AFRICAN SUN LIMITED

Condensed Consolidated Financial Statements for the year ended 31 December 2022

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Contents

Directorate and corporate information	1
Chairman's statement	2
Auditor's statement	6
Condensed consolidated statement of financial position	7
Condensed consolidated statement of comprehensive income	8
Condensed consolidated statement of cash flows	9
Condensed consolidated statement of changes in equity	10
Notes to the condensed consolidated financial statements	14

These condensed consolidated financial statements are presented in Zimbabwe Dollars ("ZWL").

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 organization

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 continous improvement.
- **Teamwork –** We believe together we achieve more.
- **Enjoyment -** We are passionate and take delight in everything we do.

Directorate and corporate information

DIRECTORS

E.A. Fundira	(Chairman)
P. Saungweme* (Appointed 3 January 2022)	(Chief Executive Officer)
N.Y. Mutizwa*	(Chief Finance Officer)
B.I. Childs	
G. Chikomo	
T.M. Denga	
L.M. Mhishi	
C.F. Chikosi	
A.E. Siyavora	
V.W. Lapham	

*Executive

Company Secretary
V.T. Musimbe

African Sun Limited
Incorporated and domiciled in the
Republic of Zimbabwe Registration number: 643/1971

Registered Office
African Sun Limited, c/o Monomotapa Harare
54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Investor Relations
www.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

Nedbank Zimbabwe Limited
16th Floor, Old Mutual Centre, Third Street, Harare, Zimbabwe

Legal Advisor
Dube, Manikai and Hwacha Commercial Law Chambers
6th Floor, Gold Bridge, Eastgate Complex, Robert Mugabe Road, 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

Chairman's statement

FINANCIAL HIGHLIGHTS

	Inflation adjusted 31 December 2022	Inflation adjusted 31 December 2021
Revenue	ZWL 31.82 billion	ZWL 14.88 billion
Occupancy	46%	31%
Profit for the year	ZWL 7.18 billion	ZWL 33.47 billion
*Normalised profit for the year	ZWL 7.18 billion	ZWL 3.93 billion
Finance costs	ZWL 138.67 million	ZWL 166.40 million
Average daily room rate	ZWL 59,676	ZWL 13,645
EBITDA	ZWL 15.74 billion	ZWL 36.06 billion
*Normalised EBITDA	ZWL 15.74 billion	ZWL 6.50 billion
Rooms revenue per available room	ZWL 27,391	ZWL 11,714
Total revenue per available room	ZWL 52,217	ZWL 23,743
Operating expenses	ZWL 17.64 billion	ZWL 10.86 billion
Basic earnings per share for the year	490 ZWL cents	2,317 ZWL cents
Headline earnings per share for the year	366 ZWL cents	2,295 ZWL cents

** Normalised profit for the year and normalised EBITDA are adjusted for gain on bargain purchase in the prior year to align comparison with current year performance.*

Introduction
On behalf of the Board of Directors of African Sun Limited ("African Sun" or "the Company") and its subsidiaries, together referred to as "the Group", I am pleased to present to you the condensed consolidated financial statements for the year ended 31 December 2022.

Operating Environment
The operating environment during the period under review continued to be challenging, characterised by shortages in foreign currency, erratic electricity supply, high lending rates and soaring inflation. The hyperinflationary environment reduced consumers' purchasing power weighing down on domestic demand that feeds into our leisure business.

The official year-on-year inflation rate surged from 60.6% in January 2022 to a peak of 285.0% in August 2022 before decelerating to 243.8% at the end of the year. The inflation pressures eased during the second half of the year as a result of various intiatives that were introduced by the Government in order to instil economic confidence, foster market discipline, and bolster local currency demand. The initiatives included the temporary suspension of lending, introduction of the willing buyer willing seller rate pricing system, introduction of gold coins as a store of value, increase in the bank policy interest rate from 80% to 200%, carrying out value for money audits for all Government contracts, etcetera.

Despite the economic and geopolitical challenges faced on the world stage, the global tourism industry remained resilient in its recovery from the adverse impact of the COVID-19 pandemic. International tourism recorded stronger than expected results in 2022, underpinned by pent-up demand and the easing of travel restrictions across the globe.

According to the United Nations World Tourism Organization, over 900 million tourists travelled internationally in 2022, double those who travelled in 2021 albeit still 37% lower than in 2019. Locally, the Zimbabwe Tourism Authority reported that the country saw a 165% increase in tourist arrivals to 693,498 from 261,415 in 2021 during the nine-month period to 30 September 2022. This however, is still far from the pre-pandemic levels with arrivals for the first nine months being 59% lower than the 1,674,303 arrivals that were received during the same period in 2019. This lag in arrivals trails the international and regional statistics due at least in part to the Country's continued Covid-19 restrictions as compared to competitor destinations.

Financial Performance
The financial performance commentary is primarily based on inflation adjusted consolidated financial statements, which are the primary financial statements in accordance with the International Accounting Standard ("IAS") 29 – *Financial Reporting in Hyperinflationary Economies*. Historical cost consolidated financial statements have been issued for information purposes only.

Revenue for the year under review was ZWL 31.8 billion, which reflects a 114% increase compared with last year. In United States of American Dollar ("USD") terms as reported for internal financial reporting, Group revenue for the year ended 31 December 2022 amounted to USD 53.2 million, a 62% growth from prior year. This was on the back of a 15 percentage point increase in occupancy and firmer average daily rates ("ADR"). Occupancy at 46% was 2 percentage points below the 48% that was achieved in 2019, the last normal trading year before Covid-19. 60% of the Group revenue was generated in foreign currency. Hotel revenue was split 81% and 19% between domestic and foreign arrivals respectively. The improved performance reflects recovery of both domestic and foreign business. The City and Country hotels recorded 58% occupancies (2021: 45%) whilst the Resort hotels, which have not fully recovered from the impact of Covid 19, achieved an occupancy level of 36% (2021: 19%).

The hospitality segment contributed 98% of Group revenue whilst the real estate segment contributed 2%.

Operating Expenses
The Group's operating expenses, excluding depreciation, increased by 62% compared to last year as a result of the increase in volumes driving variable costs and inflationary pressures. The Group will continue to monitor costs and implement various cost savings initiatives.

Profitability
The Group recorded inflation adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") of ZWL 15.7 billion and profit before tax, depreciation and amortization of ZWL 8.4 billion as a result of improved business performances.

Turning to liquidity the Group is ungeared and had cash and cash equivalents of ZWL 8.7 billion as at 31 December 2022. In USD terms, cash and cash equivalents as at 31 December 2022 grew by 11% to USD 11.2 million from USD 10.2 million in the prior year. We will continue to manage cash flow and liquidity closely as the country faces rising food and fuel prices which not only affect the Group but also our guests.

Update On The Kingdom at Victoria Falls Exit
The Company ceased operations at The Kingdom at Victoria Falls hotel effective 5 January 2023. The hotel has been under the African Sun stable since 1966 and was being leased from Makasa Sun (Private) Limited. During the year under review, the hotel contributed USD5million towards Group revenue and USD380,000 towards profit before tax. The various hotel refurbishment and expansion projects in the pipeline are expected to ease the profitability pressure that will result from the closure of this hotel.

Chairman's statement (continued)

Update On Refurbishments and Developments

Our cash deployment strategy remains unchanged, focusing mainly on targeted capital expenditure on hotel assets in order to enhance the experience of our valued guests and to preserve value. During the third quarter of 2022, we completed the refurbishment of 47 rooms and the kitchen at the majestic five-star, The Victoria Falls Hotel. The Group, together with our partner, Meikles Limited, invested approximately USD5million towards the refurbishment of this property.

The Group also completed the refurbishment of all 70 rooms at Troutbeck Resort during the last quarter of 2022. Meanwhile, work on the Hwange Safari Lodge rooms refurbishment commenced in August 2022 and as at the date of this report, 56 rooms had already been completed with the remaining 44 rooms expected to be completed before the middle of the year. The refurbishment of the remaining rooms at Great Zimbabwe Hotel, including the conference centre is at an advanced stage and is expected to be complete by mid-year.

Dividend Declaration

The Board authorized a final dividend of 0.1411 US cents per share amounting to a total of USD1,079,273 with respect to the year ended 31 December 2022. A separate dividend notice will be issued, with respect to the dividend declaration.

Outlook

While we remain confident about African Sun's future prospects, our outlook is to a greater extent dependent on the political landscape prevailing in Zimbabwe ahead of the 2023 harmonized elections, the evolution of the geo-political tensions in Ukraine and the local and global macro-economic conditions.

We expect international tourism to consolidate its recovery in 2023, underpinned by pent-up demand, particularly from Asia and the Pacific as destinations and markets open up. Benefits from China, following the lifting of the zero Covid policy, are however expected to trickle to the rest of world at a slow pace as airlines and travel agencies scale up capacity.

On the domestic front we anticipate to benefit from various number of high profile events, including elections, because of our widespread geographical presence across the country, the Zimbabwe International Trade Fair where at least 45 new exhibitors and nine foreign nations have already booked, the Victoria Falls Carnival where we are hosting the event at Elephant Hills Resort and Conference Centre, Cricket tours in Harare and Bulawayo, etcetera. On the downside, expiry of Value Added Tax ("VAT") exemptions on domestic accommodation effective 1 August 2022, is expected to put pressure on domestic revenue as we may not be able to pass the full VAT cost to customers due to price sensitivities in our industry.

While we are proud of the hotel refurbishments that we are currently carrying out and those that we have completed, we acknowledge that the remaining hotels are also due for upgrades. In this regard, the Group has commenced preparatory work to upgrade all our hotels to world class standards. We estimate spending approximately USD12 million within the next year or two, depending on business and economic performance, to be funded from our own cash position and borrowings.

We are excited about our upcoming migration from the Zimbabwe Stock Exchange to the Victoria Falls Stock Exchange ("VFEX") in the second quarter of 2023. This move is set to provide us with increased capacity to raise the necessary funds to support the ongoing renovations of our hotels and the development of new projects.

Unfortunately our funding plans and initiatives have been negatively affected by the recent monetary policy statement that removed foreign currency liquidation exemptions for companies listed on the VFEX and companies in the tourism sector. This will make it more difficult for us to access the funding necessary for the extensive refurbishment projects. We will however continue to explore other funding opportunities and leverage our strong relationships with investors and financial institutions to secure the necessary resources to drive our business forward. We are confident that with our experienced team, strategic partnerships, and commitment to excellence, we will achieve our goals and deliver value to our stakeholders.

