scheme legislated under the National Social Security Act (1989). The company's obligations are limited to specific contributions as legislated from time to time, and are currently 4.5% of pensionable earnings limited to ZW$451 499 per month per employee as at 31 December 2022.

| | | | | |
|---|---|---|---|---|
| **Contribution for the year** | 152 431 714 | 25 459 351 | 83 933 774 | 5 739 378 |

### 24.3 RTG pension fund

This is a defined contribution scheme which covers supervisory and managerial employees.

| | | | | |
|---|---|---|---|---|
| **Contributions for the year** | 326 392 044 | 62 449 085 | 179 721 892 | 14 078 085 |

## 25. FINANCIAL RISK MANAGEMENT

The main risks facing the Group are treasury risk, credit risk, liquidity risk, exchange rate risk and cash flow risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing these risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

**Principal financial instruments**

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

a) Accounts receivable
b) Cash at bank
c) Other financial assets
d) Borrowings
e) Accounts payable

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

**25.1 Treasury risk**

The Audit and Finance Committee, made up of executive and non-executive directors, meets regularly to consider and analyse, among other issues, currency and interest rate exposures and to re-evaluate treasury risk management strategies against prevailing economic forecasts. Compliance with Group policies and exposure limits is reviewed at regular board meetings.

**25.2 Liquidity risk**

The Group has a borrowing capacity of ZW$45,260,457,694 of which 1% was utilised as at 31 December 2022. This together with cash generated from operations is adequate to enable the Group to meet its day-to day expenses and service charges as they fall due.

**25.3 Credit risk**

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions. The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used.

The group's policy is to deal only with credit worthy counterparties. The credit terms range between 7 and 14 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through a regular review of the ageing analysis, together with credit limits per customer.

Service customers are required to pay the annual amount of the service upfront, mitigating the credit risk. Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on the trade receivables balance.In addition, the group does not hold collateral relating to other financial assets (eg derivative assets,cash and cash equivalents held with banks).

**25.4 Interest rate risk**

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

**25.5 Exchange risk**

The Group is exposed to foreign currency fluctuations as it accrues foreign currency-denominated liabilities in its business activities. It is exposed to such foreign currency fluctuations to the extent that such liabilities are not matched by foreign currency receipts from operations.

A summary of the financial instruments held by category is provided below:

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| **Financial assets** | **2022 ZWL** | **2021 ZWL** | **2022 ZWL** | **2021 ZWL** |
| Cash and cash equivalent | 507 345 899 | 759 720 058 | 507 345 899 | 221 003 121 |
| Trade and other receivables | 3 922 756 495 | 2 223 626 661 | 3 922 756 495 | 646 854 624 |
| **Total** | **4 430 102 394** | **2 983 346 719** | **4 430 102 394** | **867 857 745** |

| | FAIR VALUE THROUGH PROFIT OR LOSS | | FAIR VALUE THROUGH PROFIT OR LOSS | |
|---|---|---|---|---|
| | **2022 ZWL** | **2021 ZWL** | **2022 ZWL** | **2021 ZWL** |
| Quoted shares | **547 044** | **541 441** | **547 044** | **157 506** |

| **Financial liabilities** | AT AMMORTIZED COST | | AT AMMORTIZED COST | |
|---|---|---|---|---|
| | **2022 ZWL** | **2021 ZWL** | **2022 ZWL** | **2021 ZWL** |
| Short term portion of borrowings | - | 6 081 429 | - | 1 769 092 |
| Trade and other payables | 6 075 942 319 | 1 160 602 226 | 6 075 942 319 | 639 064 683 |
| Bank Overdraft | 220 086 566 | 150 958 979 | 220 086 566 | 43 914 077 |
| | **6 296 028 885** | **1 317 642 634** | **6 296 028 885** | **684 747 852** |

## FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings

Due to their short term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximates their fair value.

### CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial assets which potentially subject the Group to concentrations of credit risk consist primarily of cash and trade receivables. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions. The credit risk with respect to trade receivables is limited as a result of the spread of balances owing to various customers who are in different sectors of the economy.

**Financial instruments measured at fair value**

| | LEVEL 1 | | LEVEL 2 | | LEVEL 3 | |
|---|---|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| Equity investments | 547 044 | 157 506 | - | - | - | - |
| | 547 044 | 157 506 | - | - | - | - |

### LIQUIDITY RISK

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Group faces, the Group's policy has been throughout the year ended 31 December 2022, to maintain substantial unutilised facilities and reserves as well as significant liquid resources.

