

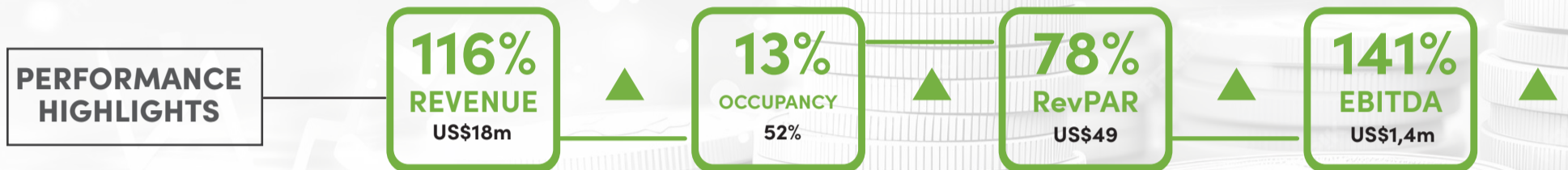
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RAINBOW TOURISM GROUP LIMITED

REVIEWED CONSOLIDATED GROUP FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2024



CHAIRMAN'S STATEMENT

1. INTRODUCTION

The first six months of the year have underscored the Group's robust capacity for recovery and growth. As Zimbabwe's economic environment began to stabilize, the Group underwent a rebound in all business operations, leading to a notable increase in revenue. A particularly encouraging development has been the increase in foreign tourists visiting Zimbabwe, alongside a resurgence in the domestic business segment. These factors have driven a sturdy growth in our occupancy rates, which have now surpassed pre-COVID 19 pandemic levels. This is the first time in history that the Group has broken the 50% occupancy mark at half year.

The Group continued its growth trajectory, posting a 141% increase in EBITDA compared to the same period in 2023. This performance was achieved regardless of the impact of exchange rate losses experienced during the first half of the year.

The Group's flagship hotel, the Rainbow Towers Hotel and Conference Centre underwent a major refurbishment from 29 March 2024 to 31 July 2024. The scope of works included the total rebuild and redesign of existing rooms as well as the stripping and modernization of the Harare International Conference Centre (HICC). The refurbishment has now positioned the Rainbow Towers Hotel to be a premier hotel of world class standard and the HICC as the preferred conference center in Africa. I am pleased to report that the hotel successfully hosted seven Heads of State from the SADC region as well as other dignitaries during the 44th Ordinary SADC Summit of Heads of State and Government in August 2024. HICC also successfully hosted the SADC Industrialisation week that ran from 28 July 2024 to 8 August 2024. Whilst being the largest conference centre in Africa capable of hosting 4,500 delegates, HICC now boasts brand new carpets, seating facilities and modern trappings such as electricity charging ports and a writing arm on every seat as well as air conditioning.

2. OPERATING ENVIRONMENT

The operating environment has witnessed significant improvement following the introduction of the new currency (ZwG) in the month of April. Inflation and rising operational costs presented significant challenges to the business especially in the first quarter of the year. In response to these challenges, the Group is implementing proactive measures to enhance its operations and mitigate these risks.

To address energy shortages and rising water costs, the Group has strengthened its resilience through targeted initiatives, including the installation of solar power systems and boreholes. These measures underscore the Group's commitment to providing our guests with seamless experiences. Moreover, these steps are in line with our commitment to responsible operations and long-term sustainability.

3. PERFORMANCE REVIEW

The Group recorded an increase in volumes during the first six months to 30 June 2024, achieving an occupancy of 52%, a 13% growth from the 46% recorded in June 2023. This growth into RTG hotels has been driven by the return of international tourists, which is now well ahead of pre-COVID-19 levels. Food & beverage and conferencing activities also posted significant growth, with volumes increasing by 35% in the review period. As international tourism returns to normal in the Victoria Falls market, the growth trajectory is expected to continue into the industry's peak season which traditionally lies in the second half of the year.

