



CHOBE HOLDINGS LIMITED

CHOBE HOLDINGS LIMITED

("the Group" or "the Company")

Incorporated in the Republic of Botswana (Registration Number BW00001487283)

CONDENSED AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28/02/2022 P'000's Audited	Year ended 28/02/2021 P'000's Audited
Revenue	118 336	27 784
Other operating income	7 134	5 116
Amortisation of intangible assets	(5 638)	(5 638)
Depreciation	(34 171)	(34 988)
Other operating expenses	(132 789)	(73 325)
Operating loss	(47 128)	(81 051)
Finance income	130	11
Finance cost	(3 862)	(3 557)
Share of net loss of associates accounted for using equity method	(969)	(857)
Loss before income tax	(51 829)	(85 454)
Income tax credit	9 380	17 600
Loss for the period	(42 449)	(67 854)
Other comprehensive income		
Exchange difference on translation of foreign operations	216	128
Other comprehensive income for the period, net of taxes	216	128
Total comprehensive loss for the period	(42 233)	(67 726)
Attributable to		
Owners of the parent	(42 135)	(67 628)
Non-controlling interest	(98)	(98)
	(42 233)	(67 726)
Loss per share (thebe) - basic	(47.35)	(75.76)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28/02/2022 P'000's Audited	As at 28/02/2021 P'000's Audited
ASSETS		
Non-current assets		
Property, plant and equipment	213 482	237 678
Right of use assets	32 502	35 942
Goodwill	54 227	54 227
Land lease rights	63 487	68 813
Other intangible assets	1 238	1 550
Investment in associate	935	1 904
Deferred income tax assets	24 061	15 035
	389 932	415 149
Current assets		
Inventory	11 142	9 443
Trade and other receivables	9 393	8 674
Assets classified as held for sale	-	10 052
Current income tax receivable	3 613	1 921
Cash and cash equivalents	17 535	15 951
	41 683	46 041
Total assets	431 615	461 190
EQUITY AND LIABILITIES		
Equity		
Stated capital	102 899	102 899
Foreign currency translation reserve	(1 106)	(1 322)
Other reserves	5 486	5 108
Retained income	156 240	198 969
	263 519	305 654
Non-controlling interest	761	859
Total equity	264 280	306 513
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	14 639	15 759
Lease liability	46 594	49 291
	61 233	65 050
Current liabilities		
Current income tax payable	515	3 751
Bank overdraft	12 519	11 622
Advance travel receipts	52 850	34 218
Lease liability	4 037	3 545
Trade and other payables	36 181	36 491
	106 102	89 627
Total liabilities	167 335	154 677
Total equity and liabilities	431 615	461 190

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 28/02/2022 P'000's Audited	Year ended 28/02/2021 P'000's Audited
Operating activities		
Cash generated from / (used in) operations	6 778	(34 285)
Interest paid	(416)	(22)
Income tax paid	(5 693)	(1 398)
Cash generated from / (used in) operating activities	669	(35 705)
Investing activities		
Purchase of property, plant and equipment	(6 790)	(17 785)
Proceeds on sale of property, plant and equipment	2 459	387
Proceeds from sale of assets held for disposal	11 251	-
Interest received	130	11
Net cash generated from / (used in) investing activities	7 050	(17 387)
Financing activities		
Lease rental paid	(7 032)	(6 312)
Net cash used in financing activities	(7 032)	(6 312)
Net increase / (decrease) in cash and cash equivalents	687	(59 404)
Movement in cash and cash equivalents		
At beginning of year	4 329	63 733
Increase / (decrease) in the year	687	(59 404)
At end of year	5 016	4 329
Represented by:		
Cash and cash equivalents	5 016	4 329

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent					Total P'000's
	Stated capital P'000's	Retained earnings P'000's	Foreign currency translation reserve P'000's	Other reserves P'000's	Non- controlling interest P'000's	
Balance at 1 March 2021	102 899	198 969	(1 322)	5 108	859	306 513
Loss for the year	-	(42 351)	-	-	(98)	(42 449)
Other comprehensive income	-	-	216	-	-	216
Transfer to other reserves	-	(378)	-	378	-	-
Balance at 28 February 2022	102 899	156 240	(1 106)	5 486	761	264 280

HIGHLIGHTS

- A 326% increase in revenue.
- Number of bednights increased by 228%.
- Costs increased in line with increased operations.
- Loss after tax reduced by 38%.
- Net cash and cash equivalents of P 5Mn.

BASIS OF PREPARATION

The condensed results have been extracted from the audited financial statements for the year ended 28th February 2022, which have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). This extract has not been reviewed by the auditors. The accounting policies applied are consistent with those of the annual financial statements for the year ended 28th February 2021, as described in those financial statements.

The company's auditors, PricewaterhouseCoopers, have issued an unqualified audit opinion on the annual financial statements of which these condensed results are based. A copy of their opinion and the full set of annual financial statements are available for inspection at the registered office.

FINANCIAL RESULTS

The onset of COVID-19 pandemic's impact in March 2020 and the release of its deadly grip in early 2022 almost perfectly align with Chobe's two year-end accounting periods making for the easy referencing of the impact in financial terms. Revenues in our previous financial year-end were 7% of those achieved in COVID-19 free year-end February 2020, revenue for the year under review has however increased by more than four-fold over that of year end February 2021. Whilst revenues in the first half are traditionally greater than those of the second half owing to seasonality, revenue in the second half of this year were substantially greater than that of the first half reflecting the gradual improvement in trading despite the lingering impact of COVID-19 and the various travel protocols in force from time to time.