Directorate Changes

Mr. Peter Saungweme was appointed as the Chief Executive Officer, effective 1 January 2022.

Appreciation

I would like to express my sincere appreciation to our staff across the business for their commitment and hard work. To my fellow Directors, I am very grateful for your commitment and contribution to the Group as we work towards our vision of being the leading provider in hospitality and leisure operations in Africa. To our valued customers and broader stakeholders, thank you for your continued patronage and support.

Dr. E A Fundira
Chairman

24 March 2023

Auditor's Statement

These condensed consolidated financial statements derived from the audited inflation adjusted consolidated financial statements of African Sun Limited and its subsidiaries "the Group" for the financial year ended 31 December 2022, should be read together with the complete set of audited inflation adjusted consolidated financial statements of the Group, for the year ended 31 December 2022, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Edmore Chimhowa, Registered Public Auditor 0470.

A qualified opinion has been issued on the audited inflation adjusted consolidated financial statements of the Group, for the year then ended. The qualified opinion was issued regarding non- compliance with IFRS 3 "*Business Combinations*" with respect to measurement of gain on bargain purchase on acquisition transaction in the prior financial year.

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 inflation adjusted consolidated financial statements. These include revenue recognition and fair value measurement.

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

Condensed consolidated statement of financial position

As at 31 December 2022

		INFLATION ADJUSTED		HISTORICAL COST	
All figures in ZWL	**Note**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
ASSETS					
Non-current assets					
Property and equipment		72,055,737,167	52,292,045,640	71,737,479,268	15,078,131,442
Investment property	6	11,228,070,000	11,595,498,484	11,228,070,000	3,373,139,000
Right of use assets		3,696,182,129	1,969,659,328	1,082,262,475	260,614,906
Biological assets		215,485,662	406,984,909	215,485,662	118,392,208
Deferred tax assets		21,933,581	-	21,933,581	-
Other financial assets		49,432,508	30,024,978	49,432,508	8,734,288
Total non-current assets		**87,266,841,047**	**66,294,213,339**	**84,334,663,494**	**18,839,011,844**
Current assets					
Assets classified as held for sale	7.7	3,077,553,034	638,590,005	3,062,023,402	185,766,300
Inventories		3,530,630,807	3,240,423,125	1,479,296,967	353,935,186
Trade receivables		1,513,784,806	799,856,326	1,513,784,806	232,678,791
Other financial assets		1,632,385,156	803,692,243	1,455,933,252	193,247,148
Cash and cash equivalents		8,654,891,399	4,318,738,513	8,654,891,399	1,256,324,196
Total current assets		**18,409,245,202**	**9,801,300,212**	**16,165,929,826**	**2,221,951,621**
Total assets		**105,676,086,249**	**76,095,513,551**	**100,500,593,320**	**21,060,963,465**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital		1,869,959,857	1,868,827,066	14,743,576	14,235,172
Share premium		10,576,752,111	9,021,164,668	1,442,429,663	723,204,747
Equity-settled share based payment reserve	16.1	161,038,667	138,093,423	44,326,089	28,803,334
Foreign currency translation reserve	16.2	6,243,258,237	5,997,978,307	632,026,126	394,634,158
Revaluation reserve		31,435,776,423	16,095,955,212	50,257,080,858	7,554,302,096
Retained earnings		35,318,422,376	26,444,426,998	23,528,195,465	7,224,668,781
Total equity attributable to owners of the parent		**85,605,207,671**	**59,566,445,674**	**75,918,801,777**	**15,939,848,288**
Non-controlling interest		-	4,513,028,687	-	1,275,149,196
Total equity		**85,605,207,671**	**64,079,474,361**	**75,918,801,777**	**17,214,997,484**
Liabilities					
Non-current liabilities					
Deferred tax liabilities		10,122,813,452	6,145,961,617	14,640,370,222	2,138,356,117
Lease liabilities		1,226,345,582	933,027,885	1,226,345,582	271,418,495
Deferred lease income		833,625	3,521,598	833,625	1,024,435
Total non-current liabilities		**11,349,992,659**	**7,082,511,100**	**15,867,549,429**	**2,410,799,047**
Current liabilities					
Liabilities associated with assets classified as held for sale	7.6	115,445,672	-	108,801,867	-
Trade and other payables		7,138,536,629	4,259,104,772	7,138,536,629	1,238,976,697
Current income tax liabilities		173,321,930	170,811,024	173,321,930	49,689,052
Provisions	11	1,279,809,587	469,464,886	1,279,809,587	136,567,679
Deferred lease income		190,809	15,138,102	190,809	4,403,685
Lease liabilities		13,581,292	19,009,306	13,581,292	5,529,821
Total current liabilities		**8,720,885,919**	**4,933,528,090**	**8,714,242,114**	**1,435,166,934**
Total liabilities		**20,070,878,578**	**12,016,039,190**	**24,581,791,543**	**3,845,965,981**
Total equity and liabilities		**105,676,086,249**	**76,095,513,551**	**100,500,593,320**	**21,060,963,465**

AFRICAN SUN LIMITED

Condensed consolidated statement of comprehensive income

For the year ended 31 December 2022

All figures in ZWL	Note	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Revenue	10	31,816,916,521	14,879,726,256	23,670,443,418	3,636,287,992
Cost of sales	12	(8,635,773,433)	(4,552,028,160)	(6,348,763,756)	(962,873,834)
Gross profit		**23,181,143,088**	**10,327,698,096**	**17,321,679,662**	**2,673,414,158**
Other income	13.1	7,886,183,213	4,920,649,497	14,569,631,163	2,399,173,995
Gain on bargain purchase	5	-	29,544,150,741	-	4,994,893,505
Operating expenses	12	(17,640,392,103)	(10,861,120,569)	(13,078,975,237)	(2,521,819,192)
Net impairment (losses)/reversal on financial assets		(350,265,872)	52,252,990	(498,809,922)	(9,980,316)
Other expenses	13.2	(409,056,684)	(32,284,370)	(55,055,417)	(2,301,607)
Operating profit		**12,667,611,642**	**33,951,346,385**	**18,258,470,249**	**7,533,380,543**
Finance income		41,158,398	2,006,148	24,053,586	494,376
Finance costs		(138,667,849)	(166,398,192)	(83,924,658)	(41,437,962)
Finance costs - lease liabilities		(205,349,592)	(118,706,367)	(114,240,597)	(26,807,043)
Net monetary loss		(3,918,594,119)	(78,662,954)	-	-
Profit before tax		**8,446,158,480**	**33,589,585,020**	**18,084,358,580**	**7,465,629,914**
Income tax (expense)/credit	14	(813,704,642)	(116,287,377)	(1,017,880,177)	45,956,693
Profit from continuing operations		**7,632,453,838**	**33,473,297,643**	**17,066,478,403**	**7,511,586,607**
Loss from discontinued operations	7.4	(457,079,881)	-	(399,848,408)	-
Profit for the year		**7,175,373,957**	**33,473,297,643**	**16,666,629,995**	**7,511,586,607**
Other comprehensive income net of tax:					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		245,279,930	61,843,818	237,391,968	15,403,705
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus		15,339,821,211	12,194,855,125	42,702,778,762	6,529,784,470
Other comprehensive income for the year net of tax		**15,585,101,141**	**12,256,698,943**	**42,940,170,730**	**6,545,188,175**
Total comprehensive income for the year		**22,760,475,098**	**45,729,996,586**	**59,606,800,725**	**14,056,774,782**
Profit attributable to:					
Owners of the parent		7,220,547,820	32,985,272,361	16,655,966,859	7,213,447,802
Non-controlling interests		(45,173,863)	488,025,282	10,663,136	298,138,805
		7,175,373,957	**33,473,297,643**	**16,666,629,995**	**7,511,586,607**
Total comprehensive income attributable to:					
Owners of the parent		22,805,648,961	44,434,287,259	59,596,137,589	13,333,323,514
Non-controlling interests		(45,173,863)	1,295,709,327	10,663,136	723,451,268
		22,760,475,098	**45,729,996,586**	**59,606,800,725**	**14,056,774,782**
Earnings per share attributable to:					
Owners of the parent during the year (ZWL cents)					
Basic and diluted earnings per share	15	490	2,317	1,130	507
Headline earnings per share	15	366	2,295	432	493

Condensed consolidated statement of cash flows

For the year ended 31 December 2022

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Cash flows from operating activities				
Cash generated from operations	10,576,482,594	2,212,958,379	9,864,948,556	769,003,534
Finance income received	42,135,508	2,006,148	24,984,984	494,376
Finance cost paid	-	(3,054,231)	-	(618,237)
Finance cost paid - lease liabilities	(205,727,538)	(118,706,367)	(114,618,543)	(26,807,043)
Tax paid	(1,686,271,409)	(495,849,102)	(1,473,554,588)	(130,454,850)
Cash generated from operating activities	**8,726,619,155**	**1,597,354,827**	**8,301,760,409**	**611,617,780**
Cash utilised in investing activities				
Acquisition of subsidiary	-	189,880,735	-	36,229,237
Purchase of property and equipment	(4,222,229,037)	(1,272,490,344)	(3,475,822,884)	(306,349,772)
Purchase of investment property		(27,424,362)		(6,056,794)
Proceeds from sale of investment property	202,841,426	38,132,912	64,310,981	8,542,340
Proceeds from sale of property and equipment	63,871,358	13,762,509	37,755,080	3,537,965
Proceeds from sale of non-current assets held for sale	346,642,907	55,061,463	2,422,213,225	12,851,069
Cash utilised in investing activities	**(3,608,873,346)**	**(1,003,077,087)**	**(951,543,598)**	**(251,245,955)**
Cash utilised in financing activities				
Repayment of borrowings	-	(18,491,817)	-	(3,876,673)
Repayment of lease liabilities	(34,456,405)	(23,356,404)	(27,465,209)	(5,375,634)
Dividend paid	(1,151,835,180)	-	(891,555,967)	-
Cash utilised in financing activities	**(1,186,291,585)**	**(41,848,221)**	**(919,021,176)**	**(9,252,307)**
Increase in cash and cash equivalents	**3,931,454,224**	**552,429,519**	**6,431,195,635**	**351,119,518**
Cash and cash equivalents at beginning of the year	4,318,738,513	4,416,942,542	1,256,324,196	799,374,360
Exchange gains on cash and cash equivalents	967,371,568	363,802,171	967,371,568	105,830,318
Effects of restatement on cash and cash equivalents	(562,672,906)	(1,014,435,719)	-	-
Cash and cash equivalents at end of the year	**8,654,891,399**	**4,318,738,513**	**8,654,891,399**	**1,256,324,196**

