



A new season |
under the African Sun |

**Condensed audited consolidated
financial statements for the year ended
31 December 2023**

EXPERIENCE. EXPLORE. ENJOY.



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Statement of Vision

To be the leading provider in hospitality and leisure operations in Africa.

Mission

We provide outstanding hospitality experiences that our guests love.

To our Guests

Exceeding their expectations through the provision of a delightful service, as they are our reason for existence.

To our Employees

Creating opportunities for personal growth and balanced lifestyles for all our staff to enable them to positively influence lives around them and delight our guests.

To our Community and Environment

To be a model corporate citizen in the society in which we operate from where we derive our identity and being.

To our Business Partners

Establishing ethical and honest relationships with our business partners and suppliers who enable us to meet and exceed our guest expectations.

To our Shareholders

Deliver real value growth to our shareholders in excess of 20% return on equity per annum.

Our Core Values and Beliefs

Our five-point "ExCite" value system forms the basis of our belief system within the organisation.

We will do so through:

- **Excellence** – We deliver experiences beyond expectation.
- **Care** – We are each other's keeper and are mindful of the well being of all.
- **Innovation** - We explore ideas and encourage different mindsets that facilitate continuous improvement.
- **Teamwork** – We believe together we achieve more.
- **Enjoyment** - We are passionate and take delight in everything we do.

Directorate and corporate information

Directors

C. F. Chikosi	(Appointed, 10 July 2023)	(Chairman)
L. M. Mhishi	(Appointed, 1 August 2023)	(Lead Independent Director)
L. Ward*	(Appointed, 20 January 2024)	(Acting Chief Executive Officer)
L. Chikara*	(Appointed, 1 October 2023)	(Chief Finance Officer)
Dr. E. A. Fundira	(Resigned, 29 June 2023)	
P. Saungweme		
N. Y. Mutizwa	(Resigned, 30 June 2023)	
S. Village	(Appointed, 22 March 2024)	
B. I. Childs		
G. Chikomo		
T. M. Denga		
A. E. Siyavora		
V. W. Lapham		

*Executive

Company secretary

V.T. Musimbe

Registered office

African Sun Limited, c/o Monomotapa Hotel

54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe

Email: venon.musimbe@africansunhotels.com

Independent auditor

Grant Thornton Chartered Accountants (Zimbabwe)

Camelsa Business Park, 135 Enterprise Road, Harare, Zimbabwe

Main bankers

FBC Bank Limited

5th Floor, FBC Centre, Nelson Mandela Avenue, Harare, Zimbabwe

Lead legal

Dube, Manikai and Hwacha Commercial Law Chambers

6th Floor, Goldbridge, Eastgate Complex, Sam Nujoma Street, Harare, Zimbabwe

Transfer secretaries

Corpserve (Private) Limited

2nd Floor, ZB Bank Centre, Cnr Kwame Nkrumah Avenue/First Street, P.O. Box 2208, Harare, Zimbabwe

Tel: +263 242 758193

Email: paradzai@escrowgroup.org

Investor relations

Web: www.africansunhotels.com



Financial highlights

	31 December 2023	31 December 2022
Revenue	USD 54.73 million	USD 42.14 million
Occupancy	52%	46%
Profit from continuing operations	USD 0.52 million	USD 7.60 million
(Loss)/profit for the year	(USD 0.36) million	USD 7.00 million
Finance costs	USD 0.01 million	USD 0.18 million
Average daily room rate (ADR)	USD 110	USD 79
EBITDA	USD 9.45 million	USD 17.86 million
Rooms revenue per available room	USD 57	USD 36
Total revenue per available room	USD 109	USD 69
Operating expenses	USD 33.34 million	USD 23.36 million
Basic (loss)/earnings per share for the year	(0.02) USD cents	0.48 USD cents
Permanent staff complement	837	863

Chairman's statement

Introduction

On behalf of the Board of Directors of African Sun Limited and its subsidiaries ("the Group"), I am pleased to present to you the audited, condensed, consolidated financial statements for the year ended 31 December 2023.

Operating environment

The past year has been significant for the Group as we continue to recover from the impact of the COVID-19 pandemic, with the Group achieving an occupancy rate of 52% which surpassed the 2019 pre-pandemic occupancy level of 46%. The sustained recovery of international tourism resulted in an improvement of the occupancies, despite the ongoing global inflation and geopolitical tensions. According to the United Nations World Tourism Organization ("UNWTO") World Tourism Barometer, international tourism ended 2023 at 88% of pre-pandemic levels, with an estimated 1.3 billion global travellers.

At the start of the reporting period, the domestic operating environment was characterised by reduced inflation and market stability in response to the various initiatives introduced by the authorities to instill economic confidence, foster market discipline, and bolster local currency demand. However, the macroeconomic environment became turbulent from the latter part of the first quarter with significant inflationary pressures and exchange rate volatilities. Annual inflation, as measured by the movement in the official exchange rate, was 780% for the 2023 financial year as compared to 520% for the prior year.

The disparity between the "parallel" market exchange rate and the official exchange rate continued to exert pressure on operating margins, as a result of the notable mismatch between the pricing exchange rate for goods and services in Zimbabwe Dollar ("ZWL"), the exchange rate used by suppliers and the exchange rate used to liquidate foreign currency into ZWL.

To mitigate these challenges, the Group is implementing various initiatives in procurement to minimize the effects of inflationary cost escalations. Additionally, The Group will continue strategic engagements with key service providers to reduce high utility costs.

Change in functional currency

The Group changed its functional currency from ZWL to United States Dollars ("USD") on 1 January 2023. Leading up to 31 December 2022, the Group recorded a steady increase in the use of foreign currency across its businesses. This increase was also highlighted by the Reserve Bank of Zimbabwe Governor in his 2023 mid-term monetary policy statement presented on 9 August 2023, in which he reported that 70% of the transactions in the economy and 65% of customer bank deposits were in USD. In line with these macroeconomic developments, the Directors assessed and concluded that the Group's functional currency had changed from ZWL to USD. The change in the Group's functional currency is further supported by the Listing Requirements of the Victoria Falls Stock Exchange ("VFEX"), which requires issuers to present financial statements in USD. For further details, refer to note 4 below.

The Group complied with the guidance of the International Accounting Standards ("IAS 21"), "The Effects of Changes in Foreign Exchange Rates," which directs entities operating in hyperinflationary economies to translate their last reported inflation-adjusted financial statements using the closing exchange rate at the reporting date to derive and present comparative financial statements under a newly assessed functional currency.

While the Directors have applied the guidance of IAS 21 to present the comparative financial information the following key factors should be noted:

- The 2022 ZWL internal inflation rate of the Group more closely matches movements in foreign exchange rates which are significantly different to the price index used in 2022 to adjust for inflation.
- There were significant distortions between the official exchange rate during the 2022 year and the pricing exchange for goods and services.



Chairman's statement (continued)

The Directors are of the view that the above factors result in the 2022 comparative information being questionable as a measure of the historic financial performance of the Group and accordingly, would like to advise users to exercise caution in their use.

Going forward the Directors believe the USD functional currency will better portray the Group's financial performance, produce financial reports that are easily comparable year-on-year, and make it easier to track key performance metrics.

Financial performance

During the year under review, the Group posted an operating profit of USD 3.74 million. The Group, however, recorded a marginal profit after tax from continuing operations of USD 0.52 million, largely as a result of a harsh macroeconomic operating environment, characterised by costs escalating at a higher rate than revenues, compounded by material exchange rate losses triggered by the above mentioned rebasing of the Group's functional currency, as highlighted below. The Group had a high effective tax rate for the year under review, worsened by declining values of capital allowances due to inflation.

Revenue

The Group revenue was USD 54.73 million up 30% against the comparable period. The improved performance was driven by firmer Average Daily Rates ("ADR") which closed 2023 at USD 110, an increase of 39% against USD 79 achieved during the comparable period as a result of changes in customer mix. Hotel occupancies increased to 52%, 6 percentage points above 2022. Revenue per Available Room ("RevPAR") for accommodation revenue increased by 58% to USD 57, up from USD 36 in the comparative period.