The relaxation of local travel restrictions during the year allowed us to take advantage of being able to offer to the domestic and regional market selected properties, at rates considerably less than those demanded from overseas travellers. The response from this sector, though positive in terms of the opportunity to travel to destinations previously considered out of the reach of most, was insufficient to render to the group operational profitability owing to the relative size of this market and the relatively high-cost profiles of our properties in terms of lease fees etc. Disregarding impairments and amortisations the loss before tax was reduced from about P44 million to about P11 million thanks also to the continued attention of your directors in their implementation of cost control measures.

The year under review saw a continuance of our staff remuneration policy where the lowest paid would receive a minimal reduction of salary whereas, on a sliding scale, the higher earners would suffer ever

larger reductions in remuneration. Where however lodges and camps were re-opened those staff returning to work received full remuneration. The positive aspect being that staff retention over the two years was almost complete, preserving our skill base has allowed for the seamless reopening of all our properties. Likewise, by not allowing any deterioration of our properties, ancillary equipment nor aircraft over the period, we have found ourselves perfectly placed to restart of operations.

During the course of the last half the sale of a short field performance aircraft, no longer required, was successfully concluded.

FUTURE OUTLOOK

As mentioned above, the grip of COVID-19 has eased considerably in the last few months, volumes in the new year have returned to levels experienced in our best years of the past, in some instances even exceeding those levels. The reasons are multiple and may be summarised as follows;

- Airlines, particularly from our source markets in the northern hemisphere, have by and large reintroduced previous schedules.
- Travel restrictions have finally been eased and, to an extent, been harmonised between countries.
- Botswana has lifted its state of emergency and alcohol ban, in addition southern African countries have been removed from Britain's Red List, all of which has served to assure travellers of their safety and enjoyment rights.
- We have working together with our local health authorities been able to prioritise the vaccination of our staff and surrounding communities, all staff are now up to date with their COVID-19 vaccination protocols and have the necessary certification.
- Negotiations for the acquisition of Nxamaseri Island Lodge have been completed, situated as it is on the Okavango Panhandle the property also gives us access to the World Heritage Site of Tsoelike Hills. The introduction of this culturally based acquisition has been well received by the travelling public as it considerably enhances the diversity of our existing Desert & Delta Safaris brand.
- At the start of the COVID-19 pandemic we encouraged those who had bookings and paid deposits, to defer rather than cancel, and almost all agreed. As the pandemic went on longer than anticipated these bookings were continually rolled back, the easing of travel restrictions has allowed those prospective travellers the opportunity to now travel thus unleashing a considerable pent-up demand.
- Victoria Falls International Airport, recently upgraded to accept wide-bodied aircraft is now rapidly becoming a regional hub, and given the proximity to northern Botswana we stand to benefit considerably from the enhanced access to our areas of operation.

have been extremely encouraging as evidenced by the value of Advanced Travel Receipts having grown from P34 mill to P53 million year-on-year. Further, strong bookings made subsequent to the year-end indicate that trade will bounce back to previous levels earlier than perhaps expected.

Increased energy, food, wage and other costs are of concern and are being addressed as far as possible without compromising standards. Given that our revenue stream is mainly in US Dollars and our modest bed night rate increases, we do not believe the impact will be significant despite the increased cost to travellers in accessing our offerings. The variability of exchange rates could however play a significant role, either positively or negatively, in the determination of future earnings.

During the course of the year under review and in the interests of improving efficiencies, Operations Director, Lempheitse Odumetse was promoted to the position of Group Managing Director.

Whilst prospects for the group after a long two years are now considerably brighter, the past two years have exacted a heavy toll on the group and its shareholders, it is our staff, who despite our efforts to shelter them, could least afford the diminution in their earnings. The toll on them has been extreme, not only financially, but in terms of their health and that of their families too. The spirit with which they have returned to the workplace is both encouraging and commendable. Your directors, management and staff remain committed to ensuring Chobe remains a responsible corporate citizen and a leader in Botswana's sustainable wildlife and tourism industry.

DIVIDENDS

Recognising the importance of preserving the Group's cash resources the directors have elected to defer the declaration of dividends until such time as the Group's earnings potential and cash flow allow.

UNCLAIMED DIVIDENDS

Directors wish to bring to the notice of shareholders that there are certain amounts of unclaimed dividends held by the company. In terms of clause 27.5 of the company's constitution, dividends unclaimed for three years may become the property of the company and used for the benefit of the company. The shareholders concerned are therefore advised to claim their unclaimed dividends within the three year prescribed limit. Shareholders can claim their unclaimed dividends by contacting the Company's transfer secretaries:

DPS Consulting Services Proprietary Limited
PO Box 1453, Gaborone
Tel: 3162062

By order of the Board of Directors

J M Gibson, Deputy Chairman & CEO
19th May 2022



Directors
M. T. Sekgororoane (Chairperson), J. M. Gibson (Deputy Chairman & CEO),
J. M. Nganunu-Macharia, J. A. Bescoby (British), A. C. Dambe, B. D. Flatt,
K. Ledimo, D. S. Ter Haar, A. M. Whitehouse (Australian),
S. D. S. Fernando (Sri Lankan), L. Odumetse, J. K. Gibson (British)

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Transfer Secretaries
DPS Consulting Services Proprietary Limited
PO Box 1453 Gaborone

Independent Auditors
PricewaterhouseCoopers
PO Box 294 Gaborone

In the current year besides hosting the aforementioned long held reservations, new forward bookings