Condensed consolidated statement of changes in equity

For the year ended 31 December 2022

	INFLATION ADJUSTED								
All figures in ZWL	**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 2021									
Balance as at 1 January 2021	**1,839,385,476**	**5,362,458,148**	**56,841,620**	**5,936,134,489**	**4,708,784,132**	**(6,540,845,363)**	**11,362,758,502**	**-**	**11,362,758,502**
Profit for the year	-	-	-	-	-	32,985,272,361	32,985,272,361	488,025,282	**33,473,297,643**
Other comprehensive income:									
Currency translation differences	-	-	-	61,843,818	-	-	61,843,818	-	**61,843,818**
Revaluation surplus - net of tax	-	-	-	-	11,387,171,080	-	11,387,171,080	807,684,045	**12,194,855,125**
Total comprehensive income for the year	**-**	**-**	**-**	**61,843,818**	**11,387,171,080**	**32,985,272,361**	**44,434,287,259**	**1,295,709,327**	**45,729,996,586**
Transactions with owners in their capacity as owners:									
Share option cost	-	-	81,251,803	-	-	-	81,251,803	-	**81,251,803**
Shares issued	29,441,590	3,658,706,520	-	-	-	-	3,688,148,110	-	**3,688,148,110**
Non-controlling interest on acquisition	-	-	-	-	-	-	-	3,217,319,360	**3,217,319,360**
Balance as at 31 December 2021	**1,868,827,066**	**9,021,164,668**	**138,093,423**	**5,997,978,307**	**16,095,955,212**	**26,444,426,998**	**59,566,445,674**	**4,513,028,687**	**64,079,474,361**
Year ended 31 December 2022									
Balance as at 1 January 2022	**1,868,827,066**	**9,021,164,668**	**138,093,423**	**5,997,978,307**	**16,095,955,212**	**26,444,426,998**	**59,566,445,674**	**4,513,028,687**	**64,079,474,361**
Profit/(loss) for the year	-	-	-	-	-	7,220,547,820	7,220,547,820	(45,173,863)	**7,175,373,957**
Other comprehensive income:									
Currency translation differences	-	-	-	245,279,930	-	-	245,279,930	-	**245,279,930**
Revaluation surplus - net of tax	-	-	-	-	15,339,821,211	-	15,339,821,211	-	**15,339,821,211**
Total comprehensive income for the year	**-**	**-**	**-**	**245,279,930**	**15,339,821,211**	**7,220,547,820**	**22,805,648,961**	**(45,173,863)**	**22,760,475,098**
Transactions with owners in their capacity as owners:									
Share options cost	-	-	22,945,244	-	-	-	22,945,244	-	**22,945,244**
Shares issued	1,211,939	1,661,360,149	-	-	-	-	1,662,572,088	-	**1,662,572,088**
Treasury shares	(79,148)	(105,772,706)	-	-	-	-	(105,851,854)	-	**(105,851,854)**
Transfer of NCI to equity attributable to owners of the parent	-	-	-	-	-	2,805,282,738	2,805,282,738	(4,467,854,824)	**(1,662,572,086)**
Dividend paid	-	-	-	-	-	(1,151,835,180)	(1,151,835,180)	-	**(1,151,835,180)**
Balance as at 31 December 2022	**1,869,959,857**	**10,576,752,111**	**161,038,667**	**6,243,258,237**	**31,435,776,423**	**35,318,422,376**	**85,605,207,671**	**-**	**85,605,207,671**

Condensed consolidated statement of changes in equity

For the year ended 31 December 2022

	HISTORICAL COST								
All figures in ZWL	**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 2021									
Balance as at 1 January 2021	**8,617,716**	**25,123,685**	**8,043,669**	**379,230,453**	**1,449,830,089**	**11,220,979**	**1,882,066,591**	**-**	**1,882,066,591**
Profit for the year	-	-	-	-	-	7,213,447,802	7,213,447,802	298,138,805	**7,511,586,607**
Other comprehensive income:									
Currency translation differences	-	-	-	15,403,705	-	-	15,403,705	-	**15,403,705**
Revaluation surplus - net of tax	-	-	-	-	6,104,472,007	-	6,104,472,007	425,312,463	**6,529,784,470**
Total comprehensive income for the year	**-**	**-**	**-**	**15,403,705**	**6,104,472,007**	**7,213,447,802**	**13,333,323,514**	**723,451,268**	**14,056,774,782**
Transactions with owners in their capacity as owners:									
Share option cost	-	-	20,759,665	-	-	-	20,759,665	-	**20,759,665**
Shares issued	5,617,456	698,081,062	-	-	-	-	703,698,518	-	**703,698,518**
Non-controlling interest on acquisition	-	-	-	-	-	-	-	551,697,928	**551,697,928**
Balance as at 31 December 2021	**14,235,172**	**723,204,747**	**28,803,334**	**394,634,158**	**7,554,302,096**	**7,224,668,781**	**15,939,848,288**	**1,275,149,196**	**17,214,997,484**
Year ended 31 December 2022									
Balance as at 1 January 2022	**14,235,172**	**723,204,747**	**28,803,334**	**394,634,158**	**7,554,302,096**	**7,224,668,781**	**15,939,848,288**	**1,275,149,196**	**17,214,997,484**
Profit for the year	-	-	-	-	-	16,655,966,859	16,655,966,859	10,663,136	**16,666,629,995**
Other comprehensive income:									
Currency translation differences	-	-	-	237,391,968	-	-	237,391,968	-	**237,391,968**
Revaluation surplus - net of tax	-	-	-	-	42,702,778,762	-	42,702,778,762	-	**42,702,778,762**
Total comprehensive income for the year	**-**	**-**	**-**	**237,391,968**	**42,702,778,762**	**16,655,966,859**	**59,596,137,589**	**10,663,136**	**59,606,800,725**
Transactions with owners in their capacity as owners:							-		
Share options cost	-	-	15,522,755	-	-	-	15,522,755	-	**15,522,755**
Shares issued	543,843	746,152,697	-	-	-	-	746,696,540	-	**746,696,540**
Treasury shares	(35,439)	(26,927,781)	-	-	-	-	(26,963,220)	-	**(26,963,220)**
Transfer of NCI to equity attributable to owners of the parent	-	-	-	-	-	539,115,792	539,115,792	(1,285,812,332)	**(746,696,540)**
Dividend paid	-	-	-	-	-	(891,555,967)	(891,555,967)	-	**(891,555,967)**
Balance as at 31 December 2022	**14,743,576**	**1,442,429,663**	**44,326,089**	**632,026,126**	**50,257,080,858**	**23,528,195,465**	**75,918,801,777**	**-**	**75,918,801,777**

Notes to the condensed consolidated financial statements

For the year ended 31 December 2022

1 Reporting entity

African Sun Limited ("the Company") and its subsidiaries (together "the Group") manages ten hotels, operates two Lodges under a timeshare model in Zimbabwe, and operates a sales and marketing office in South Africa that focuses on international and regional sales. The Group also has a real estate division that owns seven hotel buildings, that are operated by the hotel division; and owns more than 2,000 hectares of land across Zimbabwe that is held either for capital appreciation or future development.

The Company is incorporated and domiciled in Zimbabwe, and is listed on the Zimbabwe Stock Exchange (ZSE). The parent of the Company is Arden Capital Management (Private) Limited ("Arden"), which owns 60.56% (2021: 62.73%) 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 24 March 2023.

2 Basis of preparation

The condensed consolidated financial statements have been prepared in compliance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") and disclosure requirements of IAS 34 "*Interim Financial Reporting*", except for non- compliance with IFRS 3 "*Business Combinations*" with respect to measurement of gain on bargain purchase on acquisition transaction in the prior financial year.

The condensed consolidated financial statements are prepared under historical cost convention as modified by the revaluation of investment property, biological assets and property and equipment and in the manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31). For the purposes of fair presentation in accordance with IAS 29, "Financial reporting in hyperinflationary economies", the historical cost information has been restated for changes in general purchasing power of the Zimbabwe dollar ("ZWL") and appropriate adjustment and reclassifications have been made. Accordingly the inflation adjusted consolidated financial statements represents the primary financial statements of the Group.

The preparation of condensed consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity whose assumptions and estimates are significant to the consolidated financial statements are disclosed in note 8.

3 Inflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of the measuring unit current at the end of reporting date. The restatement has been calculated by means of adjusting factors derived from the consumer price index (CPI) prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate the financial statements as at 31 December 2022, using 2021 base year are as follows:

Date	Indices	Adjusting Factor
CPI as at 31 December 2021	3,977.46	3.44
CPI as at 31 December 2022	13,672.91	1.00

3 Inflation adjustment (continued)

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows:

All items in income statements are restated by applying relevant monthly adjusting factors;

The net effect of the inflation adjustments on the net monetary position of the Group is included in the income statement as a monetary loss or gain;

Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date;

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the condensed consolidated financial statements under historical cost convention. The policies affected are:

- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date; and
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor;
- Investment property and property and equipment that are carried at revalued amounts which approximate fair values and when not revalued are restated by applying inflation adjusting factors from the last date of revaluation;
- Inventories are carried at the lower of cost or net realisable value;
- Biological assets are carried at the lower of cost or fair value, less estimated point of sale costs;
- Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities; and
- All items of statement of cash flow are expressed in terms of measuring unit current at the reporting date.

4 Going concern

The going concern assessment continues to be a significant matter due to uncertainties emanating from the COVID-19 pandemic and instability of the local and global economic environment. Despite the economic and geopolitical challenges faced on the world stage, the global tourism industry remained resilient in its recovery from the adverse impact of the COVID-19 pandemic. International tourism recorded stronger than expected results in 2022, underpinned by the high levels of pent-up demand and the easing of travel restrictions across the globe. According to the United Nations World Tourism Organization ("UNWTO"), over 900 million tourists travelled internationally in 2022, double those who travelled in 2021 albeit still 37% lower than in 2019.