Operating expenses

The Group's operating expenses, excluding depreciation, increased by 43% to USD 27.63 million compared to USD 19.29 million in 2022 driven largely by exchange rate volatility, inflationary pressures, and the crystallisation of expenses in USD as the economy continued to dollarise

at a rapid pace. The Group will continue to monitor costs and implement various cost-saving initiatives.

Profitability

Earnings before interest, tax, depreciation, and amortisation ("EBITDA") was USD 9.45 million, down from USD 17.86 million in 2022, and the loss for the period was USD 0.36 million. Two of the Group's hotels under external leases had their base rentals changed from ZWL to USD, and this had the downstream effect of significantly increasing the lease liability interest and right-of-use assets depreciation compared to 2022.

The discontinued operations loss of USD 0.89 million largely comprises property and equipment impairments post the closure of The Kingdom at Victoria Falls Hotel and the Makasa Sun Casino. This follows the mutual termination of the lease at The Kingdom at Victoria Falls Hotel, due to an untenable lease tenure. The Group will continue looking for suitable expansion opportunities in appropriate locations and with the right timing and funding structures.

With regards to liquidity, the Group operated free of debt and had cash and cash equivalents of USD 10.87 million as at 31 December 2023. The Group is currently in discussions with leading financial institutions to secure funding to complement its healthy cash balances for deployment in carrying out accelerated material hotel refurbishment projects.

Portfolio transformation: hotel refurbishments

Our cash deployment strategy mainly focuses on completing targeted hotel refurbishments to enhance guest experience. During the period under review, we continued to prioritize strategic capital allocation initiatives. This included the completion of the refurbishment of the remaining 46 rooms at Hwange Safari Lodge and the refurbishment of the public areas which is progressing well. The refurbishment of the public areas at Troutbeck and the Great Zimbabwe conference centre was also completed during the period under review.

Dividend declaration

Interim dividend

The Board approved an interim dividend of USD 750,035, which was paid in January 2024.

Final dividend

The Board resolved to declare a final dividend of USD 350,000 for the year ended 31 December 2023, to be paid out of retained earnings. This brings the total dividend for the year to USD 1.10 million. While the Group has made an attributable loss for the financial year, it has maintained its strong cash-generating capacity. The Group's cash generated from operating activities amounted to USD 5.51 million for the financial year under review. The detailed dividend notice will be circulated separately.

Outlook

Looking at the year ahead, the UNWTO forecasts international tourist arrivals to fully recover to pre-pandemic levels in 2024, with initial estimates pointing to a 2% growth above the 2019 levels, underpinned by increased air connectivity, and continued recovery of Asian markets and destinations. However, persisting global inflation and rising oil prices translating into higher transport and accommodation costs could weigh down on spending patterns and demand over the forecast period.

On the domestic front, we anticipate yield on the growing demand for Meetings, Incentives, Conferencing, and Events ("MICE") business as well as benefits from several high-profile events, including the Zimbabwe International Trade Fair ("ZITF") and the Victoria Falls Carnival (which event we are hosting at Elephant Hills Resort and Conference Centre), among others.

While macroeconomic uncertainty around inflation and currency instability persists, we are fortunate to have the liquidity and financial flexibility to make prudent investments, aligning with our vision of ensuring a

seamless and enjoyable guest experience. During 2024, we have planned significant capital investments into enabling Information Technology and further hotel refurbishments. These investments set the stage for a sustainable growth trajectory for the Group and enhanced returns for our shareholders.

Directorate changes

Dr. Emmanuel Fundira retired as the Chairman of the Board on 29 June 2023, after serving the Group for over 10 years. I was appointed Chairman of the Board of Directors effective 10 July 2023.

Mr. Ndangariro Mutizwa stepped down as the Chief Finance Officer on 30 June 2023 and Mr. Lewis Chikara was appointed Chief Finance Officer effective 1 October 2023.

Mr. Lawrence Ward ("Laurie") was appointed as the Chief Operating Officer effective 8 December 2023.

On behalf of the African Sun Board, I would like to take this opportunity to express my gratitude to Emmanuel, and Ndangariro for their service to the Group and wish them all the best in their future endeavors. In the same vein, I would also like to extend a warm welcome to Lewis and Laurie and wish them the best in their tenure.

Appreciation

I would like to express my heartfelt gratitude to our board, executive team, staff, shareholders, and all our broader stakeholders. Your unwavering support and commitment to our vision has been invaluable in getting us to where we are today. Thank you for your continued patronage and support.

C.F. Chikosi
Chairman

25 April 2024



Auditor's statement

These condensed financial results derived from the audited consolidated financial statements of African Sun Limited and its subsidiaries "the Group" for the financial year ended 31 December 2023, should be read together with the complete set of audited consolidated financial statements of the Group for the year ended 31 December 2023, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Edmore Chimhwa, Registered Public Auditor 0470.

An unmodified opinion has been issued on the consolidated financial statements for the year then ended. There is an emphasis of matter paragraph regarding the restatement of investment property and property and equipment opening balances following the change in functional currency from ZWL to USD on 1 January 2023 including the effects thereof.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements. The key audit matter were with respect to revenue from contracts with customers and fair value measurement. The auditor's opinion is not modified in respect of these matters.

The auditor's report on the consolidated financial statements and the full set of the audited consolidated financial statements, is available for inspection at the company's registered office and the auditor's report has been lodged with the Victoria Falls Stock Exchange.

Condensed audited consolidated statement of financial position

As at 31 December 2023

All figures in USD	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property and equipment	8	85,553,941	79,991,089
Investment property	9	10,680,900	12,419,021
Right of use assets	10.1	17,368,760	4,895,605
Financial assets	11	754,231	65,474
Biological assets		334,581	285,411
Deferred tax assets		-	29,051
Total non-current assets		114,692,413	97,685,651
Current assets			
Assets classified as held for sale	12.6	3,600,000	3,533,845
Inventories		6,806,249	4,676,332
Trade receivables	11	1,938,603	2,005,012
Other financial assets	11	4,425,453	2,162,101
Cash and cash equivalents	11	10,869,828	11,463,432
Total current assets		27,640,133	23,840,722
Total assets		142,332,546	121,526,373
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		2,476,768	2,476,768
Share premium		14,008,943	14,008,943
Equity-settled share based payment reserve	21.1	223,300	213,296
Foreign currency translation reserve	21.2	8,346,540	8,269,216
Revaluation reserve		32,596,404	27,543,868
Retained earnings		42,293,531	44,270,888
Total equity		99,945,486	96,782,979
Liabilities			
Non-current liabilities			
Deferred tax liabilities		12,309,226	11,567,149
Lease liabilities	10.2	14,438,109	1,624,299
Deferred lease income		-	1,105
Total non-current liabilities		26,747,335	13,192,553
Current liabilities			
Liabilities associated with assets classified as held for sale		-	152,908
Trade and other payables		13,200,844	9,455,015
Current income tax liabilities		490,530	229,565
Provisions	15	1,783,416	1,695,112
Deferred lease income		-	253
Lease liabilities	10.2	164,935	17,988
Total current liabilities		15,639,725	11,550,841
Total liabilities		42,387,060	24,743,394
Total equity and liabilities		142,332,546	121,526,373



Condensed audited consolidated statement of comprehensive income

For the year ended 31 December 2023

All figures in USD	Note	31 December 2023	31 December 2022
Revenue	14	54,726,234	42,141,611
Cost of sales	16	(15,832,160)	(11,438,111)
Gross profit		38,894,074	30,703,500
Other income	17.1	533,360	7,450,297
Operating expenses	16	(33,338,495)	(23,364,758)
Net impairment reversal/(losses) on financial assets	13.2	405,609	(463,928)
Other expenses	17.2	(2,751,964)	(541,797)
Operating profit		3,742,584	13,783,314
Finance income		229,036	54,514
Finance costs		(9,951)	(183,666)
Finance costs - lease liabilities		(1,344,478)	(271,986)
Net monetary loss - IAS 29*		-	(5,190,191)
Profit before tax		2,617,191	8,191,985
Income tax expense	18	(2,096,146)	(591,254)
Profit from continuing operations		521,045	7,600,731
Loss for the year from discontinued operations	12.4	(885,634)	(605,404)
(Loss)/profit for the year		(364,589)	6,995,327
Other comprehensive income for the year net of tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		77,324	324,874
<i>Items that may not be subsequently reclassified to profit or loss</i>			
Revaluation surplus		5,266,482	6,224,722
Other comprehensive income for the year net of tax		5,343,806	6,549,596
Total comprehensive income for the year		4,979,217	13,544,923
(Loss)/profit attributable to:			
Owners of the parent		(364,589)	7,055,160
Non-controlling interests		-	(59,833)
		(364,589)	6,995,327
Total comprehensive income attributable to:			
Owners of the parent		4,979,217	13,604,756
Non-controlling interests		-	(59,833)
		4,979,217	13,544,923
Earnings per share attributable to:			
Owners of the parent during the year (USD cents)			
Basic and diluted (loss)/earnings per share	20	(0.02)	0.48
Headline earnings per share	20	0.02	0.51

*The net monetary loss is a result of hyperinflation accounting in the prior year, as the Group's functional currency was ZWL a currency of hyperinflationary economy.