The Group recorded revenues of US\$18 million, a 116% increase from US\$8.3 million posted in 2023. The Group's margins have remained strong, improving to 67% from the 64% posted in 2023. The Group continues to record a substantial increase in its foreign currency revenues which supports the strengthening of the operating margin.

The Group posted Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) of US\$1.4 million which was a 141% increase from the US\$0.6 million posted in 2023. The increase in EBITDA is due to the cost containment initiatives as read together with growth in revenues.

The Group's financial position remains strong, however there was a slight decrease in the company's current ratio from the 31 December 2023 position of 1.16 to 1.14 as at 30 June 2024 (Table 1). The pressure on the business to deliver the product in time for the SADC Heads of State and Government Summit led to accelerated cash outflows that resulted in a lower current ratio than would have been realised otherwise.

Table 1

Financial indices	June 2024	Dec 2023
Gearing Ratio	2%	2%
Current Ratio	1.14	1.16
Acid Test	0.85	0.80

4. CHANGE IN REPORTING AND FUNCTIONAL CURRENCY

During the six months to June 2024, the Board reviewed the Company's functional currency for reporting purposes. In line with the provisions of International Accounting Standard 21, the Board adopted the United States Dollar (US\$) as the Group's functional and reporting currency.

5. SUSTAINABILITY AND CORPORATE SOCIAL INVESTMENT

Sustainability is at the core of the Group's strategy wherein it seeks to apply this philosophy across its business operations. These include strategies to address the Group's impact on the environment with a focus on the sustainable management of energy, water, and the environment. The company's sustainability efforts are founded on the United Nations Sustainable Development Goals (SDGs) where it focuses on SDG 1, 2 and 13. These SDGs seek to eradicate poverty, hunger and adopting a responsible approach to matters around climate change impact.

During the first half of 2024 the company launched the pilot afforestation project where it planted 6,050 trees in ten primary schools in Kadoma. At maturity, the trees will offset an estimated 133,100KG of carbon dioxide. The Company aims to achieve a net zero position for its direct carbon emissions by 2027. These efforts complement the strides made by the Group to adopt green energy solutions at Kadoma Hotel and Conference Centre where a 300KVA solar plant was recently installed.

6. PRODUCT UPGRADE

The Company completed the major refurbishment works at the Rainbow Towers Hotel and Conference Centre. The works undertaken at the hotel included the following:

- Conversion of 24 standard rooms into 6 diplomatic suites with the required specifications to host delegates of the highest profile. The hotel now has a total of 9 diplomatic suites and 1 presidential suite. The 6 diplomatic suites were created by collapsing 4 standard rooms into 1 suite. In addition to the suites, the hotel completed the refurbishment of the remaining 48 rooms into luxurious standard world class guest rooms.
- All guest elevators are now brand new with enhanced guest security through a new floor access control. This means that a guest can only access the floor in which they are booked.
- The HICC has undergone a comprehensive overhaul for the first time since its construction in 1985. This involved the complete strip-down and replacement of all chairs and carpets in the main auditorium. The new facility now boasts of charging ports and a writing arm on every seat which are a significant convenience for our conferencing delegates. HICC remains the largest single amphitheatre colosseum-style conferencing venue in Africa with the capacity to host 4,500 delegates. The acoustics conferred by the design and materials used in HICC are second to none.

I would like to thank His Excellency, the President of Zimbabwe, Dr. E.D Mnangagwa for the Honour of hosting his guests during the 44th Ordinary SADC Summit of Heads

of State and Government.

7. DIVIDEND

On behalf of the Board of Directors, I am pleased to inform shareholders that the Group has declared an interim dividend of US\$1,000,000, of which US\$400,000 (0.016 US cents per share) will be paid in United States dollars and the balance in ZiG. The dividend will be payable on 31 October 2024. A notice with the payment details will be circulated to shareholders.