The Group's hotel occupancy for the year ended 31 December 2022 at 46% (2021:31%) was 2 percentage points lower than an occupancy of 48% achieved in 2019 pre COVID-19. Preliminary forecasts from the UNWTO points to continued improvement in occupancies and international travel in 2023. 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.

In their going concern assessment, the Directors took into account, 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. 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 condensed consolidated financial statements on a going concern basis is appropriate.

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

5 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the changes below:

a) Acquisition of Dawn Properties: Business Combination of Entities Under Common Control

On 20 January 2021, the Company acquired 91.17% shareholding of Dawn Properties Limited, a Company previously owned by the parent company, Arden Capital Management (Private) Limited. As such, the acquisition was classified as a business combination of entities under common control.

A business combination of entities under common control is scoped out of IFRS 3 - 'Business Combination". Resultantly, the Group had to develop an accounting policy to account for such transactions in line with IAS 8 - "Accounting Policies, Accounting Estimates and Errors"; and the Conceptual Framework. The Group elected to adopt the acquisition method of IFRS 3 to account for common control transactions.

Gain on bargain purchase: Dawn Properties acquisition

The following information relates to the acquisition of Dawn Properties Limited on 20 January 2021 via a share swap:

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Identifiable net assets value	-	36,449,618,211	-	6,250,289,949
Fair value of non-monetary assets transferred as consideration	-	(3,688,148,110)	-	(703,698,516)
Non-controlling interest	-	(3,217,319,360)	-	(551,697,928)
Gain on bargain purchase	**-**	**29,544,150,741**	**-**	**4,994,893,505**
Consideration paid in cash	-	-	-	-
Cash and cash equivalents in subsidiary acquired	-	189,880,735	-	36,229,237
Net cash inflow from acquisition of subsidiary	**-**	**189,880,735**	**-**	**36,229,237**

The purchase consideration, was the market value of African Sun Limited shares issued to Dawn Properties shareholders on 20 January 2021, restated 31 December 2022 in line with IAS 29 - "Financial Reporting in Hyperinflationary Economies".

b) Treasury shares and acquisition of the remaining Dawn Properties shares

During the year, the Group acquired the remaining 8.83% issued share capital of Dawn Properties through Tag Along (3.21%) and Drag Along (5.62%) processes in terms of Section 239 of the Companies and Other Business Entities Act [Chapter 24:31]. In line with the provisions of the circular to Dawn Properties shareholders, the Group settled the seller's transaction costs during the process and in turn withheld a number of shares sufficient to cover such transaction costs. The shares withheld are now held by the Company as treasury shares.company as treasury shares.

All figures in ZWL	Shares	INFLATION ADJUSTED Share capital	INFLATION ADJUSTED Share premium	HISTORICAL COST Share capital	HISTORICAL COST Share premium
The following relates to issued shares:					
Issued shares as at 1 January 2022	1,423,517,220	1,868,827,066	9,021,164,668	14,235,172	723,204,747
Shares issued during the year	54,384,275	1,211,939	1,661,360,149	543,843	746,152,697
Treasury shares (withheld)	(3,543,942)	(79,148)	(105,772,706)	(35,439)	(26,927,781)
Issued shares as at 31 December 2022	**1,474,357,553**	**1,869,959,857**	**10,576,752,111**	**14,743,576**	**1,442,429,663**

5 Accounting policies (continued)

b) Treasury shares and acquisition of the remaining Dawn Properties shares (continued)

The treasury shares were measured at the value of the transaction costs settled by the Group as this was taken as the consideration paid for the shares. The Group adopted the par value method to record the treasury shares and the shares were deducted from equity with no gain or loss being recognised in profit or loss for the year.

The transaction resulted in a change of degree of ownership in Dawn Properties from 91.17% to a 100% owned subsidiary. As a result of the change of ownership interest, the Group derecognised non-controlling interest and recognised ZWL2.81 billion directly in equity.

c) Definitions of non IFRS measures

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

This is the profit before financing costs or income, income tax, depreciation and amortisation.

Normalised earnings before interest, tax, depreciation and amortisation

This is EBITDA adjusted for unusual transactions and non-recurring items to allow comparison with prior years.

6 Investment property

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Balance at the beginning of the year	**11,595,498,484**	**-**	**3,373,139,000**	**-**
Acquisitions (excluding owner occupied hotel properties)	-	7,877,512,360	-	1,425,665,230
Additions	-	521,112,281	-	8,369,774
Transfer to assets classified as held for sale	(2,750,000,000)	(691,682,119)	(2,750,000,000)	(153,520,000)
Disposals	(211,068,564)	(51,967,322)	(61,400,000)	(9,405,000)
Fair value gains	2,593,640,080	3,940,523,284	10,666,331,000	2,102,028,996
Balance at the end of the year	**11,228,070,000**	**11,595,498,484**	**11,228,070,000**	**3,373,139,000**

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. As at 31 December 2022, all investment property was carried at fair value. Refer to note 8(e) for more details on underlying assumptions used in determining fair value of investment properties.

In line with the strategy to rationalise the Group's property portfolio and focus on high yielding hotel properties, the Board made a decision to dispose Beitbridge Express hotel "hotel asset" in 2021. Transfer from investment property to assets classified as held for sale disclosed above relates to the transfer of Beitbridge Express Hotel from investment property to non-current assets held for sale as the hotel asset only met the conditions to be classified as a non-current asset held for sale in 2022. During the year, the Group actively marketed the hotel asset to various parties and a sale is expected to be completed before the end of December 2023.

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

7 Discontinued operations and assets classified as held for sale

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

In line with the Board's strategy to rationalize the Group's asset portfolio in order to focus on Group's tourism and hospitality operations, a decision was made in 2021, to sell one of the Group's subsidiaries, DPC. The subsidiary is a property consultancy business that offers property management, asset valuation, agency services, and other property-related ancillary services.

The Group actively marketed the sale of DPC througout the year and successfully completed the disposal of Dawn Property Consultancy (Private) Limited subsequent to year end for ZWL379 million.

7.2 Windspike (Private) Limited ("Windspike")

On 25 July 2022, the Group completed the disposal of a wholly owned subsidiary, Windspike (Private) Limited "Windspike" for ZWL129,165,487. Windspike was a dormant subsidiary with its only asset being the 1.7 Hectares land bank in Harare, commonly known as Honister. This land bank had been classified as a non-current asset held for sale in previous reporting periods.

Included in the loss from discontinued operations and disposal group is a profit of ZWL91 855 346 from this Company.

7.3 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.

Included in the loss from discontinued operations and disposal group is a loss of ZWL 998,567,736 from this operation.

7.4 Analysis of the profit for the year from discontinued operations

The results of the discontinued operations included in the profit for the year are set out as below.

Statement of comprehensive income

	INFLATION ADJUSTED			
All figures in ZWL	**DPC 31 December 2022**	**Windspike 31 December 2022**	**Kingdom Hotel 31 December 2022**	**Total 31 December 2022**
Revenue	804,827,281	-	3,444,699,608	4,249,526,889
Cost of sales	-	-	(1,100,422,373)	(1,100,422,373)
Other income/(expenses)	156,568,379	98,916,134	(967,212,892)	(711,728,379)
Operating expenses	(712,703,254)	(660,788)	(2,245,948,559)	(2,959,312,601)
Finance income/(costs)	977,110	-	(43,510,408)	(42,533,298)
Net monetary gain (IAS 29)	355,012,751	-	-	355,012,751
Profit/(loss) before tax	**604,682,267**	**98,255,346**	**(912,394,624)**	**(209,457,011)**
Income tax expense	(19,892,587)	(6,400,000)	(86,173,112)	(112,465,699)
Profit/(loss) for the year from discontinued operations	**584,789,680**	**91,855,346**	**(998,567,736)**	**(321,922,710)**
Intra-group transactions eliminated	(135,157,171)	-	-	(135 157 171)
Profit/(loss) contribution during the year from discountinued operations	**449,632,509**	**91,855,346**	**(998,567,736)**	**(457,079,881)**

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

7.4 Analysis of the profit for the year from discontinued operations (continued)

Statement of comprehensive income

	HISTORICAL COST			
All figures in ZWL	**DPC 31 December 2022**	**Windspike 31 December 2022**	**Kingdom Hotel 31 December 2022**	**Total 31 December 2022**
Revenue	547,203,677	-	2,867,536,773	3,414,740,450
Cost of sales	-	-	(861,354,416)	(861,354,416)
Other income/(expenses)	32,632,142	128,000,000	(698,951,447)	(538,319,305)
Operating expenses	(510,645,782)	(528,364)	(1,696,119,645)	(2,207,293,791)
Finance (costs)/income	931,398	-	(23,715,040)	(22,783,642)
Profit/(loss) before tax	**70,121,435**	**127,471,636**	**(412,603,775)**	**(215,010,704)**
Income tax expense	(19,892,587)	(6,400,000)	(86,173,112)	(112,465,699)
Profit/(loss) for the year from discontinued operations	**50,228,848**	**121,071,636**	**(498,776,887)**	**(327,476,403)**
Intra-group transactions eliminated	(72,372,005)	-	-	(72,372,005)
(Loss)/profit contribution during the year from discountinued operations	**(22,143,157)**	**121,071,636**	**(498,776,887)**	**(399,848,408)**

7.5 Analysis of cash flows from discontinued operations

	INFLATION ADJUSTED			
All figures in ZWL	**DPC 31 December 2022**	**Windspike 31 December 2022**	**Kingdom Hotel 31 December 2022**	**Total 31 December 2022**
Net cash flow from/(utilised) operating activities	594,506,768	-	(81,361,335)	513,145,433
Net cash utilised in investing activities	(24,490,909)	-	(33,756,025)	(58,246,934)
Net cash utilised in financing activities	-	-	(67,818)	(67,818)
Net cash increase in cash and cash equivalence	**570,015,858**	**-**	**(115,185,178)**	**454,830,680**

	HISTORICAL COST			
All figures in ZWL	**DPC 31 December 2022**	**Windspike 31 December 2022**	**Kingdom Hotel 31 December 2022**	**Total 31 December 2022**
Net cash flow from/(utilised) operating activities	85,641,211	-	703,963,375	789,604,586
Net cash utilised in investing activities	(13,924,392)	-	(10,256,915)	(24,181,307)
Net cash utilised in financing activities	-	-	(37,710)	(37,710)
Net cash increase in cash and cash equivalence	**71,716,819**	**-**	**693,668,750**	**765,385,569**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