Condensed audited consolidated statement of cash flows

For the year ended 31 December 2023

All figures in USD	Note	31 December 2023	31 December 2022
Cash flows from operating activities			
Cash generated from operations	19	7,998,867	14,008,586
Finance income received		229,036	55,809
Finance cost paid		(9,951)	-
Finance cost paid - lease liabilities		(1,344,478)	(272,487)
Tax paid		(1,361,627)	(2,233,472)
Cash generated from operating activities		5,511,847	11,558,436
Cash utilised in investing activities			
Proceeds from sale of subsidiary	12.5	309,293	-
Purchase of property and equipment	8	(5,585,513)	(4,354,590)
Proceeds from sale of investment property		788,905	268,664
Purchase of equity investments		(569,234)	-
Proceeds from sale of property and equipment		200,084	84,598
Proceeds from sale of non-current assets held for sale		-	459,130
Cash utilised in investing activities		(4,856,465)	(3,542,198)
Cash utilised in financing activities			
Repayment of lease liabilities		(106,887)	(45,638)
Dividend paid		(1,076,679)	(1,525,610)
Cash utilised in financing activities		(1,183,566)	(1,571,248)
(Decrease)/increase in cash and cash equivalents		(528,184)	6,444,990
Cash and cash equivalents at beginning of the year		11,463,432	5,720,183
Exchange (loss)/gains on cash and cash equivalents		(65,420)	1,281,287
Effects of restatement on cash and cash equivalents		-	(1,983,028)
Cash and cash equivalents at the end of the year		10,869,828	11,463,432



Condensed audited consolidated statement of changes in equity

For the year ended 31 December 2023

All figures in USD	Share capital	Share premium	Equity-settled share based payment reserve	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest ("NCI")	Total equity
Year ended 31 December 2022									
Balance as at 1 January 2022	2,475,268	11,948,562	182,905	7,944,342	21,319,146	35,025,732	78,895,955	5,977,521	84,873,476
Profit/(loss) for the year	-	-	-	-	-	7,055,160	7,055,160	(59,833)	6,995,327
Other comprehensive income:									
Currency translation differences	-	-	-	324,874	-	-	324,874	-	324,874
Revaluation surplus - net of tax	-	-	-	-	6,224,722	-	6,224,722	-	6,224,722
Total comprehensive income/(loss) for the year	-	-	-	324,874	6,224,722	7,055,160	13,604,756	(59,833)	13,544,923
Transactions with owners in their capacity as owners:									
Share options cost	-	-	30,391	-	-	-	30,391	-	30,391
Shares issued	1,605	2,200,477	-	-	-	-	2,202,082	-	2,202,082
Treasury shares	(105)	(140,096)	-	-	-	-	(140,201)	-	(140,201)
Transfer of NCI to equity attributable to owners of the parent	-	-	-	-	-	3,715,606	3,715,606	(5,917,688)	(2,202,082)
Dividend	-	-	-	-	-	(1,525,610)	(1,525,610)	-	(1,525,610)
Balance as at 31 December 2022	2,476,768	14,008,943	213,296	8,269,216	27,543,868	44,270,888	96,782,979	-	96,782,979
Year ended 31 December 2023									
Balance as at 1 January 2023	2,476,768	14,008,943	213,296	8,269,216	27,543,868	44,270,888	96,782,979	-	96,782,979
Loss for the year	-	-	-	-	-	(364,589)	(364,589)	-	(364,589)
Other comprehensive income/(loss):									
Currency translation differences	-	-	-	77,324	-	-	77,324	-	77,324
Transfer to retained earnings	-	-	-	-	(213,946)	213,946	-	-	-
Revaluation surplus - net of tax	-	-	-	-	5,266,482	-	5,266,482	-	5,266,482
Total comprehensive income for the year	-	-	-	77,324	5,052,536	(150,643)	4,979,217	-	4,979,217
Transactions with owners in their capacity as owners:									
Share options cost	-	-	10,004	-	-	-	10,004	-	10,004
Dividend	-	-	-	-	-	(1,826,714)	(1,826,714)	-	(1,826,714)
Balance as at 31 December 2023	2,476,768	14,008,943	223,300	8,346,540	32,596,404	42,293,531	99,945,486	-	99,945,486



Notes to the condensed audited consolidated financial statements

For the year ended 31 December 2023

1 Reporting entity

African Sun Limited (referred to as “the Company”) is a Zimbabwean corporation operating as part of a larger group (referred to as “the Group”). The Group’s primary activities involve managing ten hotels, operating two Lodges in Zimbabwe under a timeshare model, and operating a sales and marketing office in South Africa that focuses on international and regional sales. In addition to its hospitality operations, the Group also has a real estate division. This division owns seven hotel buildings that are operated by the hotel division. Furthermore, the Group holds more than 3,100 hectares of land across Zimbabwe, with 2,630 hectares primarily held for capital appreciation or future development purposes.

As a Zimbabwean corporation, the Company is incorporated and domiciled in Zimbabwe. It is publicly listed on the Victoria Falls Stock Exchange (VFEX). The majority shareholder of the Company is Arden Capital Management (Private) Limited, which owns 60.42% (2022: 60.42%) of the ordinary share capital of the Company.

The Company’s registered address is Monomotapa Hotel, Number 54 Park Lane Road, Harare, Zimbabwe.

These condensed consolidated financial statements were approved for issue by the Directors on 25 April 2024.

2 Basis of preparation

The condensed consolidated financial statements as of 31 December 2023, include the financial statements of African Sun Limited and its subsidiaries. These statements comply with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and the disclosure requirements of IAS 34 “Interim Financial Reporting.” Selected explanatory notes are provided to clarify significant events and transactions that impact the Group’s performance and financial position. The condensed consolidated financial statements are prepared using the historical cost convention, with modifications made for the revaluation of investment property, biological assets, financial assets, and property and equipment, as required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31) and the VFEX Listing Requirements.

Preparing condensed consolidated financial statements in accordance with IFRS involves the use of critical accounting estimates and requires management to exercise judgment when applying the Group’s accounting policies. Note 6 discloses the areas that involve a higher degree of judgment or complexity, including assumptions and estimates that are significant to the financial statements.

The condensed consolidated financial statements are presented in United States Dollars (USD), and all amounts are rounded to the nearest dollar, unless otherwise stated.

3 Accounting policies

The accounting policies utilized in the preparation of these condensed consolidated financial statements remain consistent with the most recent financial statements, unless otherwise indicated. For comprehensive disclosures and a complete understanding of the accounting policies employed, please refer to the full set of financial statements provided in our annual report.

4 Change in functional and presentation currency

The Group changed its functional currency and presentation from Zimbabwe Dollars (“ZWL”) to United States Dollars (“USD”) with effect from 1 January 2023.

This change was driven by several factors, including the steady increase in the use of foreign currency, particularly USD, across the Group’s businesses following the promulgation of Statutory Instrument (SI) 185 of 2020 on 24 July 2020. The Reserve Bank of Zimbabwe Governor reported during the 2023 mid-monetary policy statement presentation that 70% of the economy transactions and 65% of customer deposits were in USD. This trend was already reflected in the Group’s revenue and expenditure transactions.