8. LOOKING AHEAD

The Group remains optimistic about a strong second half of the year, driven by the industry's recovery, which typically occurs in the later half of the year. The strong recovery in international tourism at RTG hotels is expected to surpass the best-ever performance recorded in post-pandemic years. Our strategic focus will be on protecting and indeed enhancing profit margins through diligent cost management and the adoption of innovative business models. We remain committed to leveraging synergies with our valued business partners and fostering a motivated workforce to create lasting value for our shareholders.

9. 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. We are extremely proud of our staff on successfully hosting the various SADC events including the hosting of seven Heads of States at our hotel as well as supplying Food and Beverages at venues outside the hotel including at Parliament, State House and other venues outside of our facilities.

Together, we will continue to innovate and seize the opportunities available to us to create sustainable value for all stakeholders.



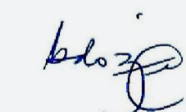
D. HOTO
CHAIRMAN
30 September 2024

INDEPENDENT AUDITORS' REPORT

The interim consolidated financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". An unqualified review conclusion has been issued there on.

The auditor's review conclusion is available for inspection at the Rainbow Tourism Group Limited's registered offices.

The engagement partner responsible for the review was Mr. Martin Makaya PAAB Practice Certificate number 0407.



BDO Zimbabwe Chartered Accountants
Per: **Martin Makaya CA (Z)**
Partner
Registered Public Auditor (PAAB Certificate No: 0407)
30 September, 2024

REVIEWED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes	30 June 2024	30 June 2023
	US\$	US\$
Revenue	18 038 564	8 337 549
Cost of sales	(6 015 239)	(2 920 896)
Gross profit	12 023 325	5 416 653
Other operating income	125 411	605 571
Operating expenses	(10 746 723)	(5 440 517)
Earnings before interest, tax, depreciation and amortization	1 402 013	581 707
Depreciation and amortization	(685 646)	(388 968)
Profit from operations	716 367	192 739
Finance expense	(117 557)	(239 144)
Net monetary gain	-	6 811 142
Profit before tax for the period	598 810	6 764 737
Income tax credit/(expense)	892 415	(153 643)
Profit after tax for the period	1 491 225	6,611,094
Other comprehensive income:	-	-
Total comprehensive income for the period	1 491 225	6 611 094
Earnings per share		
Basic earnings per share	0.060	0.268
Headline Earnings per share	0.051	0.268

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REVIEWED CONSOLIDATED GROUP FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2024 (CONT'D)

REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Notes	30 June 2024	31 December 2023
	US\$	US\$
ASSETS		
Non-current assets		
Property and equipment	43 974 879	43 948 898
Intangible assets	96 312	89 866
Right of use assets	180,795	185 984
	44,251,986	44 224 748
Current assets		
Inventories	2 707 144	3 018 028
Trade and other receivables	7 363 160	3 168 905
Financial assets	22 388	1 405 492
Bank and cash balances	537 593	2 137 143
	10 630 285	9 729 568
Total assets	54 882 271	53 954 316
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	249 650	249 650
Share premium	1 470 887	1 470 887
Revaluation reserve	29 654 665	29 654 665
Retained earnings	4 365 287	3 233 171
Total equity	35 740 489	34 608 373
Non-current liabilities		
Lease liabilities	1 225 746	1 357 773
Borrowings	280 000	378 667
Deferred tax liability	8 349 162	9 241 577
	9 854 908	10 978 017
Current liabilities		
Borrowings	169 649	189 333
Trade and other payables	8,116,326	7 576 236
Special project	76 599	-
Corporate tax liability	370 943	230 895
Bank overdraft	402 702	241 782
Lease liabilities	150 655	129 680
	9 286 874	8 367 926
Total liabilities	19 141 782	19 345 943
Total equity and liabilities	54 882 271	53 954 316

REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital US\$	Share premium US\$	Revaluation reserve US\$	Retained earnings US\$	Total equity US\$
Balance at 1 January 2024	249 650	1 470 887	29 654 665	3 233 171	34 608 373
Comprehensive income for the period	-	-	-	1 491 225	1 491 225
Dividend paid	-	-	-	(359 109)	(359 109)
Balance at 30 June 2024	249 650	1 470 887	29 654 665	4 365 287	35 740 489
Balance at 1 January 2023	249 650	1 470 887	27 995 574	625 907	25 345 141
Comprehensive income for the period	-	-	-	6 611 093	6 611 093
Dividend paid	-	-	-	(347 565)	(347 565)
Balance at 30 June 2023	249 650	1 470 887	27 995 574	6 889 435	31 608 668

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. General information

Rainbow Tourism Group Limited is a company incorporated and domiciled in Zimbabwe. The Group is in the tourism services industry as hoteliers and providers of conference facilities. Its registration number is 4880/91. The Group is listed on the Zimbabwe Stock Exchange (ZSE).

These interim consolidated financial statements are presented in United States dollars which is both the functional and the presentation currency of the primary economic environment in which the Group operates.

These consolidated interim financial statements were approved for issue by the Board of Rainbow Tourism Group Limited on 24 September 2024.

2. New accounting standards

The Group reports in terms of International Financial Reporting Standards (IFRSs). The principle accounting policies of the Company have been applied consistently in all material respects with those of previous years. There are no new IFRSs or amendment to IFRSs that are effective for the first time this interim period that would be expected to have a material effect on the Group.

The abridged interim financial information has been reviewed.

3. Change in the Group's functional currency

Effective 1 January 2024, the Group changed its functional currency from the Zimbabwe dollar (ZWL) to United States Dollar (USD). In determining the functional currency, the following factors were considered:

- the currency that mainly influences sales prices for goods and services (the currency in which sales prices for goods and services are denominated and settled),
- the currency which influences labour, material and other costs of providing goods and services.
- the currency in which funds from financing activities are generated.
- the currency in which receipts from operating activities are usually retained.

The Group concluded that based on the above factors, there was a change in the Group's functional currency from ZWL to United States Dollars ("USD") with effect from 1 January 2024.

4. Statement of compliance

The interim consolidated financial statements for the period ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required to fully comply with IFRSs and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2023, which have been prepared in consistency with the International Financial Reporting Standards (IFRSs) and the Companies and Other Business Entities Act (Chapter 24:31). These financial statements are based on statutory records that are maintained under the historical cost convention, except for land and buildings that are maintained at fair value.

5. Revenue

	30 June 2024 US\$	30 June 2023 US\$
Rooms revenue	7,123,478	4,669,713
Food, beverages and conferencing	10,120,297	2,956,128
Other operating activities	794,789	711,708
	18 038 564	8 337 549

6. Other Income

	30 June 2024 US\$	30 June 2023 US\$
Rental from tenants	10 482	378 099
Fair value adjustment	12 310	8 140
Sundry income	102 619	219 332
	125 411	605 571

REVIEWED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

CASHFLOWS FROM OPERATING ACTIVITIES

	30 June 2024	30 June 2023
Profit before tax	598,810	5,813,598
Depreciation of property and equipment	685,646	500,595
Derecognition of property & equipment	-	363,785
Fair value adjustment on investments	(126,112)	260,841
Unrealised gain on borrowings	99,076	287,810
Unrealised gain on lease liability	-	1,358,358
Loss on disposal of property & equipment	107,797	-
Net finance costs	117,557	112,558
Operating profit before working capital changes	1,482,774	8,697,545

Decrease/(increase) in inventories	310,884	(2,196,243)
Increase in trade and other receivables	(4,194,255)	(82,152)
Increase in trade and other payables	540,090	3,609,687
Cash (utilised)/generated from operations	(1,860,507)	10,028,837