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

7.6 Analysis of assets and liabilities related to discontinued operations

The major classes of assets and liabilities associated with assets classified as held for sale are as follows:

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Assets				
Property and equipment	224,322,000	-	224,322,000	-
Inventories	13,881,632	-	2,044,643	-
Trade and other receivables	89,349,403	-	85,656,758	-
Total assets classified as held for sale	**327,553,035**	**-**	**312,023,401**	**-**
Liabilities				
Trade and other payables	47,971,704	-	47,971,704	-
Deferred tax liabilities	52,642,767	-	45,998,962	-
Current income tax liabilities	13,799,088	-	13,799,088	-
Provisions for other liabilities	1,032,113	-	1,032,113	-
Liabilities associated with assets classified as held for sale	**115,445,672**	**-**	**108,801,867**	**-**

7.7 Assets classified as held for sale

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Balance at the beginning of the year	**638,590,005**	**-**	**185,766,300**	**-**
Transfer from Investment property - Note 6	2,750,000,000	691,682,119	2,750,000,000	153,520,000
Disposal group assets - Note 7.6	327,553,035	-	312,023,401	
Impairment	-	(61,152,785)	-	-
Fair value gains	3,682,461	60,055,621	207,981,122	41,656,300
Disposal	642,272,467	(51,994,950)	(393,747,421)	(9,410,000)
Balance at the end of the year	**3,077,553,034**	**638,590,005**	**3,062,023,402**	**185,766,300**

Disposal group assets relate to Dawn Property Consultancy (Private) Limited which has been classified as held for sale as disclosed above.

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sale as required by IFRS 5 - *"Non-current assets held for sale and discontinued operations"*. The Beitbridge Express Hotel has been measured at Fair Value less costs to sale while assets relating to the DPC disposal group have been measured at their carrying amount.

8 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Income taxes

Significant judgement is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

(b) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each reporting period. As at 31 December 2022, the Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Some of the initiatives implemented to ensure the Group improves its profitability and continues as a going concern are discussed in note 4.

(c) Impairment of trade receivables and financial assets

The Group carried out an impairment review of its financial instruments balances as at 31 December 2022 using the simplified impairment approach which uses both historical and forward-looking information as required by IFRS 9. When developing the simplified impairment provisioning matrix, trade receivables ageing and write offs over the past 5 years were used to assess the historical default rates over the expected life of the trade receivables. The historical default rates are adjusted for forward-looking estimates in accordance with IFRS 9 to determine the average default rate.

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying expected credit losses model of impairing trade receivables. Significant increase of credit risk - in assessing whether the credit risk of an asset has significantly increased the Directors considers qualitative and quantitative reasonable and supportable forward-looking information.

- Model and assumptions used - the Group used model and assumptions in measuring fair value of financial assets as well as estimating expected credit losses ("ECL"). The directors have applied judgement in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risks.
- Business model assessment - the Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of assets and how these are managed.

(d) Determination of lease terms

The Group leases various office buildings, hotel buildings, golf course, car park and staff housing. Rental contracts are typically made for fixed periods of two years to fifteen years. Leases for hotel buildings have extension options for renewal at the end of the lease up to five renewals at the option of the Group.

The Group determined that the non-cancellable period of the leases are the original lease terms, together with the periods covered by options to extend the leases that the Group is reasonably certain to extend because of both significant leasehold improvements undertaken, and the importance of the underlying lease assets to the Group's operations.

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

8 Critical accounting estimates and judgements (continued)

(e) Principal assumptions underlying estimation of fair value of property and equipment and investment property

The property and equipment and investment property, was valued as at 31 December 2022 by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards.

Freehold properties was valued in ZWL using the market comparable approach. This method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then analyzed and applied to the subject property varied by scrutiny of comparables not exactly equivalent in size, quality and location.

Equipment and motor vehicles were valued in ZWL based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year. The depreciated replacement cost is derived from adjusting current prices drawn from recent transactions in general, for contractual, location and inherent differences.

Investment property was valued in ZWL, the valuation basis is a market comparison method for land and cost approach for buildings, both valuation basis conform to international valuation standards.

9 Financial risk management

(i) Key liquidity risk disclosures

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.

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.

9 Financial risk management (continued)

(i) Key liquidity risk disclosures (continued)

	INFLATION ADJUSTED			
All figures in ZWL	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
As at 31 December 2022				
Liabilities				
Trade and other payables	(7,138,536,629)	-	-	**(7,138,536,629)**
Lease liabilities	(13,581,292)	(101,248,845)	(1,125,096,737)	**(1,239,926,874)**
Total liabilities	**(7,152,117,921)**	**(101,248,845)**	**(1,125,096,737)**	**(8,378,463,503)**
Assets held for managing liquidity risk				
Trade receivables	1,513,783,904	-	-	**1,513,783,904**
Other financial assets	1,632,386,058	49 432 508	-	**1,681,818,566**
Cash and cash equivalents	8,654,891,399	-	-	**8,654,891,399**
Total assets held for managing liquidity risk	**10,168,675,303**	**-**	**-**	**10,168,675,303**
Liquidity gap	**3,016,557,382**	**(101,248,845)**	**(1,125,096,737)**	**1,790,211,800**
Cumulative liquidity gap	**3,016,557,382**	**2,915,308,537**	**1,790,211,800**	**-**
As at 31 December 2021				
Liabilities				
Trade and other payables	(4,259,104,772)	-	-	**(4,259,104,772)**
Lease liabilities	(19,009,306)	(48,830,661)	(884,197,224)	**(952,037,191)**
Total liabilities	**(4,278,114,078)**	**(48,830,661)**	**(884,197,224)**	**(5,211,141,963)**
Assets held for managing liquidity risk				
Trade and other receivables	799,856,326	-	-	**799,856,326**
Other financial assets	803,692,243	30,024,978	-	**833,717,221**
Cash and cash equivalents	4,318,738,513	-	-	**4,318,738,513**
Total assets held for managing liquidity risk	**5,922,287,082**	**30,024,978**	**-**	**5,952,312,060**
Liquidity gap	**1,644,173,004**	**(18,805,683)**	**(884,197,224)**	**741,170,097**
Cumulative liquidity gap	**1,644,173,004**	**1,625,367,321**	**741,170,097**	**-**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

9 Financial risk management (continued)

(i) Key liquidity risk disclosures (continued)

All figures in ZWL	HISTORICAL COST Less than 1 year	1 to 5 years	More than 5 years	Total
As at 31 December 2022				
Liabilities				
Trade and other payables	(7,138,536,629)	-	-	**(7,138,536,629)**
Lease liabilities	(13,581,292)	(101,248,845)	(1,125,096,737)	**(1,239,926,874)**
Total liabilities	**(7,152,117,921)**	**(101,248,845)**	**(1,125,096,737)**	**(8,378,463,503)**
Assets held for managing liquidity risk				
Trade and other receivables	1,513,783,904	-	-	**1,513,783,904**
Other financial assets	1,455,934,154	49,432,508	-	**1,505,366,662**
Cash and cash equivalents	8,654,891,399	-	-	**8,654,891,399**
Total assets held for managing liquidity risk	**11,624,609,457**	**49,432,508**	**-**	**11,674,041,965**
Liquidity gap	**4,472,491,536**	**(51,816,337)**	**(1,125,096,737)**	**3,295,578,462**
Cumulative liquidity gap	**4,472,491,536**	**4,420,675,199**	**3,295,578,462**	**-**
As at 31 December 2021				
Liabilities				
Trade and other payables	(1,238,976,697)	-	-	**(1,238,976,697)**
Lease liabilities	(5,529,821)	(14,204,875)	(257,213,620)	**(276,948,316)**
Total liabilities	**(1,244,506,518)**	**(14,204,875)**	**(257,213,620)**	**(1,515,925,013)**
Assets held for managing liquidity risk				
Trade and other receivables	232,678,791	-	-	**232,678,791**
Other financial assets	193,247,148	8,734,288	-	**201,981,436**
Cash and cash equivalents	1,256,324,196	-	-	**1,256,324,196**
Total assets held for managing liquidity risk	**1,682,250,135**	**8,734,288**	**-**	**1,690,984,423**
Liquidity gap	**437,743,617**	**(5,470,587)**	**(257,213,620)**	**175,059,410**
Cumulative liquidity gap	**437,743,617**	**432,273,030**	**175,059,410**	**-**

9 Financial risk management (continued)

(ii) Key credit risk disclosures

Trade receivables

The Group applies the IFRS 9, simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 2022 respectively.

The closing expected credit loss allowances for trade receivables as at 31 December 2022 reconcile to the opening expected credit loss allowances as follows:

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	31 December 2021	HISTORICAL COST 31 December 2022	31 December 2021
Opening expected credit loss allowance	133,262,978	210,263,833	38,766,298	38,053,363
Increase/(decrease) in expected credit loss allowance recognised in profit or loss during the year	350,265,872	(77,000,855)	444,762,552	712,935
Closing expected credit loss allowance	**483,528,850**	**133,262,978**	**483,528,850**	**38,766,298**

Other financial assets at amortised cost

Other financial assets at amortised cost include staff and key management personnel debtors and receivables from related parties.

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	31 December 2021	HISTORICAL COST 31 December 2022	31 December 2021
Opening expected credit loss allowance	43,563,163	18,815,298	12,672,556	3,405,175
Increase/(decrease) in expected credit loss allowance recognised in profit or loss during the year	53,247,255	24,747,865	84,137,862	9,267,381
Closing expected credit loss allowance	**96,810,418**	**43,563,163**	**96,810,418**	**12,672,556**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

10 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 four 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, Caribbea Bay Resort and The Kingdom at Victoria Falls Hotel. These hotels are headed by the Resort Hotels Operations Executive who reports to the Chief Executive Officer. Subsequent to year end The Kingdom at Victoria Falls Hotel ceased operations on 5 January 2023. Refer to note 7.3 for more details.

3. Partnership

This refers to The Victoria Falls Hotel which is jointly operated with Meikles 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. This segment also includes a property consultancy business that offers property management, valuation, agency services and other property related ancillary services. The consultancy and valuation services business was disposed off subsequent to year end. Refer to note 7.1 for more details.