In accordance with the requirements of IAS 21, “The Effects of Changes in Foreign Exchange Rates,” management assessed the currency that best reflected the underlying transactions, events, and conditions relevant to the Group. The assessment considered the following factors:

- (i) As of 31 December 2022, USD became the predominant currency utilized for settling transactions associated with rooms, food and beverage, and residential properties, representing more than 60% of the Group’s total revenue.
- (ii) Due to hyperinflation of the ZWL currency, prices of rooms, food, beverage, and properties were indexed against the USD. The Group’s pricing policies were mainly influenced by USD inputs.
- (iii) The Group experienced a rise in USD expenditures for materials, labor, and other costs associated with providing goods and services, driven by increased USD receipts and demand from suppliers.
- (iv) Due to ZWL currency devaluation, the Group preferred to retain USD receipts generated from its operating activities while disposing of ZWL currency as soon as it was generated.

Based on these factors, the Group concluded that there was a change in its functional currency from ZWL to USD, effective from 1 January 2023. The change in functional currency was applied prospectively.

Additionally, African Sun Limited, listed on the VFEX on 14 April 2023, and adopted USD as its presentation currency in compliance with the VFEX listing requirements, which mandate financial statements to be presented in USD.

Translation on date of change of functional currency

In the past, the Group’s financial statements were reported in Zimbabwe Dollars (ZWL), a currency that was subject to hyperinflation. In accordance with IAS 29, “Financial Reporting in Hyperinflationary Economies,” the Group restated its historical financial statements to reflect the effects of hyperinflation.

IAS 21 requires entities operating in hyperinflationary economies to translate their last reported inflation-adjusted financial statements using the closing exchange rate at the last reporting date, which was the effective date of the change in functional currency. For the Group, the prior year comparative numbers were translated to USD using the closing rate of USD1:ZWL755 as of 31 December 2022, except for property and equipment and investment properties as disclosed in note 7.

The resulting translated amounts for non-monetary items were treated as their historical cost from the date of translation going forward. This translation process ensured that the prior year comparative numbers reflected the restated values in USD, taking into account the effects of hyperinflation on the financial statements.



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

5 Going concern

The Directors have assessed the ability of the Group and the Company to continue as going concern and are of the view that, the preparation of these financial statements on a going concern basis is appropriate.

Despite the lingering COVID 19 effects and the economic challenges, the global tourism industry remained resilient in its recovery. According to UNWTO World Tourism Barometer, international tourism ended 2023 at 88% of pre-pandemic levels, with an estimated 1.3 billion international arrivals and tourism experts believe international tourism is well on track to return to pre-pandemic levels in 2024. In line with the recovering international tourism, the hotel segment has fully recovered to pre pandemic business at both occupancy and revenue levels.

In their going concern assessment, the Directors considered the, projected performance of the tourism industry, the cash flow and liquidity projections, including key commitments for a period exceeding 12 months from the reporting date. However, should the Group performance be subdued, the Group has enough cash resources to meet all unavoidable operating costs and to continue operations as a going concern in a responsible and sustainable manner. The Group remains debt free, representing leveraging opportunities should there be need for debt finance in the foreseeable future.

The Group maintains a positive outlook on its ability to recover from the loss incurred during the year, attributing it to a range of implemented measures, as detailed below:

- The completion of hotel refurbishments at Hwange Safari lodge and Troutbeck Resort is expected to enhance the average daily rate and improve occupancy levels.
- Strategic marketing initiatives with a specific focus on the international market are anticipated to bolster occupancy and improve average daily rates.
- The Group has plans to finalize the development of 55 residential stands, and the subsequent sale of these properties will contribute to improved revenues and liquidity.
- Furthermore, the Group will be implementing various cost containment strategies to align overheads with business levels.

6 Accounting estimates

When preparing the Group's consolidated financial statements, management exercises judgment, makes estimates, and utilizes assumptions regarding the recognition and measurement of assets, liabilities, revenue, and expenses. There are several areas where these estimates, judgments, and assumptions made by management have a significant impact on the condensed consolidated financial statements. These areas include:

- Determination of fair values of investment property, property and equipment;
- Useful lives of property and equipment;
- Tax liability computations;
- Measurement of expected credit losses on financial assets.

7 Restatement of property and equipment and investment property opening balances

The Group changed its functional currency to USD on 01 January 2023 (refer to note 4). As required by IAS 21, inflation-adjusted transactions and balances as at the last reporting date 31 December 2022 were translated to USD using the closing official rate of ZWL1:USD755. On 31 December 2022, the Directors had engaged a professional valuer to value property and equipment, and investment property in both ZWL and USD due to disruptions in the macro-economic environment between USD and ZWL transactions. Directors noted that the property and equipment and investment property balances translated in accordance with IAS 21 were overstated compared to the USD fair values determined by the professional valuer on the same date, 31 December 2022. This was due to use of the ZWL valuation inputs at 31 December 2022 which had an implied correlation with the alternative market rates.

In an endeavour to achieve fair presentation, the Directors resolved to adopt the USD valuation of property and equipment and investment property as at 31 December 2022 as opening balances to enable comparability of financial information.

The effect of the restatement is as follows:

	As at 31 December 2022	Effect of restatement	Restated As at 31 December 2022
All figures in USD			
Statement of comprehensive income			
Other income	10,445,276	(2,994,979)	7,450,297
Income tax expense	(1,077,754)	486,500	(591,254)
Revaluation reserve	46,689,326	(14,092,922)	32,596,404
Statement of financial position			
Property and equipment	95,438,062	(15,446,973)	79,991,089
Investment property	14,871,616	(2,452,595)	12,419,021
Assets classified as held for sale	4,076,229	(542,384)	3,533,845
Deferred tax liabilities	13,407,700	1,840,551	11,567,149



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

8 Property and equipment

All figures in USD	Freehold properties	Leasehold properties	Equipment	Service stocks	Motor vehicles	Capital work in progress	Total
Year ended 31 December 2022							
Revalued cost	58,919,991	4,707,200	20,987,447	114,325	1,738,291	1,554,846	88,022,100
Accumulated depreciation and impairment	(4,154,751)	(2,364,205)	(12,163,194)	-	(78,961)	-	(18,761,111)
Opening net book value	54,765,240	2,342,995	8,824,253	114,325	1,659,330	1,554,846	69,260,989
Additions	272,218	765,046	890,489	107,589	318,980	2,000,268	4,354,590
Transfers in/(out)	-	856,821	380,413	532	-	(1,237,766)	-
Foreign exchange difference	-	-	5,472	-	-	-	5,472
Disposals - cost	-	(52,224)	(151,265)	-	(2,649)	-	(206,138)
Disposals - accumulated depreciation	-	52,224	58,383	-	1,928	-	112,535
Assets held for sale	-	-	(132,777)	-	(164,338)	-	(297,115)
Revaluation - cost	21,822,000	2,002,324	7,937,577	-	273,954	-	32,035,855
Revaluation - depreciation	(1,724,989)	405,507	(4,643,305)	-	448,565	-	(5,514,222)
Depreciation and usage	(726,615)	(1,066,942)	(1,920,919)	(87,036)	(512,392)	-	(4,313,904)
	74,407,854	5,305,751	11,248,321	135,410	2,023,378	2,317,348	95,438,062
Revalued cost	81,014,209	8,279,167	29,917,356	222,446	2,164,238	2,317,348	123,914,764
Accumulated depreciation and impairment	(6,606,355)	(2,973,416)	(18,669,035)	(87,036)	(140,860)	-	(28,476,702)
Net book value	74,407,854	5,305,751	11,248,321	135,410	2,023,378	2,317,348	95,438,062
Amounts restated	(12,472,375)	(1,030,285)	(1,645,963)	-	(298,350)	-	(15,446,973)
Restated net book value	61,935,479	4,275,466	9,602,358	135,410	1,725,028	2,317,348	79,991,089
Year ended 31 December 2023							
Opening net book value	61,935,479	4,275,466	9,602,358	135,410	1,725,028	2,317,348	79,991,089
Additions	431,291	1,139,794	2,815,056	303,468	416,393	479,511	5,585,513
Transfers in/(out)	-	2,102,274	-	-	-	(2,102,274)	-
Foreign exchange difference	-	-	(2,109)	-	-	-	(2,109)
Disposals - cost	-	(18,884)	(2,575,442)	-	(122,971)	-	(2,717,297)
Disposals - accumulated depreciation	-	6,832	1,953,300	-	21,620	-	1,981,752
Revaluation - cost	4,385,148	-	(1,460,507)	-	(314,604)	-	2,610,037
Revaluation - depreciation	133,448	-	2,418,144	-	672,163	-	3,223,755
Depreciation and usage	(904,766)	(834,059)	(2,563,776)	(198,562)	(617,636)	-	(5,118,799)
	65,980,600	6,671,423	10,187,024	240,316	1,779,993	694,585	85,553,941
Revalued cost	71,146,418	10,011,791	24,941,504	438,878	1,786,747	694,585	109,019,923
Accumulated depreciation and impairment	(5,165,818)	(3,340,368)	(14,754,480)	(198,562)	(6,754)	-	(23,465,982)
Net book value	65,980,600	6,671,423	10,187,024	240,316	1,779,993	694,585	85,553,941