Quantitative disclosures of the liquidity risk exposure in relation to financial liabilities are set out below:

| | UP TO 3 MONTHS | BETWEEN 3 AND 12 MONTHS | BETWEEN 12 AND 24 MONTHS | OVER 2 YEARS | TOTAL |
|---|---|---|---|---|---|
| | 2022 ZWL | 2022 ZWL | 2022 ZWL | 2022 ZWL | 2022 ZWL |
| Trade and other payables | 518 326 736 | 5 557 615 583 | - | - | 6 075 942 319 |
| Bank overdrafts | 220 086 566 | - | - | - | 220 086 566 |
| | **738 413 302** | **5 557 615 583** | **-** | **-** | **6 296 028 885** |

## 26. MANAGEMENT OF CAPITAL

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within its net debts, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations; capital includes equity attributable to the equity holders of the parent.

The debt-to-adjusted-capital ratios at 31 December 2022 and at 31 December 2021 were as follows:

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| Trade and other payables | 6 075 942 319 | 1 160 602 226 | 6 075 942 319 | 639 064 683 |
| Borrowings | - | 6 081 429 | - | 1 769 092 |
| Less: cash and cash equivalents | (287 259 333) | (608 761 079) | (287 259 333) | (177 089 044) |
| Net debt | 5 788 682 986 | 557 922 576 | 5 788 682 986 | 463 744 731 |
| Total equity | 22 528 821 824 | 14 169 343 638 | 19 803 485 550 | 3611 778 893 |
| Capital and net debt | 28 317 504 810 | 14 727 266 214 | 25 592 168 536 | 4 075 523 624 |
| **Adjusted gearing ratio** | **20%** | **4%** | **23%** | **11%** |

## 27. EVENTS AFTER THE REPORTING PERIOD

### 27.1 Approval of financial statements

The financial statements were approved by the board for issue on 30 March 2023.

### 27.2 Dividend

The Board declared a final dividend of ZW$500 million out of which US$250,000 was paid in foreign currency and the balance in local currency. This will bring the total dividend to shareholders for the year to ZW$880 million (equivalent to US$1.5 million), of which US$500,000 is in foreign currency.

## RAINBOW TOURISM GROUP LIMITED

### Top 20 Shareholders as at 31 December 2022

| | SHAREHOLDER | SHARES | % |
|---|---|---|---|
| 1 | NATIONAL SOCIAL SECURITY AUTHORITY | 2,285,761,833 | 91.60 |
| 2 | MINISTRY OF MINES ENVIRONMENT AND TOURISM | 83,402,508 | 3.34 |
| 3 | LAAICO - FCA NON-RES | 60,000,000 | 2.40 |
| 4 | PINNACLE INVESTMENTS (PRIVATE) LIMITED | 15,521,167 | 0.62 |
| 5 | OLD MUTUAL LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED | 2,535,990 | 0.10 |
| 6 | MANO, EVELYN | 1,942,625 | 0.08 |
| 7 | WILLOUGHBY'S CONSOLIDATED PLC | 1,482,239 | 0.06 |
| 8 | ANNES SUPERMARKET | 1,466,251 | 0.06 |
| 9 | BLAGOJEVIC, GORAN | 1,217,648 | 0.05 |
| 10 | MESSINA INVESTMENTS LIMITED | 1,132,192 | 0.05 |
| 11 | M K FAMILY TRUST, | 1,002,947 | 0.04 |
| 12 | HOFER KURT | 868,739 | 0.03 |
| 13 | KOPI, COLZA M | 852,553 | 0.03 |
| 14 | SAMURIWO, TICHAONA | 706,052 | 0.03 |
| 15 | MAHOMVA, LEONARD | 568,369 | 0.02 |
| 16 | TAGGART INVEST LIMITED | 466,100 | 0.02 |
| 17 | MACRAE, CRAIG | 404,970 | 0.02 |
| 18 | MASIMBA MTIZE | 400,000 | 0.02 |
| 19 | RAYTON TRADING | 396,792 | 0.02 |
| 20 | CORPSERVE NOMINEES PVT LTD | 386,154 | 0.02 |
| | | | |
| | **TOTAL TOP 20 VOTING BLOCK** | **2,460,515,129** | **98.60** |
| | **OTHER SHAREHOLDERS** | **34,980,414** | **1.40** |
| | **SHARES IN ISSUE** | **2,495,495,543** | **100.00** |