Finance costs	(117,557)	(17,244)
Income tax paid	(306,542)	(60,553)
Net cash inflows generated from operations	(2,284,606)	9,951,040

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	9 (817,663)	(4,222,498)
Special project funding utilisation	18 (4,123,401)	-
Development of intangible assets	10 -	(27,201)
Proceeds from sale of property and equipment	-	395,960
Purchase of gold-backed digital coins	-	1,383,104
Net cashflows utilised in investing activities	(3,162,000)	(5,915,601)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal paid on lease liability	(36,404)	(798,571)
Special project funding from Government	18 4,200,000	-
Increase in borrowings	-	325,810
Repayment of borrowings	(118,351)	(45,621)
Dividend paid	(359,109)	(1,847,514)
Net cashflows utilised in financing activities	3,686,136	(2,365,896)
Net (decrease)/increase in cash and cash equivalents	(1,760,470)	1,669,543

Cash and cash equivalents at beginning of period	1,895,361	225,818
Cash and cash equivalents at end of period	134,891	1,895,361

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REVIEWED CONSOLIDATED GROUP FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2024 (CONT'D)

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (continued)

7. Operating expenses	30 June 2024	30 June 2023
	US\$	US\$
Administrative expenses	5 774 065	2 709 440
Distribution expenses	1 712 381	1 159 303
Other operating expenses	3 260 277	1 571 774
	10 746 723	5 440 517

8. Earnings per share	30 June 2024		31 December 2023	
		US\$		US\$
Number of shares (000s)	-	-	-	-
Authorized shares of 0.01 cents each	2 500 000	2 500 000	2 500 000	2 500 000
Issued and fully paid shares of 0.01 cents each	2 459 537	2 459 537	2 459 537	2 459 537

8.1 Basic earnings per share	30 June 2024		31 December 2023	
		US\$		US\$
Profit attributable to shareholders	1 491 225	6 611 094	1 491 225	6 611 094
Weighted average number of shares in issue (000s)	2 459 537	2 459 537	2 459 537	2 459 537
Basic earnings per share (US cents)	0.060	0.268	0.060	0.268

8.2 Headline earnings per share continuing operations	30 June 2024		31 December 2023	
		US\$		US\$
Profit attributable to shareholders	1 491 225	6 611 094	1 491 225	6 611 094
(Loss)/profit on sale of assets	(224 415)	12 490	(224 415)	12 490
	1 266 810	6 623 584	1 266 810	6 623 584

9. Property and equipment	30 June 2024		31 December 2023	
		US\$		US\$
Opening carrying amount	43 948 898	4 330 784	43 948 898	4 330 784
Additions to property and equipment	817 663	4 222 498	817 663	4 222 498
Revaluation surplus	-	35 757 073	-	35 757 073
Depreciation charge	(685 646)	(208 618)	(685 646)	(208 618)
Carrying amounts of disposed assets	(106 036)	(152 839)	(106 036)	(152 839)
Closing carrying amount	43 974 879	43 948 898	43 974 879	43 948 898

10. Intangible assets	30 June 2024		31 December 2023	
		US\$		US\$
Opening carrying amount	89 866	25 186	89 866	25 186
Additions	-	27 201	-	27 201
Revaluation surplus	12 310	38 875	12 310	38 875
Amortisation charge	(5 864)	(1 396)	(5 864)	(1 396)
Closing carrying amounts	96 312	89 866	96 312	89 866

11. Right of use assets	30 June 2024		31 December 2023	
		US\$		US\$
Opening carrying amounts	185 984	192 881	185 984	192 881
Accumulated depreciation	(5 189)	(6 897)	(5 189)	(6 897)
Closing balance	180 795	185 984	180 795	185 984

Lease liabilities	30 June 2024		31 December 2023	
		US\$		US\$
Current liabilities	150 655	129 680	150 655	129 680
Non-current liabilities	1 225 746	1 357 773	1 225 746	1 357 773
Closing balance	1 376 401	1 487 453	1 376 401	1 487 453