As disclosed in note 7, the opening balance of the property and equipment was restated for fair presentation. As of 31 December 2023, the property and equipment underwent a revaluation conducted by an independent valuer, in accordance with the Group's policy of subsequently measuring all property and equipment assets using the revaluation model. The categories of Leasehold Improvement, Capital Work in Progress, and Service Stocks were carried at cost and were not subjected to valuation.



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

9 Investment property

All figures in USD	31 December 2023	31 December 2022
Balance at the beginning of the year	12,419,021	15,358,276
Transfer to assets classified as held for sale	(1,410,000)	(3,642,384)
Disposals	(1,332,000)	(279,561)
Fair value adjustments	1,003,879	982,690
Balance at the end of the year	10,680,900	12,419,021

To fairly represent the Group's comparative financial position after the change in functional currency, the investment properties were restated. The management concluded that valuing the investment property on 31 December 2022, in the newly adopted functional currency, USD, was the appropriate course of action. This decision was made to ensure a fair representation of the opening balance sheet following the change in functional currency. For more comprehensive information regarding the impact of restating the opening balances, please refer to note 7 detailed explanations and disclosures related to the effects of restatement.

Investment property includes real estate properties which are owned to earn rentals and for capital appreciation. Investment property is initially recognised at cost and subsequently measured at fair value, with fair value gains or losses being recognised in profit or loss.

The disposal of the investment property relates to the 3 units of the Elizabeth Windsor Gardens and a stand in Marlborough which was disposed during the current period. The Elizabeth Windsor Gardens are residential property units which were previously rented out to tenants.

10 Leases

10.1 Reconciliation of the right-of-use assets is as follows:

All figures in USD	Hotel buildings	Other buildings	Land	Total
As at 01 January 2022	2 171 054	425 443	12 323	2 608 820
Additions/Re-measurement	2 387 190	-	-	2 387 190
Depreciation	(84 931)	(15 452)	(22)	(100 405)
As at 31 December 2022	4 473 313	409 991	12 301	4 895 605
Additions/Re-measurement	9 918 742	3 167 037	-	13 085 779
Depreciation	(475 031)	(135 934)	(1 659)	(612 624)
As at 31 December 2023	13 917 024	3 441 094	10 642	17 368 760

10 Leases (continued)

10.2 Analysis of lease:

All figures in USD	31 December 2023	31 December 2022
Non-current	14 438 109	1 624 299
Current	164 935	17 988
Total lease liabilities	14 603 044	1 642 287

During the year, the base rent for the hotels increased, leading to a significant increase and remeasurement of the lease liability and subsequent adjustment to the carrying amount of the respective right-of-use asset.

11 Financial assets

All figures in USD	Amortised cost	FVTPL	Total
As at 31 December 2023			
Investments in shares	-	617,557	617,557
Other long-term financial assets	136,674	-	136,674
Total non-current	136,674	617,557	754,231
Trade receivables	1,938,603	-	1,938,603
Other short term financial assets	4,425,453	-	4,425,453
Cash and cash equivalents	10,869,828	-	10,869,828
Total current	17,233,884	-	17,233,884
Total financial assets	17,370,558	617,557	17,988,115
As at 31 December 2022			
Other long-term financial assets	65,474	-	65,474
Total non-current	65,474	-	65,474
Trade receivables	2,005,012	-	2,005,012
Other short term financial assets	2,162,101	-	2,162,101
Cash and cash equivalents	11,463,432	-	11,463,432
Total current	15,630,545	-	15,630,545
Total financial assets	15,696,019	-	15,696,019

During the year ended 31 December 2023, the Group acquired equity instruments on the Zimbabwe Stock Exchange. The shares acquired did not result in significant influence or control of the companies. The Group accounts for its investment in equity instruments at fair value through profit or loss.

Other short-term financial assets relates to staff loans. These loans are interest bearing and are measured at amortised cost.



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

12 Discontinued operations and assets classified as held for sale

12.1 Dawn Property Consultancy (Private) Limited ("DPC")

The Group successfully disposed DPC at the beginning of the current year. Refer to note 12.6 for details relating to the disposed assets and liabilities of DPC.

12.2 The Kingdom at Victoria Falls Hotel ("Kingdom")

The Group mutually terminated the lease agreement of The Kingdom at Victoria Falls Hotel with Makasa Sun (Private) Limited ("the Landlord") effective 31 December 2022. This was following approval by the Board on 20 June 2022 to exit from the lease and discontinue operations by 31 December 2022. Refer to note 12.4 for the costs incurred after the closure of the hotel which are include in loss from discontinued operations.

12.3 Harare Sun Casino and Makasa Casino

Following the closure of The Kingdom at Victoria Falls Hotel, the Group terminated "Casino" operations. The Harare Sun Casino license was linked to the Makasa Casino which operated at the Kingdom hotel. Due to the closure of the Kingdom hotel both casinos were subsequently closed.

12.4 Analysis of the loss for the year from discontinued operations

The results of the discontinued operations included in the loss for the year are set out as below:

Statement of comprehensive income for the year ended 31 December 2023

All figures in USD	DPC 2023	Casino 2023	Kingdom Hotel 2023	Total 2023
Revenue	-	10,981	3,035	14,016
Cost of sales	-	(4,544)	(6,446)	(10,990)
Other expenses	-	(21,319)	(374,548)	(395,867)
Operating expenses	-	(206,096)	(286,697)	(492,793)
Loss for the year from discontinued operations	-	(220,978)	(664,656)	(885,634)

Statement of comprehensive income for the year ended 31 December 2022

All figures in USD	DPC	Windspike	Kingdom Hotel	Total
Revenue	1,065,996	-	4,562,516	5,628,512
Cost of sales	-	-	(1,457,513)	(1,457,513)
Other income/(expenses)	207,376	131,015	(1,281,077)	(942,686)
Operating expenses	(943,978)	(875)	(2,974,766)	(3,919,619)
Finance income/(costs)	1,294	-	(57,630)	(56,336)
Net monetary loss (IAS29)	470,216	-	-	470,216
Profit/(loss) before tax	800,904	130,140	(1,208,470)	(277,426)
Income tax expense	(26,348)	(8,477)	(114,137)	(148,962)
Profit/(loss) for the year from discontinued operations	774,556	121,663	(1,322,607)	(426,388)
Intra-group transactions eliminated	(179,016)	-	-	(179,016)
Profit/(loss) for the year from discontinued operations	595,540	121,663	(1,322,607)	(605,404)

12 Discontinued operations and assets classified as held for sale (continued)

12.5 Disposal of Dawn Property Consultancy (Private) Limited

On 7 January 2023, the Group disposed of its 100% equity interest in its subsidiary, Dawn Property Consultancy (Private) Limited. The subsidiary was classified as held for sale in the 2022 consolidated financial statements. The consideration was received fully in cash on 07 January 2023. This became the effective date of loss of control in DPC. At the date of disposal, the carrying amounts of DPC net assets were as follows:

All figures in USD	2023	2022
Assets and liabilities		
Property and equipment	297,115	-
Inventories	18,386	-
Trade and other receivables	118,344	-
Cash and cash equivalents	190,707	-
Trade and other payables	(151,891)	-
Deferred tax liabilities	(69,726)	-
Current income tax liabilities	(18,277)	-
Provisions for other liabilities	(1,367)	-
Net assets and liabilities	383,291	-
Purchase consideration received	500,000	-
Profit on disposal of subsidiary	116,709	-
Purchase consideration received in cash	500,000	-
Cash and cash equivalents in subsidiary disposed	(190,707)	-
Net cash inflow from disposal of subsidiary	309,293	-

The profit on disposal is included in the loss for the year in the condensed consolidated statement other comprehensive income.

