

BLANTYRE HOTELS PLC

ANNUAL REPORT 2024





BLANTYRE HOTELS PLC

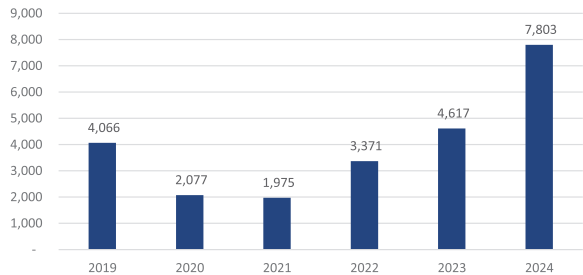
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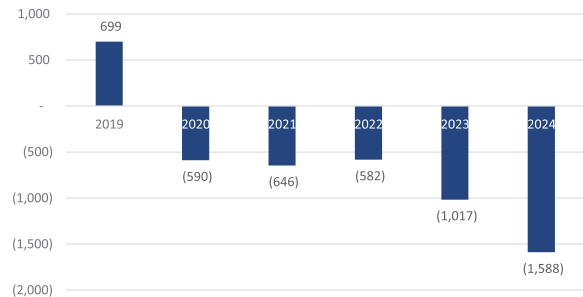
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SIX YEAR PERFORMANCE
HIGHLIGHTS - COMPANY

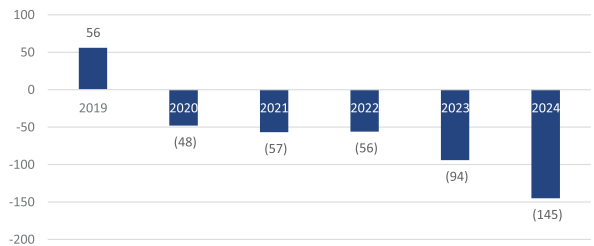
GROSS
REVENUE
(MK'Million)



PROFIT/LOSS
BEFORE TAX
(MK'Million)



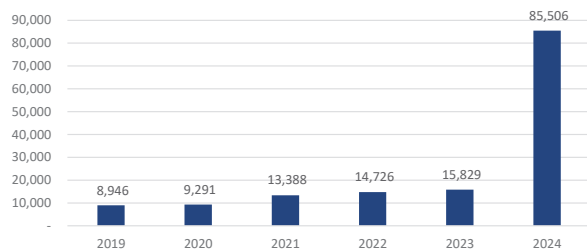
EARNINGS
PER SHARE
(Tambala)



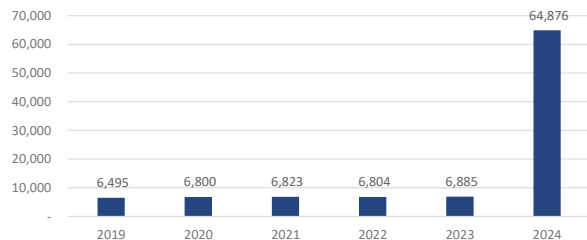
**GROSS DIVIDEND
PER SHARE**
(Tambala)



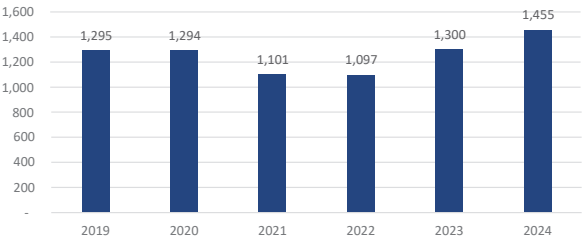
TOTAL ASSETS
(MK'Million)



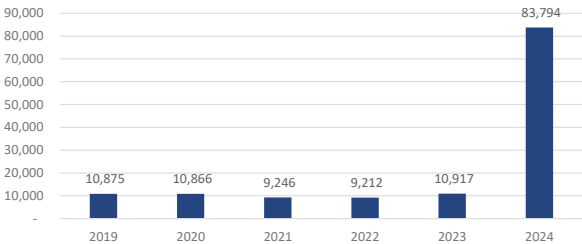
NET ASSETS
(MK'Million)



