



AFRICAN SUN

L I M I T E D

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

TRADING UPDATE FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

African Sun Limited ("the Company" or "the Group") hereby presents the Trading Update for the third quarter ended 30 September 2023.

TRADING ENVIRONMENT

The domestic operating environment during the quarter under review was characterised by relative macro-economic stability, in comparison with the last quarter ended June 2023. The disparity between the parallel market exchange rate and the official exchange rate continues to exert adverse pressure on operating margins as input costs for goods and services priced in Zimbabwe dollars ("ZWL") are effectively higher relative to those priced in United States of America dollars ("USD"). This has resulted in costs escalating at a rate above the growth in revenues.

On the international front, tourism continued to record a remarkable recovery. During the seven-month period to 31 July 2023, the United Nations World Tourism Organisation ("UNWTO") reported that global tourist arrivals reached 84% of the 2019 (pre-pandemic) levels. Global tourism experts agree that the pace of recovery could have been better, had it not been for the adverse effects of the persistent global inflation and geo-political conflicts.

FINANCIAL PERFORMANCE HIGHLIGHTS

The 30 September 2023 unaudited financial results presented below are in USD, pursuant to the Group's adoption of the USD as its functional currency effective from 1 January 2023. The results reflect an improvement compared to the same period last year.

Salient Financial Highlights

	Third Quarter (Q3)			Year to Date (YTD)		
	30 Sept 2023 US\$	30 Sept 2022* US\$	Growth	30 Sept 2023 US\$	30 Sept 2022* US\$	Growth
Revenue	14,637,549	13,092,635	12%	36,999,755	32,768,218	13%
Occupancy	53%	53%	-	48%	45%	7%
Revenue per available room ("REVPAR")	62	56	11%	52	40	30%
Total revenue per available room ("TREVPAR")	122	101	21%	103	74	39%
Average daily room rate ("ADR")	117	107	9%	108	89	21%

* The prior year's comparative amounts are a result of translating hyper-inflated amounts at a closing spot exchange rate of 674.7147.

At USD14.6 million, revenue for the third quarter ended 30 September 2023 increased by 12% relative to the same period in 2022, largely due to firmer ADR spurred by higher demand from the Meetings, Incentives Conferences and Events ("MICE") from the just ended August 2023 election business.

For the quarter under review, domestic business generated 65% of revenue (third quarter "Q3" 2022 - 77%), whilst international business was 35% (Q3 2022 - 23%). Of the domestic business, 55% and 45% thereof was generated in USD and ZWL respectively. On an aggregate basis, 71% of the revenue was generated in USD, reflecting an underlying economy that is gravitating towards the USD. On a year-to-date basis, the Group earned 65% of the revenue in USD. Strong domestic business and the steadily recovering international arrivals contributed to the improved Group performance for the period.

For the nine months ended 30 September 2023, the Group achieved revenue of USD37 million, 13% ahead of the comparative period. The improving year-to-date revenue performance is driven by an ADR growth of 21%, and a 3 percentage points increase in occupancy from 45% in 2022 to close 2023 at 48%.

The hotel segment's year-to-date occupancy for the nine months to 30 September 2023, at 48% is equal to the occupancy achieved for the full year in 2019 and the business is well on its way to a full recovery to pre-pandemic levels.

Turning to liquidity, the Group remains debt-free, thus representing opportunities for financial leveraging opportunities in the months ahead. The cash generating capacity of the business remains strong and has been able to finance the on-going hotel refurbishment initiatives from internally generated cashflows.

OUTLOOK

Looking ahead, the UNWTO World Tourism Barometer scenarios for 2023 anticipate international tourist arrivals to reach 80 to 95% of pre-pandemic levels. In line with these forecasts, we expect the recovery of international arrivals from our traditional source markets to continue as well.

On the domestic front, we welcome all government efforts to stabilize and bring certainty to key elements of the macro-economic environment. Notably, the extension of the use of the USD to 2030 addresses significant currency uncertainty which had resulted in financial institutions significantly curtailing lending activities.

In line with our vision to deliver value to guests, we remain focused on our strategy to upscale the state of our hotel properties through our on-going refurbishment programmes. The first phase - US\$4.2 million Hwange Safari Lodge ("HSL") 100 rooms' refurbishment is now complete. We are now shifting our focus to the second phase of the HSL refurbishment, which seeks to deliver spruced-up public areas before we commence the eagerly anticipated Elephant Hills Resort and Conference Centre refurbishment.

By order of the Board

Venon T. Musimbe
Company Secretary and Governance Executive

15 November 2023

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