## ANNEXURES



*The Rainbow Towers Suite*

# GRI CONTENT INDEX

| GRI Standard | Disclosure | Page number(s) | Omission | | |
|---|---|---|---|---|---|
| | | | Part Omitted | Reason | Explanation |
| **GRI 101: Foundation 2016** | | | | | |
| **General Disclosures** | | | | | |
| | Organizational profile | | | | |
| | 102-1 Name of the organization | Front Cover | | | |
| | 102-2 Activities, brands, products, and services | 4, 7-10 | | | |
| | 102-3 Location of headquarters | 90 | | | |
| | 102-4 Location of operations | 8 | | | |
| | 102-5 Ownership and legal form | 85 | | | |
| | 102-7 Scale of the organization | 8, 14-15 | | | |
| | 102-8 Information on employees and other workers | 15, 40-42 | | | |
| | 102-9 Supply chain | 49 | | | |
| **GRI 102: General Disclosures 2016** | 102-10 Significant changes to the organization and its supply chain | 49 | | | |
| | 102-11 Precautionary Principle or approach | 29-30 | | | |
| | 102-12 External initiatives | 54 | | | |
| **GRI 102: General Disclosures 2016** | 102-13 Membership of associations | 13 | | | |
| | **Strategy** | | | | |
| | 102-14 Statement from senior decision-maker | 16 | | | |
| | **Ethics and integrity** | | | | |
| | 102-16 Values, principles, standards, and norms of behavior | 3 | | | |
| | **Governance** | | | | |
| | 102-18 Governance structure | 25-26 | | | |
| | **Stakeholder engagement** | | | | |
| | 102-40 List of stakeholder groups | 34 | | | |
| | 102-41 Collective bargaining agreements | 44 | | | |
| | 102-42 Identifying and selecting stakeholders | 34 | | | |
| | 102-43 Approach to stakeholder engagement | 34 | | | |
| | 102-44 Key topics and concerns raised | 35 | | | |
| | **Reporting practice** | | | | |
| | 102-45 Entities included in the consolidated financial statements | 85 | | | |
| | 102-46 Defining report content and topic Boundaries | 2, 32 | | | |
| | 102-47 List of material topics | 32 | | | |
| | 102-48 Restatements of information | 2 | | | |
| | 102-49 Changes in reporting | 25-26 | There were changes in the list of material topics | | |
| | 102-50 Reporting period | 2 | The reporting period for this report is from 1 January 2022 to 31 December 2022 | | |
| | 102-51 Date of most recent report | 2 | 31 December 2022 | | |
| | 102-52 Reporting cycle | 2 | We report on an annual basis | | |
| | 102-53 Contact point for questions regarding the report | 2 | | | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 2 | The report has been prepared in accordance with GRI Standards Core option. | | |
| | 102-55 GRI content index | 87 | | | |
| | 102-56 External assurance | 2 | | | |
| | | | Part Omitted | Reason | Explanation |
| **Material Topics** | | | | | |
| **200 series (Economic topics)** | | | | | |
| **Economic Performance** | | | | | |
| **GRI 103: Management Approach 2016** | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 56 | | | |
| | 103-3 Evaluation of the management approach | 56 | | | |

| GRI Standard | Disclosure | Page number(s) | Omission | | |
|---|---|---|---|---|---|
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 62-92 | | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 44 | | | |
| **Indirect Economic Impacts** | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 54 | | | |
| | 103-3 Evaluation of the management approach | 54 | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Significant indirect economic impacts | 54 | | | |
| **Procurement Practices** | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 49 | | | |
| | 103-3 Evaluation of the management approach | 49 | | | |
| **300 series (Environmental topics)** | | | | | |
| **Energy** | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 49 | | | |
| | 103-3 Evaluation of the management approach | 49 | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 49 | | | |
| | 302-2 Energy consumption outside of the organization | 49 | | | |
| **Water** | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 48 | | | |
| | 103-3 Evaluation of the management approach | 48 | | | |
| GRI 303: Water and Effluents 2018 | 303-5 Water consumption | 48 | | | |
| **Waste** | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 48 | | | |
| | 103-3 Evaluation of the management approach | 48 | | | |
| GRI 305 Waste 2016 | 306-3 Waste generated | 48 | | | |
| | 306-5 Waste directed to disposal | 48 | | | |
| **Rehabilitation** | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 52 | | | |
| | 103-3 Evaluation of the management approach | 52 | | | |
| **Emissions** | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 51 | | | |
| | 103-3 Evaluation of the management approach | 51 | | | |
| GRI 305 Emissions 2016 | 305-1 Direct Scope 1 GHG Emissions | 51 | | | |
| | 305-2 Energy Indirect (Scope 2) GHG Emissions. | 51 | | | |