SHARE PRICE
(Tambala)



MARKET
CAPITALISATION
(MK'Million)



CHAIRPERSON'S REPORT

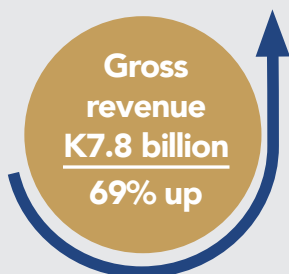
It gives me great pleasure to report on the Company's performance in respect of the financial year ended 31 December 2024.

OVERVIEW OF RESULTS

Gross revenue for the year was K7.8 billion, which was 69% higher than the revenue realised in the previous year. Hotel occupancy averaged 52.4% in the year compared to 46% in the previous year.

Cost of sales increased by 37% from K2.0 billion to K2.8 billion in the period due to increase in the general prices of goods coupled with the increase in volume of business. Selling and administration expenses increased by 70% with notable increases in staff costs, fees to the management company, Marriott International and debt capital raising costs. Depreciation charge increased due to the revaluation of buildings during the year and the procurement of boiler, kitchen and laundry equipment, door locks and safety equipment.

The company registered an EBITDA of K1.03 billion against an EBITDA of K242 million in prior period. The company incurred net finance charges of K2.3 billion (2023: K930 million) due to bank loans obtained for the Lilongwe hotel project. A loss after tax of K1.4 billion has been registered in the financial year ended 31 December 2024 compared to a loss of K793 million in 2023.



PROSPECTS

The outlook for Malawi's tourism and hospitality sector remains highly promising, both nationally and for the Company. The government's ATM strategy, which prioritizes tourism among other key sectors, is expected to create a more favorable business environment. This is despite ongoing structural challenges in the domestic economy and evolving global economic conditions that may impact trade.

The recently enacted Tourism Act of 2025, along with emerging opportunities in the mining sector, has generated renewed optimism within the hospitality industry. In response, the Company will continue to enhance guest experience and service delivery through its strategic partnership with Marriott International.

To strengthen its market position, the Company will intensify sales and marketing efforts across digital platforms, with a particular focus on the domestic segment. Additionally, it will promote the Marriott Bonvoy rewards program to drive customer loyalty and operational excellence, while delivering personalized experiences for guests.

EQUITY CAPITAL RAISING

During the year, the Company concluded a successful Rights Offer of up to 5,038,504,230 new ordinary shares in the proportion of 6 rights shares for every 1 existing share held on the record date at K12.38 per rights share payable in full acceptance. The Rights offer was concluded on 29th December 2024 and the Company raised a record K62,376,682,367, which is the biggest amount to be raised in the history of the Malawi Stock Exchange. The purpose of the rights issue was to raise capital to finance the company's own capital injection into Oasis Hospitality Limited for the construction of the Lilongwe Hotel Project which will add 180 rooms to the company's accommodation offering as part of our strategic expansion drive into the country's Capital City Lilongwe.

THE LILONGWE HOTEL PROJECT

Significant progress was made on the Protea Hotel Lilongwe Ryalls project during the year. Phase 2 of the development commenced at the beginning of the year, focusing on key installations including electrical systems, lifts, air conditioning, aluminum and glass works, and plumbing. Interior works such as tiling, ceilings, fittings, and partitions also began during this phase.

As of 31 December 2024, physical progress was estimated at 45%, with certified work valued at US\$20.2 million against a final projected cost of US\$56 million. The project completion date has been revised from the end of 2025 to February 2026.

Full funding for the project has been secured. Oasis Hospitality Limited will receive the Malawi Kwacha equivalent of US\$13.2 million from rights issue proceeds to complete the hotel development. An additional US\$5.7 million equivalent will be allocated for the procurement of furniture, fittings, and equipment, with procurement activities commencing after year-end. However, since this funding is in local currency, the project faces risks related to foreign currency availability and exchange rate volatility.