5. Other

This segment comprise of Sun Leisure, Central Office and the South Africa Reservation Office. Sun Leisure houses the Group's touring division (Sun Leisure Tours) and the Casinos (Sun Casinos).

The South Africa Reservation Office operates a regional sales and marketing office in South Africa that focuses on international and regional sales.

10 Segment analysis (continued)

Revenue from contracts with customers

Intercompany sales within 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 derives revenue from the transfer of goods and services at a point in time in most of its segments while revenue is also recognised over time from timeshares.

The amounts provided to the executive committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

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

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

	INFLATION ADJUSTED						
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2022							
Sale of rooms	9,601,944,218	5,286,924,030	1,520,562,374	-	-	-	**16,409,430,622**
Sale of food and beverages	6,758,843,524	4,102,316,066	401,310,505	-	-	-	**11,262,470,095**
Management fees and commissions	-	-	-	-	383,160,554	(383,160,554)	**-**
Conferencing	356,622,295	369,360,369	-	-	-	-	**725,982,664**
Property development sales	-	-	-	211,689,662	-	-	**211,689,662**
Property rentals	-	-	-	2,564,177,200	-	(2,248,233,964)	**315,943,236**
Other income	1,282,550,138	1,100,109,046	244,076,340	-	218,177,932	(4,535,116)	**2,840,378,340**
Revenue from contracts with customers	**17,999,960,175**	**10,858,709,511**	**2,165,949,219**	**2,775,866,862**	**601,338,486**	**(2,635,929,634)**	**31,765,894,619**
Gaming income	-	-	-	-	51,021,902	-	**51,021,902**
Total revenue	**17,999,960,175**	**10,858,709,511**	**2,165,949,219**	**2,775,866,862**	**652,360,388**	**(2,635,929,634)**	**31,816,916,521**
Revenue from discontinued operations							
Dawn Property Consultancy (Private) Limited	-	-	-	804,827,281	-	(135,157,171)	**669,670,110**
The Kingdom at Victoria Falls Hotel	-	3,444,699,608	-	-	-	-	**3,444,699,608**
Material items included in profit before tax							
Cost of sales	(5,009,999,005)	(2,981,872,512)	(435,145,297)	(152,082,156)	(56,674,463)	-	**(8,635,773,433)**
Employee benefit expenses	(2,136,543,542)	(1,290,792,853)	(279,374,115)	(214,478,866)	(1,827,568,198)	-	**(5,748,757,574)**
Short term, low value and variable lease expenses	(1,671,292,569)	(1,195,682,900)	(212,533,852)	(5,508,286)	(16,092,601)	2,248,233,964	**(852,876,244)**
Fair value gains on investment property	-	-	-	15,811,636,962	-	(13,313,230,551)	**2,498,406,411**
Exchange (loss)/gain	(770,491,593)	(943,839,432)	470,684,719	1,409,977,089	5,195,455,562	-	**5,361,786,345**
Other information							
EBITDA	**4,264,839,861**	**2,197,343,029**	**958,651,161**	**18,970,917,944**	**2,821,747,037**	**(13,471,543,395)**	**15,741,955,637**
Depreciation	(1,198,707,837)	(642,677,817)	(248,951,647)	(100,240,992)	(296,223,691)	(511,736,343)	**(2,998,538,327)**
Rights of use assets amortisation	(62,233,991)	(189,667)	(69,521)	-	(13,312,489)	-	**(75,805,668)**
Finance costs - borrowings (net)	(84,386,139)	(56,520,325)	-	842,810	42,554,203	-	**(97,509,451)**
Finance costs - lease liabilities	(197,183,097)	(470,844)	(182,637)	-	(7,513,014)	-	**(205,349,592)**
Net monetary loss	-	-	-	(2,140,028,241)	(1,778,565,878)	-	**(3,918,594,119)**
Profit before tax	**2,722,328,797**	**1,497,484,376**	**709,447,356**	**16,731,491,521**	**768,686,168**	**(13,983,279,738)**	**8,446,158,480**
Total assets as at 31 December 2022	**17,755,929,475**	**12,634,059,716**	**4,655,908,092**	**71,295,730,334**	**8,649,739,172**	**(9,315,280,540)**	**105,676,086,249**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	**1,141,835,610**	**2,087,965,714**	**533,599,042**	**31,997,640**	**221,306,282**	**205,524,749**	**4,222,229,037**
Total liabilities as at 31 December 2022	**5,212,315,084**	**4,291,976,826**	**546,118,089**	**1,887,268,168**	**2,262,675,593**	**5,870,524,818**	**20,070,878,578**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

	INFLATION ADJUSTED						
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2021							
Sale of rooms	4,374,714,440	2,236,898,694	296,167,037	-	-	-	**6,907,780,171**
Sale of food and beverages	3,555,762,744	1,747,333,597	101,363,083	-	-	-	**5,404,459,424**
Management fees and commissions	-	-	-	-	152,188,878	(152,188,878)	**-**
Conferencing	144,103,859	122,678,581	-	-	-	-	**266,782,440**
Property development sales	-	-	-	486,368,370	-	-	**486,368,370**
Valuation and consultancy services	-	-	-	334,970,769	-	(16,470,722)	**318,500,047**
Property rentals	-	-	-	943,950,594	-	(871,131,272)	**72,819,322**
Other income	748,392,427	510,275,388	83,254,672	-	64,854,546	(2,311,768)	**1,404,465,265**
Revenue from contracts with customers	**8,822,973,470**	**4,617,186,260**	**480,784,792**	**1,765,289,733**	**217,043,424**	**(1,042,102,640)**	14,861,175,039
Gaming income	**-**	**-**	**-**	**-**	**18,551,217**	**-**	**18,551,217**
Total revenue	**8,822,973,470**	**4,617,186,260**	**480,784,792**	**1,765,289,733**	**235,594,641**	**(1,042,102,640)**	**14,879,726,256**
Material items included in profit before tax							
Cost of sales	(2,469,537,225)	(1,420,988,754)	(98,588,765)	(546,881,422)	(16,031,994)	-	**(4,552,028,160)**
Employee benefit expenses	(981,735,865)	(694,612,438)	(98,088,481)	(278,236,921)	(824,611,606)	-	**(2,877,285,311)**
Short term, low value and variable lease expenses	(803,717,248)	(758,564,924)	(45,303,420)	(21,266,877)	(3,343,474)	871,131,272	**(761,064,671)**
Fair value gains on investment property	-	-	-	15,700,109,581	-	(11,699,530,676)	**4,000,578,905**
Exchange (loss)/gain	(27,930,538)	(234,844,613)	52,860,740	80,175,494	639,080,987	-	**509,342,070**
Other information							
EBITDA	**2,594,614,386**	**(21,605,948)**	**21,889,632**	**16,172,997,882**	**(518,115,856)**	**17,814,488,363**	**36,064,268,459**
Depreciation	(732,845,979)	(494,258,900)	(186,947,893)	(106,363,940)	(219,981,894)	(319,537,955)	**(2,059,936,561)**
Rights of use assets amortisation	(33,482,112)	(1,101,847)	(169,811)	-	(18,231,745)	-	**(52,985,515)**
Finance costs - borrowings (net)	(71,923,827)	(91,420,134)	-	(1,359,849)	311,766	-	**(164,392,044)**
Finance costs - lease liabilities	(110,293,868)	(2,854,606)	(450,019)	-	(5,107,872)	-	**(118,706,365)**
Net monetary loss	-	-	-	(142,792,631)	64,129,677	-	**(78,662,954)**
Profit/(loss) before tax	**1,646,068,600**	**(611,241,435)**	**(165,678,091)**	**15,922,481,462**	**(696,995,924)**	**17,494,950,408**	**33,589,585,020**
Total assets as at 31 December 2021	**12,245,019,997**	**7,267,147,461**	**1,424,739,855**	**53,902,923,201**	**8,811,591,748**	**(7,555,908,711)**	**76,095,513,551**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	**319,314,837**	**275,523,462**	**561,861,621**	**42,813,337**	**72,977,087**	**-**	**1,272,490,344**
Total liabilities as at 31 December 2021	**2,911,835,905**	**2,408,771,839**	**173,266,477**	**1,830,587,334**	**2,257,568,063**	**2,434,009,572**	**12,016,039,190**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

	HISTORICAL COST						
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2022							
Sale of rooms	6,947,115,224	3,978,591,767	1,252,389,475	-	-	-	**12,178,096,466**
Sale of food and beverages	4,920,919,329	3,152,650,370	326,530,401	-	-	-	**8,400,100,100**
Management fees and commissions	-	-	-	-	278,803,746	(278,803,746)	**-**
Conferencing	261,257,880	278,119,485	-	-	-	-	**539,377,365**
Property development sales	-	-	-	129,992,705	-	-	**129,992,705**
Valuation and consultancy services	-	-	-	-	-	-	**-**
Property rentals	-	-	-	1,934,885,324	-	(1,684,624,656)	**250,260,668**
Other income	939,561,487	842,194,005	184,066,198	-	168,162,671	(4,131,931)	**2,129,852,430**
Revenue from contracts with customers	**13,068,853,920**	**8,251,555,627**	**1,762,986,074**	**2,064,878,029**	**446,966,417**	**(1,967,560,333)**	**23,627,679,734**
Gaming income	-	-	-	-	42,763,684	-	**42,763,684**
Total revenue	**13,068,853,920**	**8,251,555,627**	**1,762,986,074**	**2,064,878,029**	**489,730,101**	**(1,967,560,333)**	**23,670,443,418**
Revenue from discontinued oprations							
Dawn Property Consultancy (Private) Limited	-	-	-	547,203,677	-	(72,372,005)	**474,831,672**
The Kingdom at Victoria Falls Hotel	-	2,867,536,773	-	-	-	-	**2,867,536,773**
Material items included in profit before tax							
Cost of sales	(3,675,061,872)	(2,273,273,166)	(344,412,745)	(10,668,072)	(45,347,901)	-	**(6,348,763,756)**
Employee benefit expenses	(1,552,812,871)	(941,745,738)	(207,528,120)	(150,890,486)	(1,323,420,155)	-	**(4,176,397,370)**
Short term, low value and variable lease expenses	(1,249,830,774)	(916,774,537)	(174,641,737)	(3,164,967)	(13,121,843)	1,684,624,656	**(672,909,202)**
Fair value gains on investment property	-	-	-	51,084,373,402	-	(40,338,061,279)	**10,746,312,123**
Exchange (loss)/gain	(530,086,897)	(612,510,752)	351,700,603	982,249,692	3,514,277,533	-	**3,705,630,179**
Other information							
EBITDA	2,888,811,417	1,781,295,082	783,466,944	53,588,494,645	1,809,378,050	(40,459,981,670)	**20,391,464,468**
Depreciation	(872,772,538)	(468,046,854)	(178,035,769)	(16,002,505)	(193,457,629)	(361,778,473)	**(2,090,093,768)**
Rights of use assets amortisation	(34,293,354)	(104,437)	(38,281)	-	(8,464,379)	-	**(42,900,451)**
Finance costs - borrowings (net)	(51,549,336)	(34,613,937)	-	280,184	26,012,017	-	**(59,871,072)**
Finance costs - lease liabilities	(108,586,381)	(258,848)	(100,436)	-	(5,294,932)	-	**(114,240,597)**
Profit/(loss) before tax	**1,821,609,808**	**1,278,271,006**	**605,292,458**	**53,572,772,324**	**1,628,173,127**	**(40,821,760,143)**	**18,084,358,580**
Total assets as at 31 December 2022	**13,349,938,835**	**9,499,019,732**	**3,500,582,064**	**69,275,873,941**	**6,503,376,184**	**(1,628,197,436)**	**100,500,593,320**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	**968,627,411**	**1,771,236,425**	**452,655,929**	**14,359,677**	**187,735,721**	**81,207,721**	**3,475,822,884**
Total liabilities as at 31 December 2022	**5,212,315,084**	**4,291,976,826**	**546,118,089**	**1,738,277,108**	**1,407,981,217**	**11,385,123,219**	**24,581,791,543**

