



CHOBE HOLDINGS LIMITED

CHOBE HOLDINGS LIMITED

("the Group" or "the Company")

Incorporated in the Republic of Botswana (Registration Number BW00001487283)

UNAUDITED ABRIDGED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31/08/2021 P'000's Unaudited	6 months ended 31/08/2020 P'000's Unaudited	Year ended 28/02/2021 P'000's Audited
Revenue	49 189	17 384	27 784
Other operating income	3 005	2 944	5 116
Amortisation of intangible assets	(2 826)	(2 619)	(5 638)
Depreciation	(18 417)	(19 649)	(34 988)
Other operating expenses	(56 807)	(39 566)	(73 325)
Operating loss	(25 856)	(41 506)	(81 051)
Finance income	32	8	11
Finance cost	(1 778)	(1 788)	(3 557)
Share of net loss of associates accounted for using equity method	(548)	(461)	(857)
Loss before income tax	(28 150)	(43 747)	(85 454)
Income tax credit	5 756	8 588	17 600
Loss for the period	(22 394)	(35 159)	(67 854)
Other comprehensive income			
Exchange difference on translation of foreign operations	149	(195)	128
Other comprehensive income / (loss) for the period	149	(195)	128
Total comprehensive loss for the period	(22 245)	(35 354)	(67 726)
Attributable to			
Owners of the parent	(22 248)	(35 412)	(67 628)
Non-controlling interest	3	58	(98)
	(22 245)	(35 354)	(67 726)
Loss per share (thebe) - basic	(25.04)	(39.38)	(75.76)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/08/2021 P'000's Unaudited	As at 31/08/2020 P'000's Unaudited	As at 28/02/2021 P'000's Audited
ASSETS			
Non-current assets			
Property, plant and equipment	222 617	258 515	237 678
Right of use assets	34 380	38 277	35 942
Goodwill	54 227	54 227	54 227
Land lease rights	66 145	71 680	68 813
Other intangible assets	1 392	1 702	1 550
Investment in associate	1 357	2 299	1 904
Deferred income tax assets	20 262	7 479	15 035
	400 380	434 179	415 149
Current assets			
Inventory	9 702	10 458	9 443
Trade and other receivables	3 189	6 333	8 674
Assets classified as held for sale	10 052	-	10 052
Current income tax receivable	1 955	2 639	1 921
Cash and cash equivalents	12 820	33 605	15 951
	37 718	53 035	46 041
Total assets	438 098	487 214	461 190
EQUITY AND LIABILITIES			
Equity			
Stated capital	102 899	102 899	102 899
Foreign currency translation reserve	(1 173)	(1 645)	(1 322)
Other reserve	5 108	5 296	5 108
Retained income	176 572	231 320	198 969
	283 406	337 870	305 654
Non-controlling interest	862	1 015	859
Total equity	284 268	338 885	306 513
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	14 945	17 502	15 759
Lease liability	48 389	51 607	49 291
	63 334	69 109	65 050
Current liabilities			
Current income tax payable	3 090	4 177	3 751
Bank overdraft	1 710	-	11 622
Advance travel receipts	48 009	31 797	34 218
Lease liability	3 578	2 690	3 545
Trade and other payables	34 109	40 556	36 491
	90 496	79 220	89 627
Total liabilities	153 830	148 329	154 677
Total equity and liabilities	438 098	487 214	461 190

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/08/2021 P'000's Unaudited	6 months ended 31/08/2020 P'000's Unaudited	Year ended 28/02/2021 P'000's Audited
Operating activities			
Cash generated from / (used in) operations	11 783	(10 245)	(34 285)
Interest paid	-	-	(22)
Income tax paid	(978)	(1 404)	(1 398)
Cash generated from / (used in) operating activities	10 805	(11 649)	(35 705)
Investing activities			
Purchase of property, plant and equipment	(1 031)	(15 670)	(17 785)
Proceeds on sale of property, plant and equipment	488	286	387
Interest received	32	8	11
Net cash used in investing activities	(511)	(15 376)	(17 387)
Financing activities			
Lease rental paid	(3 513)	(3 103)	(6 312)
Net cash used in financing activities	(3 513)	(3 103)	(6 312)
Net increase / (decrease) in cash and cash equivalents	6 781	(30 128)	(59 404)
Movement in cash and cash equivalents			
At beginning of period	4 329	63 733	63 733
Increase / (decrease) in the period	6 781	(30 128)	(59 404)
At end of period	11 110	33 605	4 329
Represented by:			
Cash and cash equivalents	11 110	33 605	4 329

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent					Total
	Stated capital P'000's	Retained earnings P'000's	Foreign currency translation reserve P'000's	Other reserve P'000's	Non-controlling interest P'000's	P'000's
Balance at 1 March 2021	102 899	198 969	(1 322)	5 108	859	306 513
Profit for the year	-	(22 397)	-	-	3	(22 394)
Other comprehensive loss	-	-	149	-	-	149
Balance at 31 August 2021	102 899	176 572	(1 173)	5 108	862	284 268

HIGHLIGHTS

- A 183% increase in revenue.
- Number of bednights sold increased by 113%.
- Costs increased in-line with increased operations.
- Loss after tax reduced by 36%.
- Net cash and cash equivalents of P11.1 million.
- P 11.8 million positive cash generated from operations.

BASIS OF PREPARATION

The unaudited abridged financial statements for the half year ended 31st August 2021 have been prepared based on accounting policies which comply with International Financial Reporting Standards. The accounting policies applied are consistent with those of the annual financial statements for the year ended 28th February 2021, as described in those annual financial statements.