At the Extraordinary General Meeting held on 7 March 2024, shareholders approved a US\$15 million loan to support the project. By 31 December 2024, US\$9.2 million had been drawn and invested in the project company.

The Company continues to receive strong support from regulators, financial institutions, and government agencies. The Ministry of Tourism has facilitated regulatory approvals for investment incentives, while the Malawi Revenue Authority has expedited the clearance of imported materials to ensure timely delivery to the project site.

DIVIDENDS

Due to the current performance of the company and need for cash for the Lilongwe project, the Board resolved not to pay dividends.

CLOSING REMARKS

Let me conclude by expressing my sincere gratitude to the following:

- All Directors for their unwavering commitment to the success of the company.
- Our Hotel Manager, Marriott International, for their support and commitment to the company.
- All staff at the hotel, who deserve special thanks for working hard to achieve such great results despite the prevailing macro-economic challenges in the country. You make our hotel unique by helping customers enjoy exceptional hospitality.

A handwritten signature in black ink, appearing to read 'Vizenge Kumwenda'.

Vizenge Kumwenda
Chairperson

PROFILES OF DIRECTORS



Mr. Vizenge Kumwenda
Chairman

Mr Kumwenda is the Chairman of the Board of the Company. He is Group Managing Director of NICO Holdings Plc, a position he has held since January 2016. He has worked for the NICO Group in various senior management positions for over twenty-five years. Before NICO, Mr. Kumwenda worked for Deloitte, Malawi College of Accountancy (as a member of faculty), Malawi Institute of Management, Continental Discount House and Continental Asset Management Ltd. Mr Kumwenda holds a Bachelor's Degree in Commerce (Accountancy) and a Diploma in Business Studies from the University of Malawi. He holds a Master of Science (Finance) degree from the University of Strathclyde, Glasgow, Scotland. He is a Fellow Chartered Accountant and Associate of the Chartered Insurance Institute (UK).

He currently chairs the Board of NBS Bank Plc and is a Director on the Boards of some NICO Holdings subsidiaries. Outside of NICO, Mr. Kumwenda is Chairperson of Malawi Revenue Authority.

Mr Kumwenda was appointed to the board of Blantyre Hotels Plc on 6 September 2024. He became the Chairman of the Board with effect from 27 September 2024.



Mr. Robert Scharar
Non-Executive Director

Mr Robert Scharar is the President of FCA Corp, which provides financial planning and investment advisory services to individuals, closely held businesses, and investment entities. Mr. Scharar graduated from Polk Junior College with an Associate of Arts degree in Accounting in 1968, followed by a Bachelor of Science degree in Accounting from the University of Florida in 1970. In 1971, he received a Master's in Business Administration from Northeastern University. In 1974, Mr. Scharar graduated from the North-eastern University Law School with a Juris Doctorate and further went on to receive a Master's Degree of Law in Taxation from Boston University School of Law in 1979. Since 1977, Mr. Scharar has been a Director of the American Academy of Attorneys-Certified Public Accountants, Inc. and served as President. He serves as a Trustee of Florida Southern College. Mr. Scharar serves on numerous corporate boards throughout the United States and abroad, including Real Estate Investment Trusts and a mutual fund group.

PROFILES OF DIRECTORS (CONTINUED)



Mr. Elias Azele Malion
Non-Executive Director

Mr. Malion is a chartered accountant (CA) with extensive experience in financial management, accounting, treasury management, administration and human resources management. He is a Fellow of The Association of Chartered Certified Accountants (FCCA). He has a Master of Business Administration degree and a Bachelor of Accountancy degree (with Distinction), both obtained from the University of Malawi. He is a member of the Institute of Chartered Accountants in Malawi (ICAM). Mr. Malion is currently the Head of Finance and Administration of Press Trust, Malawi's foremost local charitable institution. His career spans more than 20 years, having also previously worked for Malawi Posts Corporation and Deloitte.