# GRI CONTENT INDEX

| GRI Standard | Disclosure | Page number(s) | Omission | | |
|---|---|---|---|---|---|
| 400 series (Social topics) | | | | | |
| Employment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 40 | | | |
| | 103-3 Evaluation of the management approach | 40 | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 41-42 | | | |
| Occupational Health and Safety | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 43 | | | |
| | 103-3 Evaluation of the management approach | 43 | | | |
| GRI 403: Occupational Health and Safety 2016 | 403-2 Hazard Identification, risk assessment, and incident investigation | 43 | | | |
| | 403-9 Work related injuries | 43 | | | |
| Training and Education | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 45 | | | |
| | 103-3 Evaluation of the management approach | 45-46 | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 46 | | | |
| Diversity and Equal Opportunity | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 45 | | | |
| | 103-3 Evaluation of the management approach | 45 | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 45 | | | |
| Freedom of Association and Collective Bargaining | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 2, 32 | | | |
| | 103-2 The management approach and its components | 44 | | | |
| | 103-3 Evaluation of the management approach | 44 | | | |

# CORPORATE INFORMATION

## HEAD OFFICE
1 Pennefather Ave
Harare

## REGISTERED OFFICE
Rainbow Towers Hotel and Conference Centre
1 Pennefather Ave
Harare

## LEGAL PRACTITIONERS
Mawere Sibanda Commercial Lawyers
10th Floor, Chiedza House
Corner First Street and Kwame Nkrumah Ave
Harare

## PRINCIPAL BANKERS
FBC Bank Limited
45 Nelson Mandela Avenue
Harare

CBZ Bank Limited
60 Kwame Nkrumah Avenue
Harare

Stanbic Bank Limited
59 Samora Machel Avenue
Harare

Steward Bank Limited
79 Livingstone Avenue, Livingstone House
Harare

## AUDITORS
BDO Zimbabwe Chartered Accountants
Kudenga House
3 Baines Avenue
P. O. Box 334
Harare
Zimbabwe

## TRANSFER SECRETARIES
First Transfer Secretaries (Private) Limited
1 Armagh Ave
Eastlea

## SUSTAINABILITY ADVISORS
Institute for Sustainability Africa
22 Walter Hill Ave
Eastlea
Harare

RAINBOW TOURISM GROUP LTD

# AGM NOTICE

**NOTICE IS HEREBY GIVEN THAT** the 24th Annual General Meeting ("AGM") of the shareholders of Rainbow Tourism Group Limited ("the Company") will be held in the Jacaranda Rooms 2 and 3 at the Rainbow Towers Hotel and Conference Centre, 1 Pennefather Avenue, Samora Machel Avenue West on Thursday 27 July 2023 at 1200 Hours.

The AGM shall transact the following business;

## A. CONSTITUTION OF MEETING

1. To table forms of proxy
2. To declare the meeting constituted
3. To confirm Minutes of Previous Annual General Meeting

## B. ORDINARY BUSINESS

**1. FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS**

To receive and adopt the financial statements and the reports of directors and auditors for the year ended 31 December 2022.

**2. DIRECTORS' FEES**

To approve the remuneration and emoluments of the directors for the year ended 31 December 2022 in accordance with section 207(2) of the Companies and Other Business Entities Act [Chapter 24:31].

*(The aggregate directors' emoluments are included in the Annual Report.)*

**3. DIVIDEND**

To confirm payment of a final dividend for the year ended 31 December 2022.

**4. DIRECTORATE**

In terms of article 99 of the Company's Articles of Association, Messrs' Givemore Taputaira and Andrew Bvumbe are to retire by rotation and being eligible, offer themselves for re-election.

The re-election resolutions are to be tabled separately for each Director.

**5. AUDITORS**

**5.1** To fix/approve the remuneration of Messrs. BDO Zimbabwe Chartered Accountants for the past year's audit in accordance with section 191 of the Companies and Other Business Entities Act [Chapter 24:31].

**5.2** To confirm the re-appointment of BDO Zimbabwe Chartered Accountants as auditors of the Company until the next Annual General Meeting. Messrs. BDO Zimbabwe Chartered Accountants were appointed as auditors of the Company at the previous annual general meeting.

## C. SPECIAL BUSINESS

**TO CONSIDER AND IF DEEMED FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTIONS;**

**AS A SPECIAL RESOLUTION;**

1. To increase the Company's authorized share capital in accordance with article 50 of the Company's Articles of Association from the current 2,500,000,000 (two billion, five hundred million) shares to 5,000,000,000 (five billion) shares.