The assets and liabilities above relate only to Dawn Property Consultancy (Private) Limited.



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

12 Discontinued operations and assets classified as held for sale (continued)

12.6 Assets classified as held for sale

All figures in USD	2023	2022
Balance at the beginning of the year	3,533,845	845,815
Transfer from Investment property	1,410,000	3,642,384
Disposal group assets	-	433,845
Disposal	(433,845)	(850,692)
Fair value gains	(910,000)	(537,507)
Balance at the end of the year	3,600,000	3,533,845

Disposal amount relates to Dawn Property Consultancy (Private) Limited which was successfully disposed during the current period. Two commercial stands were reclassified from investment property and were actively being sold as at closing date, 31 December 2023. Beitbridge Express Hotel remains unsold and management remains committed to sale the hotel in line with the board's resolution and has been actively marketing the hotel and the sale is expected to have been completed before the end of June 2024.

13 Financial risk management

13.1 Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Cash flow forecasting is performed at the operating entity level of the Group and aggregated by the Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

Surplus cash held by the operating entities in excess of the amount required for working capital management are transferred to the Group Finance. Group Finance invests surplus cash in interest bearing current accounts, time deposits and money markets deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

13 Financial risk management (continued)

13.1 Liquidity risk (continued)

The tables below analyse the Group's liquidity gap in to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

All figures in USD	Less than 1 year	1 to 5 years	More than 5 years	Total
As at 31 December 2023				
Liabilities				
Trade and other payables	(13,200,844)	-	-	(13,200,844)
Lease liabilities	(164,935)	(755,853)	(13,682,256)	(14,603,044)
Total liabilities	(13,365,779)	(755,853)	(13,682,256)	(27,803,888)
Assets held for managing liquidity risk				
Trade and other receivables	6,364,056	136,674	617,557	7,118,287
Cash and cash equivalents	10,869,828	-	-	10,869,828
Total assets held for managing liquidity risk	17,233,884	136,674	-	17,370,558
Liquidity surplus/(gap)	3,868,105	(619,179)	(13,682,256)	(10,433,330)
Cumulative liquidity surplus/(gap)	3,868,105	3,248,926	(10,433,330)	-
As at 31 December 2022				
Liabilities				
Trade and other payables	(9,455,015)	-	-	(9,455,015)
Lease liabilities	(17,988)	(134,105)	(1,490,194)	(1,642,287)
Total liabilities	(9,473,003)	(134,105)	(1,490,194)	(11,097,302)
Assets held for managing liquidity risk				
Trade and other receivables	4,167,113	65,474	-	4,232,587
Cash and cash equivalents	11,463,432	-	-	11,463,432
Total assets held for managing liquidity risk	15,630,545	65,474	-	15,696,019
Liquidity surplus/(gap)	6,157,542	(68,631)	(1,490,194)	4,598,717
Cumulative liquidity surplus	6,157,542	6,088,911	4,598,717	-



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

13 Financial risk management (continued)

13.2 Credit risk

(i) Trade receivables

The Group utilizes the simplified approach outlined in IFRS 9 for measuring expected credit losses, which involves employing a lifetime expected credit loss allowance for all trade receivables. In order to assess the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the number of days past due.

The expected credit loss rates are derived from the payment profiles of sales made within a period of 60 months leading up to 31 December 2023.

The historical expected credit loss rates are modified to incorporate current and forward-looking information regarding macroeconomic factors that impact the customers' ability to settle the receivables. The Group has identified certain factors, such as current liquidity challenges, inflation, high interest rates, and foreign currency shortages, as the most significant in this regard. As a result, the historical credit loss rates have been adjusted to reflect the anticipated changes in these factors.

The closing expected credit loss allowances for trade receivables as at 31 December 2023 reconcile to the opening expected credit loss allowances as follows:

All figures in USD	2023	2022
Opening expected credit loss allowance as at 1 January	640,381	176,507
Movement due to discontinued operations	(55,934)	70,526
(Decrease)/increase in expected credit loss allowance recognised in profit or loss during the year	(365,165)	393,348
Closing expected credit loss allowance	219,282	640,381
(ii) Other financial assets at amortised cost		
Other financial assets at amortised cost include staff and key management personnel debtors and receivables from related parties.		
Opening expected credit loss allowance as at 1 January	128,280	57,700
(Decrease)/increase in expected credit loss allowance recognised in profit or loss during the year	(40,444)	70,580
Closing expected credit loss allowance	87,836	128,280
Net impairment (reversal)/losses on financial assets recognised in profit or loss during the year	(405,609)	463,928

14 Segment analysis

The executive committee assesses the performance of the operating segments based on:

- hotel occupancies;
- hotel revenue per available room ("RevPAR");
- hotel average daily room rate ("ADR"); and
- profitability.

Operating segments are made up of five strategic business segments which are;

1. Country and City Hotels

This segment comprise Troutbeck Resort, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Monomotapa Hotel. These hotels are headed by the Country and City Hotels Operations Executive who reports to the Chief Executive Officer.

2. Resort Hotels

The segment is made up of the Elephant Hills Resort and Conference Centre, Hwange Safari Lodge, Great Zimbabwe Hotel, and Caribbea Bay Resort. These hotels are headed by the Resort Hotels Operations Executive who reports to the Chief Executive Officer.

3. Partnership Hotel

This refers to The Victoria Falls Hotel which is jointly operated with Meikles (Private) Limited and is an affiliate of the Leading Hotels of the World ("LHW").

4. Real Estate

This segment owns eight hotels, seven of which are leased to the hotel operating segments above, two timeshare lodges, residential properties in Harare, vast undeveloped land across Zimbabwe, held either for sale or capital appreciation.

5. Other

This segment consists of three components: Sun Leisure, Central Office, and the South Africa Reservation Office. Sun Leisure serves as the Group's travel and tours division, offering various travel and leisure services. The Central Office provides centralized administrative and support functions to facilitate the operations of the Group. The South Africa Reservation Office operates as a regional sales and marketing office based in South Africa, with a primary focus on international and regional sales activities.

Revenue from contracts with customers

Segment revenue represents revenue earned by each business segment from external customers. Revenue from contracts with customers between segments are eliminated on consolidation. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income.

The Group does not rely on any one specific customer as none of its customers contributes a minimum of 10% of its revenue.

The executive committee have reassessed the relevance of the current basis for determining segment analysis, with changes in hotel differentiations expected from 2024 onwards.



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

14 Segment analysis (continued)

The segment information provided to the Executive Committee for the reportable segments is as follows:

All figures in USD	City and Country Hotels	Resort Hotels	Partnership Hotel	Real Estate	Other	Inter segments	Consolidated
For the year ended 31 December 2023							
Sale of rooms	14,922,614	9,083,180	3,977,265	-	-	-	27,983,059
Sale of food and beverages	12,826,342	7,854,030	1,297,319	-	-	-	21,977,691
Management fees and commissions	-	-	-	-	345,716	(307,396)	38,320
Conferencing	741,249	1,534,728	-	-	-	-	2,275,977
Property development sales	-	-	-	390,815	-	-	390,815
Property rentals	-	-	-	4,210,499	-	(3,742,645)	467,854
Other income	378,145	712,382	175,844	-	805,118	(478,971)	1,592,518
Revenue from contracts with customers	28,868,350	19,184,320	5,450,428	4,601,314	1,150,834	(4,529,012)	54,726,234
Revenue from discontinued operations							
Casino	-	-	-	-	10,981	-	10,981
The Kingdom at Victoria Falls Hotel	-	3,035	-	-	-	-	3,035
Material items included in profit before tax							
Cost of sales	(8,765,524)	(5,462,528)	(1,127,386)	(339,113)	(137,609)	-	(15,832,160)
Employee benefit expenses	(4,381,006)	(3,030,389)	(635,595)	(263,716)	(3,957,980)	-	(12,268,686)
Short term, low value and variable lease expenses	(1,821,516)	(2,018,879)	(542,217)	-	(44,519)	3,742,645	(684,486)
Fair value gains on investment property	-	-	-	897,709	-	(803,830)	93,879
Exchange gain/(loss)	3,268,469	3,038,059	(1,964,818)	(4,400,406)	(739,134)	(1,306,886)	(2,104,716)
Other information							
EBITDA	10,961,937	7,488,070	(376,672)	93,928	(4,151,859)	(4,567,741)	9,447,663
Depreciation	(1,633,231)	(1,535,446)	(637,273)	(6,389)	(426,098)	(854,018)	(5,092,455)
Rights of use assets amortisation	(475,031)	(73,147)	(10,304)	-	(54,142)	-	(612,624)
Finance income - net	8,133	17,501	12,858	35,724	144,869	-	219,085
Finance costs - lease liabilities	(1,140,754)	(139,808)	(19,771)	-	(44,145)	-	(1,344,478)
Profit/(loss) before tax from continuing operations	7,721,054	5,757,170	(1,031,162)	123,263	(4,531,375)	(5,421,759)	2,617,191
Total assets as at 31 December 2023	30,570,657	15,045,888	5,849,928	77,839,730	25,452,576	(12,426,233)	142,332,546
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	1,645,726	3,064,649	72,866	-	370,981	431,291	5,585,513
Total liabilities as at 31 December 2023	16,826,075	5,837,435	872,931	5,079,700	8,799,780	4,971,139	42,387,060



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

14 Segment analysis (continued)

The segment information provided to the Executive Committee for the reportable segments is as follows:

All figures in USD	City and Country Hotels	Resort Hotels	Partnership Hotel	Real Estate	Other	Inter segments	Consolidated
For the year ended 31 December 2022							
Sale of rooms	12,717,807	7,002,548	2,013,990	-	-	-	21,734,345
Sale of food and beverages	8,952,111	5,433,531	531,537	-	-	-	14,917,179
Management fees and commissions	-	-	-	-	507,497	(507,497)	-
Conferencing	472,347	489,219	-	-	-	-	961,566
Property development sales	-	-	-	280,384	-	-	280,384
Property rentals	-	-	-	3,396,261	-	(2,977,793)	418,468
Other income	1,698,742	1,457,098	323,280	-	288,977	(6,007)	3,762,090
Revenue from contracts with customers	23,841,007	14,382,396	2,868,807	3,676,645	796,474	(3,491,297)	42,074,032
Gaming income	-	-	-	-	67,579	-	67,579
Total Revenue	23,841,007	14,382,396	2,868,807	3,676,645	864,053	(3,491,297)	42,141,611
Revenue from discontinued operations							
Dawn Property Consultancy	-	-	-	1,065,996	-	(179,016)	886,980
The Kingdom at Victoria Falls Hotel	-	4,562,516	-	-	-	-	4,562,516
Material items included in profit before tax							
Cost of sales	(6,635,760)	(3,949,500)	(576,351)	(201,433)	(75,067)	-	(11,438,111)
Employee benefit expenses	(2,829,859)	(1,709,659)	(370,032)	(284,078)	(2,420,620)	-	(7,614,248)
Short term, low value and variable lease expenses	(2,213,633)	(1,583,686)	(281,502)	(7,296)	(21,315)	2,977,795	(1,129,637)
Fair value gains on investment property	-	-	-	17,947,587	-	(17,633,418.0)	314,169
Exchange (loss)/gain	(1,020,519)	(1,250,118)	623,423	1,867,519	6,881,398	-	7,101,703
Other information							
EBITDA	5,648,795	2,910,388	1,269,737	25,127,044	742,431	(17,843,104)	17,855,291
Depreciation	(1,587,692)	(851,229)	(329,737)	(132,770)	(392,349)	(677,796)	(3,971,573)
Rights of use assets amortisation	(82,429)	(190)	(70)	-	(17,716)	-	(100,405)
Finance (costs)/income - net	(111,770)	(74,861)	-	843	56,636	-	(129,152)
Finance costs - lease liabilities	(261,170)	(471)	(183)	-	(10,162)	-	(271,986)
Net monetary loss (IAS 29)	-	-	-	(2,834,474)	(2,355,716)	-	(5,190,190)
Profit/(loss) before tax from continuing operations	3,605,734	1,983,637	939,747	22,160,643	(1,976,876)	(18,520,900)	8,191,985
Total assets as at 31 December 2022	23,517,787	16,733,854	6,166,766	94,431,431	11,456,608	(30,780,073)	121,526,373
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	1,165,344	2,130,953	544,585	42,381	199,109	272,218	4,354,590
Total liabilities as at 31 December 2022	6,903,729	5,684,738	723,335	2,499,693	2,996,921	5,934,978	24,743,394



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

15 Provisions for other liabilities

Provisions are recorded when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amounts of the obligations. A reliable estimate is the amount the Group would rationally pay to settle the obligation at the reporting date.

The provisions balance is made up of the following:

All figures in USD	31 December 2023	31 December 2022
Leave pay	584,786	215,006
Contractual claim	1,062,324	1,062,324
Performance bonus	136,306	317,782
Other	-	100,000
	1,783,416	1,695,112

(a) Leave pay

This amount is the Group's liability to pay employees for their annual leave days. Current provision is included in the statement of comprehensive income under operating expenses.

(b) Contractual claim

The amount represents a provision payable to a counterparty arising from a service contract.

(c) Other

This amount include provision for exit costs from all foreign entities and interest on contractual obligations. This balance has been reversed in the current year as management has concluded that the risk incurring further costs is now remote.

16 Expenses by nature

All figures in USD	31 December 2023	31 December 2022
Inventory recognised in cost of sales	4,882,129	4,234,340
Outside laundry in cost of sales	299,855	316,611
Employee costs in costs of sales	7,655,951	4,957,202
Other cost of sales	2,994,225	1,929,958
Cost of sales	15,832,160	11,438,111
Employee costs in operating expenses	12,258,682	7,583,857
Equity settled share based payments	10,004	30,391
Depreciation, usage and amortization	5,092,455	4,071,979
Short term, low value and variable lease expenses	684,486	1,129,637
Repairs and maintenance	1,534,757	1,105,644
Audit fees and other professional services	192,319	167,151
Heat, light and water	3,107,252	1,761,143
Council rates	414,237	302,791
Contracted services	1,127,703	874,723
Franchise fees	797,457	1,205,230
Sales and marketing	1,139,311	650,470
Insurance	662,128	342,828
Security	846,186	584,827
Bank charges	1,183,995	1,125,261
Transaction tax	591,351	262,335
Vehicle running expenses	464,254	229,660
Consultancy costs	352,493	84,972
Subscriptions	265,115	115,482
Licenses	396,798	240,874
Other expenses	2,217,512	1,495,503
Operating expenses	33,338,495	23,364,758
Total cost of sales and operating expenses	49,170,655	34,802,869



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

17 Other income and other expenses

All figures in USD	31 December 2023	31 December 2022
17.1 Other income		
Foreign exchange gains	-	7,101,704
Treasury income	-	1,456
Profit on sale of investment property	125,279	32,968
Profit on disposal of subsidiary - note 12.5	116,709	-
Fair value gain on biological assets	49,170	-
Fair value gain on investments	48,323	-
Provision reversal	100,000	-
Fair value gains on investment property	93,879	314,169
Other income	533,360	7,450,297
17.2 Other expenses		
Loss on sale of investment property	-	279,151
Foreign exchange losses	2,104,717	-
Loss on disposal of property and equipment	93,665	9,005
Penalties	13,703	-
Fair value loss on biological assets	-	253,641
Guest deposits reallocation	507,845	-
Termination pay	32,034	-
Other expense	2,751,964	541,797

18 Income tax expense

All figures in USD	31 December 2023	31 December 2022
Income tax expense is made of the following;		
Current income tax expense	1,892,328	1,981,456
Deferred tax expense/(credit)	203,818	(1,390,202)
Income tax expense	2,096,146	591,254

