



TRADING UPDATE

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

The Company issues a trading update for the period ended 30 September 2020

Introduction

The business closed the 9 months of the year with a positive working capital position, a refurbished five-star hotel and repaid its debenture three years ahead of schedule. This was achieved despite the closure of the Rainbow Towers Hotel for five months from January to March 2020 for refurbishment and from April to May 2020 due to COVID-19 restrictions. The remaining hotels were closed for four months from April to July 2020. The Victoria Falls hotels remain an area of special treatment having been worst affected by the closure of international borders and cessation of international flights. The Group took advantage of the change in consumer buyer behavior as occasioned by the increase in the adoption of online commerce and activated the Gateway Stream online shopping and delivery services.

Impact and Management of COVID-19

The COVID-19 pandemic continued to have an impact on the Group's performance for the period ended 30 September 2020. To ensure the going concern of the business, Rainbow Tourism Group (RTG) focused on cost containment measures for the hotel business whilst capacitating its digital platform: the Gateway Stream Web and Mobile Application. The Group has responded proactively to protect its business in the short term as well as to position itself for sustainable recovery post the COVID-19 era.

At the height of the pandemic commencing June 2020 the Rainbow Towers Hotel & Conference Centre provided quarantine facilities for 1400 returning citizens. This provided the Group with experience thereby establishing market leadership in handling guests given the challenges posed by COVID-19. The Group's investment in the risk based ISO ZW 9001:2015 standard proved its potency during the most trying COVID-19 environment. It is pleasing to report that none of the hoteling employees tested positive for the COVID-19 virus and due to effective procedures for isolating off-site COVID-19 positive guests, the virus did not spread amongst the quarantine guests.

Global tourism activity remained subdued into the third quarter of 2020 as the COVID-19 pandemic continued to ravage many of the international source markets. Many countries slowed down the reopening of their economies and some reinstated partial lockdowns to protect vulnerable populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks.

The Company has adopted several measures to ensure business continuity whilst actively monitoring the rapidly evolving situation. These measures include the adoption of WHO prescribed Personal Protective Equipment (PPE), enhanced disinfection and sanitisation protocols at our hotels, as well as adjustments to work practices that enforce social distancing guidelines and measures that ensure general good hygiene.

Q3 trading performance

During the nine months to September 2020 the Group's inflation adjusted revenues closed at ZW\$586 million. The EBTDA margin for the period

under review closed at 35% margin, which is 3 percentage points above prior year. This resulted in a positive cash position which was driven by the cost containment measures. Despite the challenging operating environment, we are pleased to report that the Group managed to close the nine months in a profit position.

The Group's cumulative occupancy declined to 22% from 47% recorded in the prior year. The main driver of the decline was the global COVID-19 lockdown restrictions. The temporary closure of the Rainbow Towers Hotel and Conference Centre (which is 40% of the business) for refurbishment during the first three months of the year, also contributed to the decline in occupancy.

During the quarter, the Gateway Stream was named the overall winner in the innovation and technology category by the prestigious Zimbabwe Independent Quoted Companies Survey 2020.

Outlook

The Group remains optimistic about prospects into the future. Domestic tourism will continue to drive business activity in the remainder of the year. The Group will be driving holiday packages around the country in order to enable residents to get outdoors and experience their country. In recognition of the long cycle nature of the international bookings, the Group remains actively engaged with our regional and international tour operator partners and representatives in filling the long pipeline.

So far reports indicate that Africa remains amongst the continents least affected by the pandemic. The Group's strategy for the next 18 months will focus on emerging opportunities that are awash on the African continent. The resuscitation of regional airlines such as Airlink which has partnered Fly Emirates to provide air services to 20 destinations in Africa, is a major boost for the recovery of inter-Africa travel. To capitalise on this development, the Group will drive local and regional holiday packages into the Victoria Falls region.

The Group is expanding the scope of the Gateway Stream platform with the launch of Gateway Stream Music in December 2020 which will further enhance the Group's revenue generation efforts.

BY ORDER OF THE BOARD

N.K Mtukwa
Company Secretary
26 August 2020