FINANCIAL RESULTS

The half year under review saw a gradual, but at times, stuttering recovery of travel world-wide. Southern Africa was generally unable to take advantage of this as both Botswana and South Africa remained on Britain's "Red List" during period under review. Despite this the Group achieved an overall occupancy rate of 17% compared with 8% in the comparable period last year, all of which was generated in the first few weeks of March 2020 before the pandemic broke giving rise to the consequent cessation of all travel. Achieved occupancies in the current period grew from an extremely low base at the start of the financial year, encouragingly however steadily improving month by month till the end of the period.

During the half year directors continued to ensure the assets of the company remained not only protected but maintained to a standard that would enable them to be brought back into operation at immediate notice, the benefit of these precautions has allowed for the seamless re-activating of all camps, lodges with particular reference to the aviation division. Whilst no staff were retrenched or went unpaid during the pandemic, salaries and wages were reduced on a sliding scale with the highest paid most severely prejudiced and the lowest least so. As business improved during the half most staff have been brought back to work on full remuneration.

A combination of careful cost controls, improved trading and an increase of almost P 14 million from the financial year end in respect of Advance Travel Receipts, has allowed the group to repay almost the entire overdraft facility whilst still retaining net Cash and Cash Equivalents of almost P 11 million at the end of the half. This positive outcome has been achieved despite the suspension of the wage subsidy granted by government in the two previous halves.

One of our aviation division's aircraft with a short field performance profile no longer required was

successfully sold for in excess of P10 million, after reporting date, subject to maintenance checks and other legal requirements all of which have been met. The actual handover of the aircraft and payment is now imminent. The aircraft was presented under assets classified as held for sale in last financial statements.

The results thus reflect the steady improvement of trading conditions and are in line with expectations for occupancies at that level, this especially so given the mix of minimal rates applied to local and regional travellers and the enhanced rates achieved in respect of international travellers.

FUTURE OUTLOOK

Whilst the COVID pandemic is not over, circumstances have finally brightened for the world-wide tourism industry thanks to the high vaccination rates amongst the travelling public and the implementation of effective preventative protocols; such that even if a more virulent strain emerges in future, high immunity levels and the availability of better and more informed healthcare procedure will almost certainly ameliorate the consequences. This improving situation has already lifted a number of other constraints previously limiting the Group's ability to trade, namely:

- Travel restrictions have been eased with airlines responding by increasing flight frequencies particularly from our source markets in the northern hemisphere.
- The lifting of the state of emergency and the alcohol ban has done much to assure the travelling public as to their safety and rights of enjoyment.
- The removal of all Southern African countries, including Botswana from Britain's "Red List" has considerably further eased travel to us by British nationals whilst also improving perceptions worldwide.

- We have on an industry wide basis successfully engaged with and worked with local health authorities to prioritize the vaccination of tourism workers in terms of the availability of vaccines, logistics such that most were vaccinated at their place of employment and the considerable administrative effort associated with the project. Today we are pleased to report that almost all our staff have been double vaccinated and now have the official vaccination certificates issued by the Ministry of Health and Wellness.
- The recently completed negotiations to acquire Nxamaseri Island Lodge on the Okavango Pan Handle will greatly enhance the offerings of our Desert & Delta Safaris brand.

The above has largely restored the confidence of the travelling public to begin to travel again, unleashing a noticeably strong demand pent-up over the past eighteen months. Further the Group's policy of "don't cancel but defer" has kept in place

a large proportion of the forward bookings that were held at the onset of the pandemic with our reservations offices now able to fix travel dates in respect of those travellers. Most encouragingly however, is that the aforementioned increase in Advance Travel Receipts reflects a strong future interest by the travelling public reflecting their confidence in our travel offerings.

Occupancies in the second half, though increasing, will remain relatively subdued especially, as would be expected, in respect of our traditional low season months of January and February. Forward bookings already on hand however indicate that, barring the unforeseen, trade levels will begin to uptick to their pre-COVID levels from the onset of the new financial year in March. We remain confident that owing to our effective cost control measures during the pandemic, our unrelenting efforts to maintain all operational assets, the continued loyalty of our staff despite the past difficulties experienced by all, and our still largely debt free balance sheet, we will be able to quickly take advantage of the increased business levels enabling us to restore the group back to profitability.

Notwithstanding the financial impact of COVID pandemic on the group, the personal toll on all employees has been significant, thankfully however as a group we have remained fatality free during the half under review. The board fully recognises and appreciates that the pandemic has tested the commitment of shareholders, our executive, management and staff. Despite the challenging times experienced, we remain as a group as committed and determined as ever to ensure Chobe remains a responsible corporate citizen and a leader in Botswana's sustainable wildlife tourism industry.

DIVIDENDS

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

UNCLAIMED DIVIDENDS

The directors wish to bring to the notice of shareholders that there are certain amounts of unclaimed dividends in the Company's records. In terms of clause 27.5 of the Company's Constitution, dividends unclaimed for three years after due date for payment 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 prescribed three-year period.

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
28 October 2021



Directors
J. M. Nganunu-Macharia (Chairperson), J. M. Gibson (Deputy Chairman & CEO),
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), M. T. Sekgororoane

Registered Office
Plot 50371, Fairground
Office Park, Gaborone

Postal Address
PO Box 32, Kasane
www.chobeholdings.co.bw

Transfer Secretaries
DPS Consulting Services Proprietary Limited
PO Box 1453 Gaborone

Independent Auditors
PricewaterhouseCoopers
PO Box 1453 Gaborone