19 Cash generated from operations

All figures in USD	31 December 2023	31 December 2022
Profit before tax	1,731,557	7,914,559
Adjustments for non-cash items:		
Depreciation and hotel equipment usage	5,118,799	4,313,904
Depreciation: right of use assets	612,624	100,751
Loss from disposal of equipment and investment property	410,245	288,335
Provision (reversal)/expenses	88,304	1,074,671
Fair value adjustment on biological assets	(49,170)	253,641
Fair value adjustment on investments property	(93,879)	(314,169)
Equity settled share based payments costs	10,004	30,391
Monetary loss - effects of restatement (IAS 29)	-	4,719,975
Foreign exchange gains	-	(6,028,180)
Fair value adjustment on shares	(48,323)	-
Gain from disposal of subsidiary	(116,709)	(32,968)
Finance cost-lease liabilities	1,344,478	272,487
Finance costs net	(219,085)	127,857
Cash generated from operations before changes in working capital	8,788,845	12,721,254
Changes in working capital:		
Increase in inventories	(2,148,303)	(402,768)
Increase in current trade receivables	(2,386,487)	(2,187,256)
Increase in current trade payables	3,744,812	3,877,356
Cash generated from operations	7,998,867	14,008,586



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

20 Earnings and net asset value per share

All figures in USD	31 December 2023	31 December 2022
(i) Earnings per share		
Basic and diluted (loss)/earnings per share (USD cents)	(0.02)	0.48
Headline earnings per share (USD cents)	0.02	0.51
(ii) Reconciliation of headline earnings used in calculating earnings per share is as follows;		
Earnings attributable to owners of the parent	(364,589)	7,055,160
Adjustments for:		
Loss from disposal of property and equipment	93,665	9,005
(Profit)/loss on sale of investment property	(125,279)	279,151
Profit on disposal of subsidiary - note 12.5	(116,709)	-
Loss for the year from discontinued operations	885,634	605,404
Fair value adjustment on investment property	(1,003,879)	(982,690)
Fair value gain on assets classified as held for sale	910,000	537,507
Headline earnings attributable to owners of the parent	278,843	7,503,537
Number of shares in issue	1,474,357,553	1,474,357,553
(iii) Net assets value and net tangible asset value per share		
Net asset value per share (cents)	6.78	6.56
Net tangible asset value per share (cents)	6.78	6.56
Net asset value as per condensed consolidated statement of financial position	99,945,486	96,782,979

21 Reserves

21.1 Equity-settled share based payment reserve

According to the Group's share option scheme rules, options were granted on 18 March 2020, and were recognized at their fair value. The granted options have a vesting period of 3 years, meaning they became exercisable on 17 March 2023. Consequently, the fair value of the options was amortized over the course of the three year vesting period. The amortization expense represents the recognition of the share-based compensation cost over the vesting period, providing a systematic allocation of the fair value of the options granted. As a result, the Group recorded an additional expense of USD 10,004 related to the share options granted during the year.

Movements in share options during the year is as follows:

All figures in USD	31 December 2023	31 December 2022
Outstanding at the beginning of the year	213,296	182,905
Expensed during the year	10,004	30,391
Outstanding at the end of the year	223,300	213,296

All the share options vested on 17 March 2023 and no options were exercised as at 31 December 2023. All options will expire, if not exercised, four years after the date of grant.

21.2 Foreign currency translation reserve ("FCTR")

The FCTR balance is specific to the African Sun South African Branch, which uses the South African rand as its functional currency. The reserve represents the cumulative gains or losses arising from the translation of the South African branch's financial statements from its functional currency (South African rand) to the Group's functional currency, which is the United States of America dollar (USD). This reserve is used to account for the effects of exchange rate fluctuations between the functional currency and the reporting currency (USD). It ensures that the financial statements accurately reflect the impact of currency exchange rate changes on the South African branch's financial position and results.

Movements in FCTR reserve during the year are as follows:

All figures in USD	31 December 2023	31 December 2022
Balance at the beginning of the year	8,269,216	7,944,342
Recognised during the year	77,324	324,874
Balance at the end of the year	8,346,540	8,269,216



Notes to the condensed audited consolidated financial statements (continued)

For the year ended 31 December 2023

22 Capital commitments

All figures in USD	31 December 2023	31 December 2022
Authorised by Directors and contracted for	1,800,000	2,397,000
Authorised by Directors, but not contracted for	9,219,317	6,768,633
	11,019,317	9,165,633

Capital commitments relate mainly to hotel properties refurbishments and acquisition of other items of property and equipment and will be financed mainly from normal operating cash flows and debt finance.

23 Events after reporting date

23.1 Fraud case

Subsequent to year end one of the Group's separate business units suffered a financial loss through fraudulent financial activities. The Group has engaged a forensic auditor to investigate the fraud and work on the fraud investigations is progressing well.

23.2 Introduction of new currency

On 5 April 2024, the Zimbabwean government implemented the replacement of the Zimbabwe Dollar (ZWL) currency with the Zimbabwean Gold currency (ZiG). During the transition, all balances denominated in ZWL were required to be converted to ZiG at the initial conversion rate of 2,498.7242. Going forward, ZiG will circulate alongside a basket of currencies. The introduction of ZiG does not impact transactions and balances that existed on 31 December 2023, as reported in the Group's financial statements. The functional currency of the Group will continue to be the United States Dollar (USD). In future, management will assess the primary currency that best reflects the economic environment in which the Group generates and utilizes cash.

23.3 Discontinued operation: Sun Leisure Tours

Subsequent to year end, the Board resolved to cease the operations of Sun Leisure Tours, one of the Group's separate business units (SBU). Management is currently in the process of disposing and unbundling the SBU.

Supplementary information

Change Of Presentation From Function To Nature

The Group's statement of comprehensive income has historically been presented based on function, in line with the requirements of International Accounting Standard ("IAS 1") Presentation of Financial Statements.

During the year ended 31 December 2023 the Directors reassessed the relevance of the current presentation of the statement of comprehensive income and concluded that presentation by nature is more reliable and relevant for a hospitality business for the following reasons:

*The presentation of revenue and expenses by their nature is widely adopted by hospitality business in the region particularly industry peers in South Africa and Botswana. Aligning presentation of the statement of comprehensive income with regional practices enhances consistency and facilitates industry-wide comparisons; and

*The function-based presentation of expenses involves subjective allocation of costs to functions. Presenting expenses by nature, the Group enhances greater relevance and reliability in presenting costs.

Based on this assessment the Directors have resolved to change the presentation of the statement of comprehensive income from presentation by function to presentation by nature for the reporting period beginning January 2024 and beyond.

The effect of the change in presentation from function to nature had the change been effected for the financial year ended 31 December 2023 would be as follows:

Supplementary information (continued)

Condensed consolidated statement of comprehensive income

All figures in USD	31 December 2023	31 December 2022
Revenue	54,726,234	42,141,611
Other income/(expenses)	345,816	(507,373)
Total income	55,072,050	41,634,238
Cost of food and beverage sold	(8,176,209)	(6,480,909)
Hotel occupancy costs	(3,521,489)	(2,063,934)
Employee benefits expense	(19,924,637)	(12,510,668)
Other expenses	(12,396,823)	(9,574,974)
Operating profit before amortisation, depreciation, interest, fair value adjustments and foreign exchange differences	11,052,892	11,003,753
Depreciation and amortisation expense	(5,705,079)	(4,172,384)
Net impairment reversal/(losses) on financial assets	405,609	(463,928)
Change in fair value of investment property	93,879	314,169
Foreign exchange (losses)/gains	(2,104,717)	7,101,704
Operating profit	3,742,584	13,783,314
Finance income	229,036	54,514
Finance costs	(9,951)	(183,666)
Finance costs - lease liabilities	(1,344,478)	(271,986)
Net monetary loss - IAS 29	-	(5,190,191)
Profit before tax	2,617,191	8,191,985
Income tax expense	(2,096,146)	(591,254)
Profit from continuing operations	521,045	7,600,731
Loss for the year from discontinued operations	(885,634)	(605,404)
(Loss)/profit for the year	(364,589)	6,995,327

The statement of comprehensive income extract above is not audited and is not part of the audited condensed consolidated financial statements. It is merely supplementary financial information to aid the users of the financial statements to better understand the Group's financial performance presented by nature as disclosed above.