The unprecedented COVID-19 outbreak at the beginning of 2020 came with dire consequences. Actions taken by countries across the globe rolled in a domino effect throughout the globalized economy. The closedown impacted many industries out of which airline and hospitality were the biggest losers. The factors that affected the Group were mostly:

- Almost total inexistence of international travellers and tourists visiting Bahrain
- The closure of King Fahad Causeway had a substantial toll on Bahrain, depriving the most dependant sector on Saudi's influx, hotels, and restaurants.
- On top of that, the suspension of normal restaurant operation (except takeaway), for almost five months period, dragged this sector revenue to the lowest ever seen; major losses were incurred despite all measures and actions taken by the management to mitigate the crisis.
- The restriction on gatherings and meetings resulted in the cancellation of all meetings, events, and weddings.
- The ordinance to close retail businesses impacted our stores' and outlets; nevertheless, the management readiness boosted the e-commerce channels, which alleviated as an all-time operating revenue stream.
- There was a significant slowdown to the entire supply chain.
- Creditors' inability to fulfil their commitments, led to an increase in provisions.
- Inventories were expiring as a consequence of poor or no demand.
- Projects were put on hold, except for the Airport Hotel planned to open in a few weeks.
- Increase in cybersecurity risks
- Lack of employees' confidence in jobs' continuity.

In light of the above challenges, the Gulf Hotels Group trading was hugely affected and the Group's management strived to minimize the damage from the biggest crisis to face by the Group in its fifty years of history. The major challenges included:

- Zero income was reported by some units against large fixed and operational costs.
- A decrease in lease revenues.
- Trade imbalance.
- Cutting through the restructuring of the workforce across the entire hierarchy.
- Cutting costs via extreme controls.
- Embracing a suddenly emerging shift towards change.
- Embracing remote working as a contingency to safeguard our staff.
- Introducing a raft of new procedures, particularly in the area of hygiene and sanitation.
- Creating exhaustive weekly reports for sound and timely decision making as crisis response.
- Rapid response to track and trace any possible positive virus case, isolating staff to keep the team at large safe.
- Changes to the marketing plan to address customer concerns of hygiene and safety during the pandemic
- Mitigating a global economic downturn resulting in lesser consumer spending along with a decrease in consumers' confidence.
- Accepting that losses to incur are inevitable facts and the most important is keeping the business afloat as the top priority.

While uncertainty reigns about reopening some sections of the business and what the "new normal" will be, our approach is focused on the best practices during this current period:

- By improving the health and safety standard operating procedures and techniques
- Adopting the best practices to safeguard our staff, our clients and preventing virus transmission
- Practicing cash disinfection and utilizing wireless payment technologies.
- Rotating staff to support other divisions where the business exists.
- Sharing resources across the Group.

- Empowering the Shared Services Centre to reduce overheads.
- Attending all actions that can be taken as stated by laws and regulations.
- Financially developing forecast models simulating all possible scenarios, and actions.
- Benefiting in all extents from our Research and Sourcing (Procurement) functions.
- Avoiding any outsourcing by benefiting our staff and senior management soft skills in multitasking roles.

The above summarizes the impact of the crisis from an operational perspective, while our financials have recorded for the year 2020 a GOP of BD 7.4m reflecting the Group’s ability to generate cash in very difficult trading conditions, while the net loss of BD 8.1m is substantiated as follows:

1- A 48.83% decrease in sales
2- Most of the constant elements remained the same as the previous year i.e. depreciation and loan interest.
3- BD 576,126 increase in provisions for doubtful debts.
4- Impairment of land BD 5m

We are not foreseeing any going concern qualification for GHG despite the adverse decrease in revenue, that we aligned with a decrease in costs in general, and optimization of our costs of sales; any recorded losses won’t have a severe impact on the equity of the company. GHG’s business structure is continuously evolving and scrapping unnecessary processes or roles; GHG doesn’t have any legal challenges; finally, GHG has robust accounting and reporting systems in place with a professional team continuously monitoring and reporting trends and financial indicators.

Since the vaccine availability had become a reality, diverse types of cures are getting announced and applied in different countries, while the Government’s successful containment plans have proven efficient for maintaining the country's rates at very acceptable levels, life and economy cycles remain in motion.

GHG’s future cash flows’ forecasts do not raise any red flags about the business "going concern" when it comes to working capital and liquidity; even in the worst-case scenarios, GHG’s financial and shareholders have ample resources to continue to operational existence for a year to come.

The below statutory auditors’ condensed interim financial information for the year ended 31st December 2020 are as follows:

Financial statement area	Nature of impact	Amount <BD>
Operating Income	Decrees	(18,834,180)
Government grants	Increase	922,878
Property impairment	Increase	(5,064,680)
Impairment allowance of trade receivable	Increase	(576,126)
Accumulated losses		(8,127,985)

No other significant impact has been noted by the management on other financial statement areas during the period ended 31st December 2020.