Notes to the condensed consolidated financial statements (continued)
For the year ended 31 December 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

				HISTORICAL COST			
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2021							
Sale of rooms	1,041,011,123	565,776,159	73,943,512	-	-	-	**1,680,730,794**
Sale of food and beverages	859,836,648	442,657,223	25,412,672	-	-	-	**1,327,906,543**
Management fees and commissions	-	-	-	-	36,193,044	(36,193,044)	**-**
Conferencing	34,761,027	31,767,679	-	-	-	-	**66,528,706**
Property development sales	-	-	-	117,933,271	-	-	**117,933,271**
Valuation and consultancy services	-	-	-	76,360,865	-	(3,324,563)	**73,036,302**
Property rentals	-	-	-	231,968,541	-	(214,766,853)	**17,201,688**
Other income	182,232,992	129,346,764	20,704,979	-	16,715,514	(513,191)	**348,487,058**
Revenue from contracts with customers	**2,117,841,790**	**1,169,547,825**	**120,061,163**	**426,262,677**	**52,908,558**	**(254,797,651)**	**3,631,824,362**
Gaming income	**-**	**-**	**-**	**-**	**4,463,630**	**-**	**4,463,630**
Total revenue	**2,117,841,790**	**1,169,547,825**	**120,061,163**	**426,262,677**	**57,372,188**	**(254,797,651)**	**3,636,287,992**
Material items included in profit before tax							
Cost of sales	(569,518,331)	(341,879,968)	(23,584,466)	(24,076,583)	(3,814,486)	-	**(962,873,834)**
Employee benefit expenses	(235,304,463)	(168,498,625)	(23,583,986)	(64,631,906)	(196,554,004)	-	**(688,572,984)**
Short term, low value and variable lease expenses	(193,769,174)	(180,212,563)	(11,318,937)	(4,604,292)	(827,822)	214,766,853	**(175,965,935)**
Fair value gains on investment property	-	-	-	8,428,663,572	-	(6,284,978,276.0)	**2,143,685,296**
Exchange (loss)/gain	(10,614,212)	(59,539,777)	11,166,993	20,901,944	164,050,406	-	**125,965,354**
Other information							
EBITDA	650,472,316	57,771,747	9,323,229	8,678,343,649	(114,289,482)	(1,297,756,396)	**7,983,865,063**
Depreciation	(164,924,328)	(111,882,869)	(42,035,022)	(8,926,467)	(37,427,644)	(73,243,011)	**(438,439,341)**
Rights of use assets amortisation	(7,553,326)	(248,393)	(38,281)	-	(4,205,179)	-	**(12,045,179)**
Finance costs - borrowings (net)	(17,706,318)	(23,113,407)	-	(196,297)	72,436	-	**(40,943,586)**
Finance costs - lease liabilities	(24,859,421)	(643,290)	(101,416)	-	(1,202,916)	-	**(26,807,043)**
Profit/(loss) before tax	**435,428,923**	**(78,116,212)**	**(32,851,490)**	**8,669,220,885**	**(157,052,785)**	**(1,370,999,407)**	**7,465,629,914**
Total assets as at 31 December 2021	**2,748,439,241**	**1,631,137,659**	**319,788,038**	**15,123,706,581**	**1,977,793,792**	**(739,901,846)**	**21,060,963,465**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	**76,728,133**	**66,205,507**	**135,009,677**	**10,870,798**	**17,535,657**	**-**	**306,349,772**
Total liabilities as at 31 December 2021	**847,055,197**	**700,713,492**	**50,403,345**	**447,830,202**	**528,534,258**	**1,271,429,487**	**3,845,965,981**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

11 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 ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Leave pay	162,329,593	115,360,885	162,329,593	33,558,566
Contractual claim	730,822,116	316,748,990	730,822,116	92,142,513
Performance bonus	311,157,878	-	311,157,878	-
Other	75,500,000	37,355,011	75,500,000	10,866,600
	1,279,809,587	**469,464,886**	**1,279,809,587**	**136,567,679**

(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.

12 Expenses by nature

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
12.1 Cost of Sales				
Inventory recognised in cost of sales	3,196,926,642	2,175,565,885	2,311,985,324	382,412,017
Outside laundry in cost of sales	239,041,153	110,442,266	182,489,420	27,048,731
Employee costs in costs of sales	3,742,687,487	1,497,861,895	2,721,046,923	364,223,084
Other cost of sales	1,457,118,151	768,158,114	1,133,242,089	189,190,002
	8,635,773,433	**4,552,028,160**	**6,348,763,756**	**962,873,834**
12.2 Operating expenses				
Employee costs in operating expenses	5,725,812,330	2,796,033,508	4,160,874,615	688,572,984
Equity settled share based payments	22,945,244	81,251,803	15,522,755	20,759,665
Depreciation, usage and amortization	3,074,343,995	2,112,922,075	2,132,994,219	450,484,520
Short term, low value and variable lease expenses	852,876,244	761,064,671	672,909,202	175,965,935
Repairs and maintenance	834,761,014	502,488,938	639,698,820	121,225,275
Audit fees and other professional services	126,199,310	120,249,821	87,516,555	28,631,203
Heat, light, water & rates	723,509,473	772,097,159	579,642,093	180,425,073
Franchise fees	909,948,565	379,977,091	687,257,970	88,239,384
Sales and marketing	491,104,658	242,130,185	399,151,517	60,592,989
Insurance	258,834,765	194,877,072	195,892,390	47,736,850
Security	441,544,320	276,219,040	322,824,891	64,619,845
Bank charge and transaction tax	849,572,297	361,681,932	661,834,831	84,761,241
Vehicle running expenses	173,393,445	94,232,688	109,854,680	20,284,671
Consultancy costs	64,153,657	71,102,595	35,644,500	17,753,684
Subscriptions	87,188,788	70,962,039	63,874,318	16,145,194
Licenses	181,859,777	119,314,406	131,358,218	27,653,031
Other expenses	2,822,344,221	1,904,515,546	2,182,123,663	427,967,648
	17,640,392,103	**10,861,120,569**	**13,078,975,237**	**2,521,819,192**
Total cost of sales and operating expenses	**26,276,165,536**	**15,413,148,729**	**19,427,738,993**	**3,484,693,026**

13 Other income and other expenses

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
13.1 Other income				
Foreign exchange gains	5,361,786,345	509,342,069	3,705,630,179	125,965,354
Treasury income	1,099,244	162,470,289	692,447	39,857,351
Gain on disposal of subsidiary	24,891,213	-	19,902,960	-
Fair value gain on biological assets	-	248,258,234	97,093,454	89,665,994
Fair value gains on investment property	2,498,406,411	4,000,578,905	10,746,312,123	2,143,685,296
Other income	**7,886,183,213**	**4,920,649,497**	**14,569,631,163**	**2,399,173,995**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

13 Other expenses and other expenses (continued)

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
13.2 Other expenses				
Loss on sale of property equipment	6,798,556	32,284,370	6,756,368	2,301,607
Loss on sale of investment property	210,758,881	-	48,299,049	-
Fair value loss on biological assets	191,499,247	-	-	-
Other expense	**409,056,684**	**32,284,370**	**55,055,417**	**2,301,607**

14 Income tax (expense) / credit

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Income tax expense is made of the following;				
Current income tax expense	(1,495,999,525)	(552,680,658)	(1,481,488,401)	(159,693,983)
Deferred tax credit	682,294,883	436,393,281	463,608,224	205,650,676
Income tax (expense)/credit	**(813,704,642)**	**(116,287,377)**	**(1,017,880,177)**	**45,956,693**

15 Earnings and net asset value per share

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
(i) Earnings per share				
Basic and diluted earnings per share (ZWLcents)	**490**	**2,317**	**1,130**	**507**
Headline earnings per share (ZWLcents)	**366**	**2,295**	**432**	**493**
(ii) Normalised earnings per share				
Normalised basic and diluted earnings per share (ZWLcents)	**490**	**242**	**1,130**	**156**
Normalised headline earnings per share (ZWLcents)	**366**	**219**	**432**	**142**
(iii) Reconciliation of headline earnings used in calculating earnings per share is as follows;				
Earnings attributable to owners of the parent	7,220,547,820	32,985,272,361	16,655,966,860	7,213,447,802
Adjustments for:				
Loss from disposal of property and equipment	217,557,437	32,284,370	55,055,417	2,301,607
Loss for the year from discontinued operations	457,079,881	-	399,848,408	-
Fair value gain on investment property	(2,498,406,411)	(385,581,958)	(10,746,312,123)	(217,684,645)
Total non-controlling effect of adjustments	-	34,046,886	-	19,221,554
Headline earnings attributable to owners of the parent	**5,396,778,727**	**32,666,021,659**	**6,364,558,562**	**7,017,286,318**