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (continued)

12. Inventories	30 June 2024	31 December 2023
	US\$	US\$
Food and beverage	1 227 207	1 497 239
Service stocks	692 277	796 341
Other stocks	787 660	724 448
	2 707 144	3 018 028

13. Trade and other receivables	30 June 2024	31 December 2023
	US\$	US\$
Trade receivables	5 039 444	3 079 245
Prepayments and other	2 323 716	89 660
	7 363 160	3 168 905

14. Cash and cash equivalents	30 June 2024	31 December 2023
	US\$	US\$
Cash and bank balances	537 593	2 137 143
Bank overdraft	(402 702)	(241 782)
	134 891	1 895 361

15. Borrowings	30 June 2024	31 December 2023
	US\$	US\$
Current portion	169 649	189,333
Long term portion	280 000	378,667
	449 649	568,000

The Group has a loan facility of US\$ 2 million. The facility was used to revamp Heritage Expeditions Africa's fleet. The interest cost for the facility is 12.8% per year. The facility is secured with notarial general covering bond including a cession of book debts for US\$505 300.

16. Deferred tax	30 June 2024		31 December 2023	
		US\$		US\$
Analysis of deferred tax	8 847 235	9 697 397	8 847 235	9 697 397
Intangible assets	24 766	22 115	24 766	22 115
Right of use assets	46 555	47 891	46 555	47 891
Lease liability	(354 423)	(383 019)	(354 423)	(383 019)
Provisions	(214 970)	(142 807)	(214 970)	(142 807)
	8 349 163	9 241 577	8 349 163	9 241 577

Deferred tax reconciliation	30 June 2024		31 December 2023	
		US\$		US\$
Balance at the beginning of the year	9 241 577	3 449 106	9 241 577	3 449 106
Movement through profit or loss	(892 414)	1 028 743	(892 414)	1 028 743
Movement through other comprehensive income	-	4 763 728	-	4 763 728
Balance at the end of the period	8 349 163	9 241 577	8 349 163	9 241 577

17. Trade and other payables	30 June 2024	31 December 2023
	US\$	US\$
Trade payables	5 039 444	5 300 849
Provisions and other payables	3 076 882	2 275 387
	8 116 326	7 576 236

18. Other payables - special project	30 June 2024	31 December 2023
	US\$	US\$
Special project funding received	4 200 000	-
Special project funding utilised	(4 123 401)	-
	76 599	-

During the half year, the Group received Special Project funding from the Government through the Ministry of Local Government and Public Works (The Ministry). The funding was towards the extensive structural refurbishment works at Rainbow Towers Hotel and Conference Centre, a property leased from the Ministry. The total commitment for the project was US\$5.144 million out of which US\$4.2 million was received as of 30 June 2024. Subsequently, the remaining balance of US\$1.144 million was received in July 2024. All the funding was received by Rainbow Tourism Group and utilized as per the agreed Special Project budget. A Special Projects account was maintained to specifically account for the funding received and the corresponding expenditures.

19. Dividend disclosure
The board has resolved to declare an interim dividend of US\$1 million. The dividend will be payable in split of US\$400,000 (0.016 US cents per share) and the equivalent of US\$600,000 (0.586 ZWG cents per share) in ZWG.

20. Events after the reporting date
There are no significant events after the reporting date that require separate disclosure.

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

Right of use asset	Lease term	Remaining term	Option for an extension
Kadoma Hotel	20-25 years	13 years	Yes

The Group has a lease for Kadoma Hotel & Conference Centre. With the exception of short-term leases and leases of low-value underlying assets, the lease is reflected on the statement of financial position as a right-of-use asset and lease liability. The Group classifies its right-of-use asset in a consistent manner to its property and equipment. In accordance with the lease contract, the Group must keep those properties in a good state of repair and return the properties in their original condition at end of the lease term.