Apart from being a Director for Blantyre Hotels Plc, Mr. Malion also serves as a non-executive director on the boards of Mwaiwathu Private Hospital Limited and CDH Investment Bank Limited.



Mr Andrew Katimba
Non-Executive Director

Mr. Katimba holds a Master of Business Administration degree from the University of Derby. He is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Katimba has worked with CFAO Mobility Malawi (formerly Toyota Malawi) as its Finance Director/Head of Finance from 2005 to 2012 and from 2012 to 2016, he was the General Manager (Aftersales). He is currently the General Manager (Corporate) of CFAO Mobility Malawi. Mr. Katimba served as Chairman of Blantyre Sports Club from 2010 to 2012; and Director on the Board of Malawi Bureau of Standards from 2013 to 2014. He is currently the Chairman of the Toyota Malawi Pension Trustees Board, a position he has held since 2013; and serves as a Director on the Board of Marsh Malawi Limited. He brings to the Board a wealth of experience in entrepreneurship and business innovation.



Ms. Chikondi Ng'ombe
Non-Executive Director

Ms. Chikondi Ng'ombe holds a Master's Degree in Development Finance from the University of Stellenbosch and is a seasoned marketing professional. She is currently the Country Director for Bayer Crop Science Malawi. From March 2005 to December 2017, she rose through the ranks in Unilever Malawi to become its Country Manager from August 2013 to May 2016 and then Country Manager for Unilever Zambia to December 2017. She currently serves on the Boards of Bayer Malawi Limited and National Investment Trust Plc.

She brings to the Board a wealth of experience in business strategy development and marketing management.



Mrs. Thokozani Unyolo
Non-Executive Director

Mrs. Thokozani Unyolo serves as the CEO of Air Cargo Malawi Ltd and is a seasoned, award-winning Pan African Marketing and Business Executive with over 20 years of deep, invaluable expertise in building Brands and Business with an outstanding track record of excellence in execution and success in a competitive multinational landscape across United Kingdom , United Arab Emirates, 17 African nations in Southern, Eastern and West Africa in both Anglophone and Francophone speaking markets. She has worked in multiple key sectors of the economy with a demonstrated history of working in Diversified Industries, including Aviation. Financial Services, Telecommunications, Fast Moving Consumer Goods and Services, and Technology organizations of International and local brands.

Thokozani studied for a Bachelor of Business Administration at the University of Namibia and holds a Master of Business Administration ("MBA") from Gordon of Institute and Science ("GIBS"), a Digital Marketing Certificate from Stellenbosch University and a Strategic Client Relationship Management Certificate from the University of Cape Town.

PROFILES OF DIRECTORS (CONTINUED)



Dr Kwanele Ngwenya
Non-Executive Director

Dr. Kwanele Ngwenya is a seasoned banker who has spent most of his life in banking. He has over 27 years of banking experience, 19 of which have been in leadership positions. He started his banking career with Nedbank South Africa before moving to FNB, where he spent 11 years. Dr. Ngwenya has vast international banking experience, having worked in South Africa, Botswana, Zimbabwe, and now Malawi.

Since joining NBS Bank in 2017, Dr. Ngwenya has been instrumental in driving the Bank's remarkable transformation. His visionary leadership and strategic acumen have propelled the Bank from strength to strength, solidifying its position in Malawi's financial services sector. In recognition of his outstanding efforts and the Bank's trajectory under his stewardship, Dr. Ngwenya was awarded the prestigious Best Banking CEO of the Year in 2023. This accolade reflects his commitment to excellence and his unwavering focus on delivering sustainable growth and innovation.

Dr Ngwenya has recently been appointed to a role at NICO Holdings Plc as Group Chief Operating Officer.

Dr. Kwanele Ngwenya holds a Doctorate of Philosophy focusing on Strategy Implementation, obtained from Da Vinci Institute in 2023. He also holds a Master's degree in Business Administration from Oxford Brookes University (UK), a Master of Science Degree in Strategic Management from the University of Derby (UK), and a Master's Degree in Business Administration in Banking and Finance from Bangor University in Wales. He is a Chartered Banker with the Institute of Bankers in Scotland.