15 Earnings and net asset value per share (continued)

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
(iv) Reconciliation of normalised earnings used in calculating earnings per share is as follows;				
Earnings attributable to owners of the parent	7,220,547,820	32,985,272,361	16,655,966,860	7,213,447,802
Adjustments for:				
Gain on bargain purchase	-	(29,544,150,741)	-	(4,994,893,505)
Normalised earnings/(loss) attributable to owners of the parent	**7,220,547,820**	**3,441,121,620**	**16,655,966,860**	**2,218,554,297**
(v) Reconciliation of normalised headline earnings used in calculating earnings per share is as follows;				
Earnings attributable to owners of the parent	5,396,778,727	32,666,021,659	6,364,558,562	7,017,286,318
Adjustments for:				
Gain on bargain purchase	-	(29,544,150,741)	-	(4,994,893,505)
Normalised headline earnings attributable to owners of the parent	**5,396,778,727**	**3,121,870,918**	**6,364,558,562**	**2,022,392,813**
Number of shares in issue	**1,474,359,582**	**1,423,517,220**	**1,474,359,582**	**1,423,517,220**
(vi) Net assets value per share				
Net asset value per share (cents)	**5,806**	**4,184**	**5,149**	**1,120**
Net asset value as per statement of financial position	85,605,207,671	59,566,445,674	75,918,801,778	15,939,848,288
(vii) Reconciliation of normalised earnings before interest, tax, depreciation and amortisation				
Earnings before interest, tax, depreciation and amortisation	15,741,955,637	36,064,268,459	20,391,464,468	7,983,865,063
Adjust for:				
Gain on bargain purchase	-	(29,544,150,741)	-	(4,994,893,505)
Normalised earnings before interest, tax, depreciation and amortisation	**15,741,955,637**	**6,520,117,718**	**20,391,464,468**	**2,988,971,558**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2022

16 Reserves

16.1 Equity-settled share based payment reserve

In terms of the Group's share option scheme rules, share options were granted on 19 March 2020 and were recognised at fair value. During the year the Group recognised an additional expense of ZWL22 945 244 in respect of share options granted. The options granted vest after 3 years and, accordingly, the fair value will be amortised over those periods.

Movements in share options during the period is as follows:

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Outstanding at the beginning of the year	138,093,423	56,841,620.00	28,803,334	8,043,669
Expensed during the year	22,945,244	81,251,803	15,522,755	20,759,665
Outstanding at the end of the year	**161,038,667**	**138,093,423**	**44,326,089**	**28,803,334**

No options were exercised during the year. All options expire, if not exercised, four years after the date of grant.

16.2 Foreign currency translation reserve ("FCTR")

On consolidation, exchange differences arising from the translation of transactions and balances of foreign operations which are different to the Group's presentation currency are taken to the foreign currency translation reserve.

Movements in FCTR reserve during the period are as follows:

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Balance at the beginning of the year	5,997,978,307	5,936,134,489	394,634,158	379,230,453
Recognised during the year	245,279,930	61,843,818	237,391,968	15,403,705
Balance at the end of the year	**6,243,258,237**	**5,997,978,307**	**632,026,126**	**394,634,158**

17 Capital commitments

All figures in ZWL	INFLATION ADJUSTED 31 December 2022	INFLATION ADJUSTED 31 December 2021	HISTORICAL COST 31 December 2022	HISTORICAL COST 31 December 2021
Authorised by Directors and contracted for	1,809,735,000	32,960,563	1,809,735,000	9,588,252
Authorised by Directors, but not contracted for	5,110,317,915	3,740,848,888	5,110,317,915	1,088,215,681
	6,920,052,915	**3,773,809,451**	**6,920,052,915**	**1,097,803,933**

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.

18 Events after reporting date

18.1 Dividend

Subsequent to year-end, the Board resolved to declare a final dividend of 0.1411 US cents per share amounting to a total of USD1,079,273 with respect to the year ended 31 December 2022.

18.2 Migration from Zimbabwe Stock Exchange ("ZSE") to Victoria Falls Stock Exchange ("VFEX")

Subsequent to year end, the Board approved the delisting of the Company from the Zimbabwe Stock Exchange, followed by a subsequent listing on the Victoria Falls Stock Exchange. Shareholders approved the proposed migration from ZSE to VFEX at an extraordinary meeting held on 28 March 2023.

18.3 Discontinued Operations

18.3.1 Dawn Property Consultancy (Private) Limited

Subsequent to year end, the Group successfully disposed of a wholly owned subsidiary, Dawn Property Consultancy (Private) Limited for ZWL379 million. The subsidiary was classified as a discontinued operation in the condensed consolidated financial statements. Dawn Property Consultancy (Private) Limited is a property consultancy business that offers property management, asset valuation, agency services, and other property-related ancillary services. For more details, refer to note 7.1.

18.3.2 The Kingdom at Victoria Falls Hotel Exit

On 5 January 2023, the Group exited operations at The Kingdom at Victoria Falls Hotel. Refer to note 7.3 for more details.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
Camelsa Business Park
135 Enterprise Road, Highlands
PO Box CY 2619
Causeway, Harare
Zimbabwe

T +263 0242 442511-4
F +263 0242 442517 / 496985
E info@zw.gt.com
www.grantthornton.co.zw

To the members of African Sun Limited and its subsidiaries

Report on the Audit of the Consolidated Inflation Adjusted Financial Statements

Qualified Opinion

We have audited the consolidated inflation adjusted financial statements of African Sun Limited and its subsidiaries set out on pages **9 to 81**, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated inflation adjusted financial statements, including a summary of the Group's significant accounting policies.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the consolidated inflation adjusted financial statements present fairly, in all material respects, the financial position of African Sun Limited and its subsidiaries as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non-compliance with IFRS 3 "Business Combinations" with respect to measurement of gain on bargain purchase on acquisition transaction in the prior financial year.

In the prior financial year, the Group acquired a controlling interest in a company under common control, the accounting treatment of which is outside the scope of IFRS 3. However, the Group elected to account for the acquisition in accordance with the principles of IFRS 3, which requires the acquirer to measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. The acquiree's investment property, property and equipment and non-current assets held for sale were not valued at fair values in accordance with IFRS 13 "Fair Value Measurements" at the acquisition date as the fair values were determined in USD and subsequently translated to ZWL using the closing auction exchange rate. Consequently, this resulted in a misstatement in the measurement of the resulting gain on bargain purchase, as this was not measured in accordance with the requirements of IFRS 3. The opinion on the consolidated financial statements for the year ended 31 December 2021 was modified in respect of this matter, and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated inflation adjusted financial statements of the current year. These matters were addressed in the context of our audit of the consolidated inflation adjusted financial statements as a whole and we did not provide a separate opinion on these matters. The key audit matters noted below relate to the annual consolidated inflation adjusted financial statements:

Key Audit Matter	How our audit addressed the Key Audit Matter
IFRS 15 - Revenue from Contracts with Customers • There is a presumed risk of inappropriate revenue recognition specifically identified in ISA 240 (R), 'The auditor's responsibility to consider fraud of financial statements'. • The risk is exacerbated by the fact that the Group has several revenue sources which have different recognition criteria such as: i. Sale of room nights; ii. Sale of food and beverages; iii. Gaming; iv. Conferencing; v. Property and related consultancy services; and sundry revenue vi. Rental income and vii. Revenue from the sale of stands not recorded in the correct period.	Our audit procedures included the following: • Reviewed that the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Tested the design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • We identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • Furthermore, we performed analytical procedures and assessed the reasonableness of explanation provided by management. • Performed cut-off tests on year end balances to ensure revenue is recognized in the correct period.

• Revenue recognition was identified as a significant risk area and accordingly a key audit matter.	• Inspected reversals and credit memos performed in the period subsequent to year end and establish if they were for valid revenue transactions. Based on the audit work performed, we satisfied ourselves that the Group revenue recognition is appropriate and in compliance with the requirements of IFRS 15 - Revenue from Contracts with Customers.
IFRS 13 – Fair Value Measurement • Investment property and property and equipment represent a substantial percentage (79%) of the Group's total assets as at 31 December 2022 (2021: 84%). • Property and equipment is measured using the revaluation model and investment property is measured using the fair value model which both requires determination of fair values in accordance with IFRS 13 - Fair Value Measurement. • The determination of fair values for assets is affected by the prevailing economic environment and involve significant judgements. • Property valuation depends to a large extent on estimates and assumptions such as market comparison, similar properties, knowledge of the market, historical transactions, information sources from government platforms and websites, and other reliable sources. • In view of the importance and complexity of the valuation process and its dependence heavily on a set of assumptions and estimates, we have considered this matter as a key audit matter.	 Our audit procedures included the following but were not limited: • Reviewed the entities' controls relating to the determination of the fair values of the investment properties and property and equipment, including controls related to the appropriate review and approval of the valuations. • Assessed the competence, capabilities, and objectivity of the valuers. • Conducted meetings with the internal and independent valuation experts to obtain an understanding of the assumptions used. • Evaluated the appropriateness of the valuation methods used to assess whether they were in line with acceptable industry practice and the requirements of IFRS. • Engaged a qualified auditor's expert to independently assess the reasonableness and appropriateness of the valuation models, methodologies and inputs used by the valuers. • Verify that all assets are revalued by comparing valuation reports to asset register. • Compared the internal valuation outcomes of those of the management's valuers for a sample of properties. Differences noted were assessed against acceptable pre-determined thresholds for reasonableness.

	• Assessed whether the disclosures in the consolidated financial statements are appropriate and in accordance with IFRS 13, IAS 16 and IAS 40. Based on our audit work performed and the assumptions used, we satisfied ourselves that the Group complied with the requirements of IFRS 13 – Fair Value Measurement.

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' report, 'Corporate governance', 'Chairman's report', and 'Chief Executive Officers' report', which we obtained prior to the date of this auditor's report. The other information does not include the consolidated inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated inflation adjusted financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated inflation adjusted financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated inflation adjusted financial statements, including the disclosures, and whether the consolidated inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated inflation adjusted financial statements. We are responsible for the direction, supervision, and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of this report, the consolidated inflation adjusted financial statements have been properly prepared, in all material respects in accordance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this Independent Auditor's Report is Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa
Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

30 March 2023

HARARE