***"No issue of these shares is contemplated at the present time and no issue will be made which could effectively transfer the control of the company without prior approval of shareholders in general meeting."***

**AS AN ORDINARY RESOLUTION;**

2. To authorize the Company to make a loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling the Director to properly perform their duty as an officer of the Company in terms of Section 208(2)(b) of the Companies and Other Business Entities Act [Chapter 24:31], as may be determined by the Human Resources and Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed two times the annual remuneration of the Director.

## D. ANY OTHER BUSINESS

To transact any other business competent to be dealt with at an Annual General Meeting.

## E. ATTENDANCE, PROXIES AND VOTES

A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and on a poll, vote in his/her stead. A proxy need not be a member of the Company. Proxy forms should be submitted at least 48 hours before the commencement of the meeting.

A Special Resolution is required to be passed by a majority of seventy-five percent of those present and voting (including proxy votes), representing not less than twenty-five percent of the total number of votes in the Company.

Please be advised that the 2022 Annual Report can be accessed on the Company's website: https://rtgafrica.com/full-year-reports/. The Annual Report, (which includes the financial statements, Directors' and Auditors' Report as well as other reports) shall be emailed to those shareholders whose email addresses are on record.

**By order of the board**

**TAPIWA MARI**
**COMPANY SECRETARY**

**05 JULY 2023**

RAINBOW TOURISM GROUP LTD

# FORM OF PROXY

The Secretary
Rainbow Tourism Group Limited
1 Pennefather Avenue, Samora Machel Avenue West
HARARE

I/We.........................................................................of.................................................................. being a member of Rainbow Tourism Group Limited (the Company) hereby appoints........................................., or failing him/her, the Chairman of the meeting as my/our proxy to attend and speak for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 27th of July 2023 and at any adjournment thereof and to vote or abstain from voting as indicated below on the resolutions to be considered at the said meeting.

| | | FOR | AGAINST | ABSTAIN |
|---|---|---|---|---|
| **ORDINARY BUSINESS** | | | | |
| | | | | |
| 1. | To receive and adopt the financial statements and the reports of directors and auditors for the year ended 31 December 2022. | | | |
| 2. | To approve the remuneration and emoluments of the directors for the year ended 31 December 2022 in accordance with section 207(2) of the Companies and Other Business Entities Act [Chapter 24:31]. | | | |
| 3. | To confirm payment of a final dividend for the year ended 31 December 2022. | | | |
| 4. | To re-elect the following director, Mr. Givemore Taputaira, who retires by rotation at the AGM and, being eligible offers himself for re-election in accordance with Article 99 of the company's Articles of Association. | | | |
| 5. | To re-elect the following director, Mr. Andrew Bvumbe, who retires by rotation at the AGM and, being eligible offers himself for re-election in accordance with Article 99 of the company's Articles of Association. | | | |
| 6. | To fix/approve the remuneration of Messrs. BDO Zimbabwe Chartered Accountants for the past year's audit in accordance with section 191 of the Companies and Other Business Entities Act [Chapter 24:31]. | | | |
| 7. | To re-appoint Messrs. BDO Zimbabwe Chartered Accountants (Zimbabwe) as auditors for the ensuing financial year. | | | |
| **SPECIAL BUSINESS** | | | | |
| | **As a special resolution;**<br>**1.** To increase the Company's authorized share capital in accordance with article 50 of the Company's Articles of Association from the current 2,500,000,000 (two billion, five hundred million) shares to 5,000,000,000 (five billion) shares. | | | |
| | **As an ordinary resolution;**<br>**2.** To authorize the Company to make a loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling the Director to properly perform their duty as an officer of the Company in terms of Section 208(2)(b) of the Companies and Other Business Entities Act [Chapter 24:31], as may be determined by the Human Resources and Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed twice the annual remuneration of the Director. | | | |

Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain at his/her discretion.

Signed at ................................ this ...............................day of July 2023

Signature of member .........................................................................................

Number of Shares...............................................................................................

**NOTES**

1. This proxy form should be sent to the registered office of the company not later than forty –eight hours before the time of the meeting.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and speak in his stead. A proxy need not be a member of the company.

# NOTES

# NOTES

RAINBOW TOURISM GROUP LTD


## ADDRESS

**Rainbow Towers Hotel and Conference Centre**
No. 1 Pennefather Avenue
Samora Machel Avenue West,
Harare

## TELEPHONE

**+263-242-754507/8**

**+27 11 463 4470**

## WEBSITES

www.rtgafrica.com
www.gatewaystream.com
www.gatewaystreammusic.com

## EMAIL

**1. RESERVATIONS**
reservations@rtg.co.zw / res@rtgrsa.co.za

**2. COMPANY SECRETARIAL**
tapiwa.mari@rtg.co.zw