Additionally, Dr. Ngwenya has completed several advanced professional development certifications from reputable institutions, including Wits Business School and GIBS Business School.



Mr Louis Sibande
Non-Executive Director

Mr Louis Sibande is currently the Group Chief Finance Officer for the NICO Group. Mr. Sibande is a Chartered Management Accountant (ACMA), Chartered Global Management Accountant (CGMA), CA (Mw), and an Associate Member of the Association of Corporate Treasurers in the UK (AMCT), with local and international working experience spanning over 25 years, having worked at various levels in the NICO Group. His qualifications include a Bachelor of Accountancy degree from the University of Malawi. Louis is privileged to have been part of the pioneer management team tasked with setting up NIKO Insurance Uganda (now Sanlam Uganda) and NIKO Insurance Tanzania (now Sanlam General Insurance Tanzania). He sits on Boards of Export Development Fund, NICO Technologies Ltd and Eris Properties (Mw).

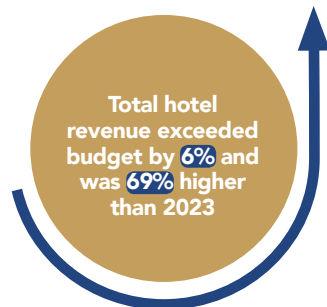
GENERAL MANAGER'S REPORT

2024 has been a year of strong recovery, strategic growth, and operational excellence for Protea Hotel by Marriott – Blantyre Ryalls. In the face of global economic uncertainties and regional challenges, the hotel demonstrated remarkable resilience, agility, and an unwavering commitment to delivering exceptional guest experiences



We are proud to report that total hotel revenue exceeded budget by 6% and was 69% higher than 2023, marking a significant rebound across all business segments. Occupancy closed the year 1.4 points above budget and 4.3 points above 2023, reflecting consistent demand and effective revenue management throughout the year.

Guest satisfaction remained at the heart of our operations. Online reviews across platforms such as TripAdvisor, Booking.com, and Expedia consistently highlighted the professionalism and warmth of our team. Throughout the year, we introduced enhanced dining experiences,



live music evenings, festive promotions, and guest appreciation events – all contributing to increased loyalty and repeat business.

This year's achievements were made possible by the dedication and excellence of our associates. With a continued focus on engagement and development, we maintained low turnover and invested in training, motivation, and recognition. Our team's commitment to Marriott standards has been instrumental in maintaining service consistency and elevating the guest journey.

Sustainability remained a central pillar of our strategy. In 2024, we planted 2,000 trees on Michiru Mountain, advanced our efforts to reduce single-use plastics, and introduced food waste minimization programs. Our commitment to the community also remained strong, supported by regular staff volunteerism and collaborations with local communities.

Looking ahead, 2025 will be focused on driving further growth and competitiveness. We plan to intensify efforts to attract more international travelers through targeted marketing campaigns and expanded global partnerships. In the Food & Beverage space, we will continue to innovate through themed events, curated offerings, and seasonal promotions. Guest experience will be further enhanced through greater personalization, attention to detail, and consistently warm, intuitive service.

We extend our sincere appreciation to our valued guests for their continued trust and loyalty, and to our Marriott Bonvoy members, whose preference inspires us to exceed expectations. A heartfelt thank you to our dedicated associates, whose passion and commitment form the core of our success. We also gratefully acknowledge our board of directors for their strategic counsel and our shareholders for their ongoing confidence in our future. Your collective support remains the foundation of our continued progress.

In conclusion, 2024 was a defining year – one marked by resilience, progress, and excellence. As we look ahead to 2025, we do so with optimism, purpose, and a renewed commitment to delivering the signature hospitality that defines Protea Hotel by Marriott - Blantyre Ryalls.

Thank you for your continued support.

