AFRICAN SUN LIMITED

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

TRADING UPDATE

for the first quarter ended 31 March 2024

African Sun Limited ("the Company" or "the Group") hereby presents the Trading Update for the first quarter ended 31 March 2024.

Trading Environment

The first quarter (Q1) of 2024, was characterized by monetary policy anxiety as the market awaited policy direction from the new Reserve Bank of Zimbabwe ("RBZ") Governor. Market speculation and short-term positioning were rife, resulting in exchange rate distortions, inflationary pressures and ongoing liquidity constraints. Frequent and prolonged power outages and the impact of poor rains also caused its fair share of challenges, which saw the country's blended annual inflation rate peaking at 55.3% in March 2024, the highest in over a year, resulting in a consequential sharp depreciation of the local currency by over 270% against the United States Dollar (USD).

Financial Performance

The 31 March 2024 financial results presented below are unaudited and are presented in USD. The first quarter remains the Group's traditional low season in terms of business levels and financial performance, but the results show a marked improvement compared to the same period last year. Below are the financial performance highlights:

Salient Financial Highlights

	FIRST QUARTER (Q1)		
	31 March 2024 USD	31 March 2023 USD	Growth Percentage
Revenue	**11,082,307**	7,896,839	40%
Operating costs	**(10,821,984)**	(8,310,389)	-30%
EBITDA	**260,323**	(413,550)	163%
Depreciation and amortisation expense	**(1,172,247)**	(1,273,522)	8%
Finance costs - lease liabilities	**(437,477)**	(145,702)	-200%
Finance income - net	**83,376**	(15,878)	625%
Loss before tax	**(1,266,025)**	(1,848,652)	32%
Cash and cash equivalents	**8,632,323**	9,334,188	-8%
Occupancy	**47%**	39%	21%
Revenue per available room	**48**	37	30%
Total revenue per available room	**97**	68	43%
Average daily room rate	**108**	94	15%

Revenue for Q1 at USD11,1 million, is 40% ahead of the prior year, largely driven by higher demand for conferences during the quarter, resulting in an 8-percentage-point increase in occupancy and a firmer Average Daily Rate ("ADR"). During Q1 2024, the domestic market continued to be the primary source of business, contributing 76% of the total room nights sold, while the international market is gradually recovering, contributing 24% of room nights, a 54% growth from the same period last year. The increase in ADR and occupancy results from ongoing product improvements and revenue-yielding efforts.

On profitability, the Group recorded an EBITDA of USD 0.26 million, an improvement from an EBITDA loss of USD 0.41 million recorded in the same period last year. Loss before tax was USD 1.27 million from USD 1.85 million in the comparable period, an improvement of 32%. The enhanced profitability is mainly attributable to growth in revenues as indicated above.

The Group maintained its strong liquidity position, with a cash and cash equivalents balance of USD 8.6 million at the end of the quarter. Furthermore, the Group remains debt-free. However, due to the need to refurbish and modernise our hotel product portfolio, the Group is seeking suitable debt funding opportunities in the local and regional markets.

The Group declared a final dividend of USD 350,000 for the 2023 financial year, following the end of Q1 2024.

Outlook

Moving forward, we expect to see continuing improvements in our business, driven by the recovery of the international market which had been lagging since the waning of the pandemic.

The recent introduction of the Zimbabwean Gold (ZiG) currency at the beginning of the second quarter sparked a renewed sense of optimism, as it aimed to foster stability in prices and exchange rates by instilling market confidence. However, access to foreign currency through formal channels remains critical, particularly given the suspension of the Auction System following the introduction of the new currency.

The Group has budgeted major capital investments in 2024 mainly in hotel property refurbishments and digital infrastructure, to modernise its information technology environment. These investments will lay the foundation for sustainable growth and increased returns to our shareholders.

By order of the Board

V. T. Musimbe

Venon T. Musimbe
Company Secretary and Governance Executive

15 May 2024

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