AFRICAN SUN

LIMITED

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

REVIEWED SHORT-FORM FINANCIAL ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	Reviewed 30 June 2024	Reviewed 30 June 2023
Revenue	**USD 25.58 million**	USD 22.36 million
Occupancy	**50%**	46%
EBITDA	**USD 2.54 million**	USD 2.48 million
Loss for the period	**(USD 2.17) million**	(USD 1.81) million
Average daily room rate (ADR)	**USD 112**	USD 103
Total revenue per available room	**USD 104**	USD 91
Basic loss per share for the period	**(0.15) USD cents**	(0.12) USD cents
Cash reserves	**USD 10.56 million**	USD 6.98 million
Permanent staff complement	**852**	863

The short-form financial announcement is only a summary of the information contained in the condensed consolidated financial statements for the six months ended 30 June 2024. Any investment decisions by investors and/or shareholders should be based on the complete condensed consolidated financial statements for the six months ended 30 June 2024 published on the Victoria Falls Stock Exchange website: www.vfex.exchange/african-sun-limited and Company's website: www.africansunhotels.com/downloads.

The condensed consolidated financial statements for the six months ended 30 June 2024 are also available on request, at no charge, from the registered office of the Company during working hours or via email on venon.musimbe@africansunhotels.com.

Financial Performance

During the period under review, the Group performance showed improvements in revenue and operating profit; however, a loss after tax of USD 2.17 million (2023: USD 1.81 million) was recorded, largely driven by non-recurring costs.

Revenue

At USD 25.58 million, the Group's revenue was up by 14% compared to the Same Period Last Year ("SPLY"). The improved performance was driven by firmer Average Daily Rates ("ADR") at USD 112, an increase of 9% from USD 103 during the comparable period. Hotel occupancy performance was also positive, closing the half year at 50%, a four percentage points increase compared to the SPLY. Real Estate's contribution increased during the period from 2% to 6%, generating an incremental revenue of USD 1.28 million coming from residential stand sales.

Operating Expenses

The Group's operating expenses, excluding depreciation, at USD 14,09 million, increased by 1% compared to SPLY despite the inflationary pressures experienced in the first quarter of the year. Through constantly monitoring of costs and improved procurement processes, the Group managed to contain the overheads amid high risk of price distortions after the introduction of the new currency.

Profitability

Earnings before interest, tax, depreciation, and amortization ("EBITDA") at USD 2.54 million, was 2% higher than SPLY, owing to improved topline performance. The Group recorded a Loss after tax for the period of USD 2.17 million, despite improved topline numbers largely due to higher taxes, loss from sale of property of USD 0.27 million, discontinued operations loss of USD 0.35 million and non-recurring costs of USD 0.60 million. The increase in income tax paid was in line with the additional profit while deferred tax expense were above comparable period.

The Group maintained its strong liquidity position, with a cash and cash equivalents balance of USD 10.56 million at the end of the period under review, generating USD 2.37 million from operations during the period, a significant recovery from the USD 1.13 million utilised in the comparable period. Furthermore, the Group remains debt-free.

Portfolio Transformation: Hotel Refurbishments

The Group's targeted refurbishments progressed well during the period under review, with the completion of the Hwange Safari Lodge public areas and a soft refurbishment on the Executive and Presidential Suites at the Monomotapa Hotel ahead of the SADC summit that was held in August. This strategic capital allocation is aimed at positioning the Group to grow market share while delivering an upliftment in hospitality experience for our guests.

To expedite the refurbishment of several key hotels in our portfolio, the Board resolved to complement capital-raising initiatives by selling selected assets that are considered not core to the Group's future positioning. The Beitbridge Express Hotel and Great Zimbabwe Hotel were earmarked for sale, with an Agreement of Sale executed subsequent to the reporting date. The transaction is expected to be completed before the end of the year.

Dividend Declaration

The Board authorised an interim dividend of USD 0.0003381 per share, amounting to a total of USD 500 000, to be paid out of retained earnings. The detailed dividend announcement will be circulated separately.

All figures in USD	**Reviewed 30 June 2024**	Audited 31 December 2023	Audited 31 December 2022
Total assets	**140,842,022**	142,332,546	121,526,373
Total equity	**97,439,729**	99,945,486	96,782,979
Total liabilities	**43,402,293**	42,387,060	24,743,394

Outlook

Going into the second half of the year, typically our peak period, we anticipate an increase in the volume of international travelers, a boost in conference business, and increased demand from local tourism. However, the macroeconomic environment is likely to remain tough, as the effect of the low rainfall is anticipated to be greater than previously anticipated, as evidenced by the slowdown in economic growth to 2% as predicted by the IMF. Ongoing global inflation, supply chain disruptions, and rising commodity prices may result in higher transportation and accommodation costs, potentially constraining spending patterns and demand throughout the forecast period. Additionally, geopolitical tensions and trade uncertainties are expected to continue for the forseeable future. The Group remains vigilant and agile in addressing these challenges to ensure we create sustainable value for all our stakeholders.

We are committed to delivering a consistent and enjoyable guest experience through significant planned capital investments in information technology and hotel refurbishments. These investments aim to establish a sustainable growth trajectory for the Group and enhance returns for our shareholders.

External auditor's review conclusion

These condensed consolidated financial statements for the six months ended 30 June 2024 have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Review Engagements (ISRE) 2410. The auditors have issued an unmodified review conclusion on the interim condensed consolidated financial statements.

The engagement partner on the review engagement resulting in this independent review conclusion is Edmore Chimhowa (PAAB Number 0470).

Directors: L. Mhishi (Chairman), L. Ward (Chief Executive Officer)*, L. Chikara (Chief Finance Officer)*, G. Chikomo, B. Childs, T. Denga, V. Lapham, A. Siyavora, S. Village. * Executive. **Registered Office:** Monomotapa Hotel, 54 Park Lane, Harare, Zimbabwe.
Independent Auditor: Grant Thornton Chartered Accountants (Zimbabwe), Camelsa Business Park, 135 Enterprise Road, Harare, Zimbabwe.