



**“Chobe” or “the Group”**

Incorporated in the Republic of Botswana (Registration Number Co. BW00001487283)

J.M. Nganunu-Macharia (Chair); J.M. Gibson (CEO and Deputy Chairman), J.A. Bescoby, A.C. Dambe, S.D.S. Fernando  
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## **BUSINESS UPDATE**

This business update has been issued by Chobe to take advantage of the efficiency of the X-News platform in providing a mechanism for the dissemination of relevant and compliant information to investors and the market at large.

In preparing this update an invitation to pose questions to Chobe was made to investors through X-News. These questions were consolidated and will be answered through this update, presented as a statement and published on X-News. It is envisaged that in future these updates will be issued biannually. Chobe has reserved the right not to reply to all questions submitted.

Throughout the COVID-19 pandemic, Chobe has continued to invest in and strengthen our relationships with key stakeholders in both our traditional markets and the SADC region to ensure we are at the forefront of the recovery. Further to this, we continue to engage Government, through HATAB and BTO to prioritize the vaccination of workers in the tourism sector. Throughout the pandemic we have ensured that employees are trained in and comply with COVID-19 infection mitigation protocols as well as ensuring that all visitors to our remote camps and lodges as well as our staff and contractors are tested for COVID-19 before reaching the camp or lodges. However, the directors believe that vaccinating our staff provides the best way to ensure that both employees and guests are protected from the virus.

We continue to manage our cash outflow through stringent cost control measures, balanced against the protection of the Group's physical assets and the wellbeing and retention of its people. Chobe has successfully retained its top management through the pandemic. To this end your directors continue to closely monitor the Group's recovery from COVID-19 and adjust salary reductions to support operations and aid retention.

Domestic and regional travel resumed during the second quarter of the 2020/21 financial year with the Group opening a strategic mix of camps and lodges. A comprehensive domestic, regional and international marketing plan was put in place to support these openings. International travel resumed in the first quarter of the 2021/22 financial year with occupancies forecast to steadily increase, albeit from a low base, through the second quarter. Forward bookings are strong for the 2022/23 financial year.

There is pent-up demand from our traditional source markets to travel now, but this is tempered by uncertainty and access constraints. Both the domestic and international markets are sensitive to such uncertainty, and it is critical that both the private and public sector work together to develop and publish clear, authoritative and consistent travel information in order to build confidence. This confidence is essential if the region is to compete for global and regional tourism spend in the second half of 2021 and 2022.

Your directors are confident that the Group has sufficient cash inflows, cash reserves and unutilized prearranged borrowing in place to settle any liabilities falling due and support the smooth recovery of operations in the short and medium term. Chobe retains the flexibility to vary operations should market conditions change. The current overdraft of BWP 25 million has been extended with our bankers on favourable terms, and we have negotiated a further USD 1.5 million standby loan with a flexible settlement terms and preferable cost implications to the bottom line.

We entered the pandemic with the Shinde camp rebuild in progress and this was completed in the first half of the 2020/21 financial year accounting for the majority of the Group's capital expenditure for that period. The necessary completion of this five-star camp protects revenue into the future and ensures that Ker & Downey Botswana is well placed in the market going into 2021/22.

Chobe entered the pandemic with significant cash reserves and no debt, husbanded those resources carefully and remains prepared to actively pursue quality acquisitions.

The above notwithstanding, the COVID-19 pandemic and its impact on world travel is fluid and Chobe, whilst confident in both the medium and long-term, is not able to predict its impact on future profitability with the information available at present.

**The Board of Directors**  
**Chobe Holdings Limited**  
**16 July 2021**