Farrukh Maqbool
General Manager



**Sustainability
remained
a central
pillar of our
strategy.**

**In 2024,
we planted
2,000 trees
on Michiru
Mountain**

PROFILES OF EXECUTIVE MANAGEMENT

Farrukh is a seasoned hotel manager, having worked for Marriott International in several capacities in a career that spans twenty-three (23) years as a renowned hotel operator. He was appointed General Manager of Protea Hotel Blantyre Ryalls in July 2021 and has been instrumental in ushering the hotel towards recovery following the coronavirus pandemic. He has held many roles in the hospitality industry in different regions across the globe, including London, Pakistan, Nigeria, and now Malawi. Farrukh holds a Bachelor of Commerce degree from Karachi University as well as a Hospitality Management Certificate from Cornell University.

Mr Farrukh Maqbool

General Manager



Beatrice is a seasoned, driven, and self-motivated Human Resource business partner with 20 years of experience in Human Resource Management, 4 of which were acquired from different Hotels in the United Kingdom. She has played a critical role in the performance of the Hotel by devising solutions to increased employee engagement scores, moving from 40% to 91% in the year 2024. Before joining Blantyre Hotels Plc in October 2019, she worked as a Senior Human Resources Manager for Amaryllis Hotel in Blantyre and, before that, she worked with Old Mutual Malawi as a Human Resource Consultant. Currently pursuing a Masters Degree in Business Administration and holds a Bachelor of Arts Degree in Human Resource Management from Chancellor College, University of Malawi. She is an Associate Member of the Association of Business Executives (ABE) in the United Kingdom. She is also a member of the Institute of People Management Malawi (IPMM).

Beatrice Mangulenje

Human Resources Manager



Chikondi is a qualified and seasoned accountant with over 20 years of experience, 15 years of which have been with an audit firm, having worked with Graham Carr, a certified public accountants' firm and a member of Nexia International. Before joining BHL, she worked as a Finance Manager for Entyre Limited, a trading and manufacturing company. She holds a Master of Business Administration Degree from the Eastern and Southern Africa Management Institute (ESAMI), a fellow of the Association of Chartered Certified Accountants (FCCA,) and a Certified Public Accountant (CPA) with the Institute of Chartered Accountants of Malawi.

Mrs Chikondi Msosa

Finance Manager



Leonard has over 22 years' experience in auditing, financial advisory and mainstream financial accounting roles. He worked for Deloitte, one of the top 4 firms in Malawi, for 6 years up to Assistant Manager before joining the media giant, Blantyre Printing and Publishing Company (now Times Group) as Group Chief Accountant/ Financial Controller for 6 years. Thereafter, he joined Alliance One Tobacco Malawi Ltd (a subsidiary of a New York Stock Exchange listed company) as Finance Manager for over 2 years. Then joined PwC Malawi, another top 4 audit firm, as an Audit and Advisory Services Manager. He spent 9 years, during which he rose to the position of Senior Manager and then Team Leader responsible for Advisory Services before joining the Company as a Corporate Services Manager. He then transitioned to being appointed as the Company Secretary. Apart from working in Malawi, Leonard worked for PwC South Africa and PwC Philadelphia in the USA.

Leonard Chisale

Corporate Services Manager and Company Secretary



SHAREHOLDER STATISTICS

COUNTRY STATISTICS FOR BLANTYRE HOTELS As at 31 December 2024

Country Code	Description	Shareholders	% of Holders	Shares	% of Shares
MWI	MALAWI	4,468	98.94	4,615,624,846	78.52
GBR	UNITED KINGDOM	10	0.22	1,247,055	0.02
MUS	MAURITIUS	1	0.02	650	0.00
AUS	AUSTRALIA	2	0.04	244,745	0.00
NLD	NETHERLANDS	1	0.02	60,060	0.00
SWZ	SWAZILAND	2	0.04	168,025	0.00
ZWE	ZIMBABWE	16	0.35	1,690,780	0.03
ZAF	SOUTH AFRICA	15	0.33	1,919,850	0.03
USA	UNITED STATES OF AMERICA	1	0.02	1,257,298,924	21.39
TOTALS		4,516	100.00	5,878,254,935	100.00



INDUSTRY STATISTICS FOR BLANTYRE HOTELS As at 31 December 2024

Country Code	Description	Shareholders	% of Holders	Shares	% of Shares
NILL	NOT DEFINED	41	0.91	2,131,036	0.04
BNK	BANKS/NOMINEES	114	2.52	88,763,634	1.51
FC	FOREIGN COMPANY	6	0.13	1,257,123,715	21.39
FI	FOREIGN INDIVIDUAL	42	0.93	5,506,374	0.09
INS	INSURANCE/ASSURANCE	5	0.11	1,601,086,736	27.24
ITC	INVEST/TRUST ETC	21	0.47	227,113,835	3.86
LC	LOCAL COMPANY	25	0.55	697,425,831	11.86
LI	LOCAL INDIVIDUAL	4,207	93.16	1,278,379,962	21.75
PEN	PENSION/PROVIDENT	18	0.40	602,679,656	10.25
RES	RESIDENT IND	37	0.82	118,044,156	2.01
TOTALS		4,516	100.00	5,878,254,935	100.00



**PROJECT
UPDATE
ON THE
CONSTRUCTION
OF A HOTEL
IN LILONGWE**
- May 2025

PROJECT UPDATE ON THE CONSTRUCTION OF A HOTEL IN LILONGWE

– May 2025



PROJECT OVERVIEW

Oasis Hotel Limited is constructing a 4-star hotel on Plot No. 3/1041 in Lilongwe. The site was subdivided from the Lilongwe Golf Club and the facility will be branded as **Lilongwe Ryalls Hotel**. The total estimated project cost is **USD 47.8 million**, executed in phased stages.

Phase II works commenced on **27 January 2024** and are currently scheduled for completion on **16 February 2026**, following a revised programme. Upon completion, the hotel will offer high-end accommodation, fine dining, conferencing, wellness spa, and recreational facilities. Its design reflects Malawi's heritage using local arts, crafts, and culturally inspired architecture and finishes.

The project continues to provide employment, and skills transfer to local artisans, many of whom are expected to transition into operational roles upon completion. The Government of Malawi has facilitated project success through fiscal incentives, including import duty and VAT waivers, which have freed up critical resources for procurement.

The development is being overseen by **Eris Property Group**, implemented locally by **Eris Properties Malawi**, and delivered by a multidisciplinary team including architects, engineers, and quantity surveyors. Construction is led by **SR Nicholas Ltd**, with a rigorous quality assurance framework covering design validation, clash detection, and on-site material testing to ensure fidelity to design and safety.

PROGRESS

The construction strategy follows a **two-phase approach**:

Phase 1: Structural Works – Completed

All primary structures for the **bedroom block, public area building, spa, gatehouse, and back-of-house areas** are complete.

Bulk services installations (e.g., sewer lines, stormwater systems, electrical ducting) are 100% complete.

Phase 2: Finishes, Services, and Fittings – In Progress

First fix works (mechanical, electrical, plumbing) are underway.

External works including water/fire mains and minor retaining walls are progressing. Structural steel installation for the **public area roof** is almost complete.

The mock-up room has been constructed and are undergoing final snagging and inspection.

Key Activities Ongoing:

Internal finishes: wall and floor tiling, ceiling installations, and drywall partitions.

Coordination and installation of services including lifts, HVAC, lighting, and plumbing.

Subcontractor onboarding for specialized installations such as kitchen, laundry, swimming pool, spa fit-out, and landscaping.

CHALLENGES AND MITIGATION

The biggest issue is **forex Availability**. 85% of the remaining cashflow requirement is in foreign currency, needed for imported fittings and equipment. The project team is actively working with **NICO Capital** and **NBS Bank** to secure forex flow.

Despite this huge challenge, the team is focused on maintaining construction momentum and adjusting scheduling strategies to absorb delays and maintain quality.

OUTLOOK TO COMPLETION

The next 9–10 months will be critical in transitioning the structure into a fully operational hotel.

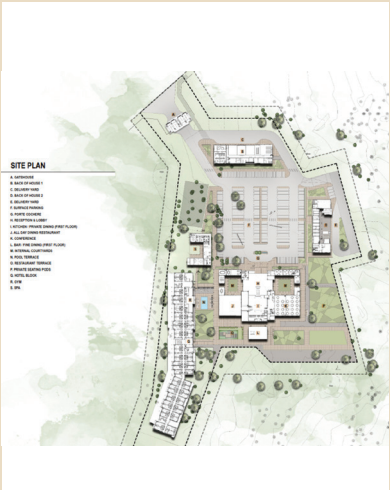
Key priorities include:

- Finalization and installation of interior finishes and imported fittings.
- Commissioning of essential systems: lifts, fire detection, HVAC, water supply.
- Landscaping, spa fit-out, and pool completion.
- Staff recruitment and training, and final regulatory approvals.

The project remains a transformative development for Malawi's hospitality sector, delivering high-quality standards, local economic empowerment, and long-term operational sustainability.

PROJECT UPDATE ON THE CONSTRUCTION OF A HOTEL IN LILONGWE
– May 2025

A pictorial update of the project is included below:



Site layout in concept



May 2022



Site layout as constructed
(March 2025)

PROJECT UPDATE ON THE CONSTRUCTION OF A HOTEL IN LILONGWE

- May 2025



The Hotel in concept



The Hotel under construction



Lobby in concept



Lobby in concept

PROJECT UPDATE ON THE CONSTRUCTION OF A HOTEL IN LILONGWE

– May 2025

Under construction





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Environmental, Social and Governance Report for Blantyre Hotels Plc (BHL) covers the sustainability initiatives and activities of the Company for the year ended 31 December 2024. We provide an overview of the ESG initiatives and activities to create shared value during the period.

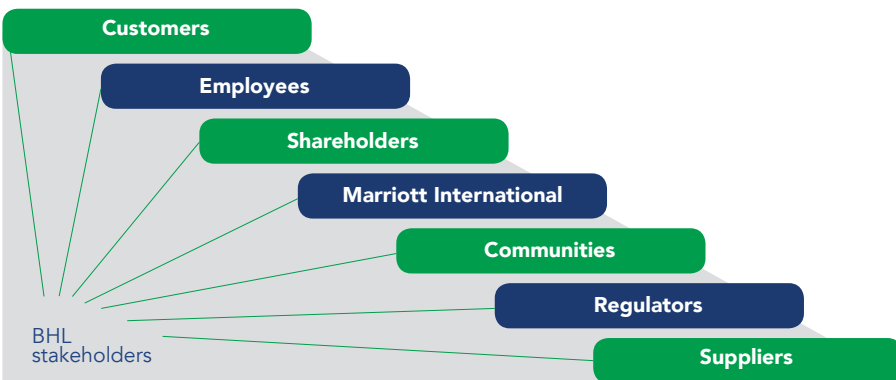
COMPANY OVERVIEW

Blantyre Hotels Plc (BHL) is a company that operates in the hospitality industry in Malawi with one hotel, Protea Hotel Ryalls, based in Blantyre. The hotel is operated under a long-term management agreement with a leading widely known luxury hotel management company, Marriott International, under the brand name Protea Hotel by Marriott. The company has embarked on a project to expand its portfolio of hotels to Lilongwe through a special purpose vehicle, Oasis Hospitality Limited, which was incorporated in March 2019 and will own the hotel buildings. Oasis will lease the hotel buildings to BHL, who will operate the hotel. The hotel will be a four-star Hotel.

At BHL, we redefine hospitality through sustainable practices, and eco-conscious innovation as we offer guests exceptional comfort while preserving the beauty of our planet. From energy-efficient operations to locally sourced cuisine, every aspect of our hotels is designed with environmental responsibility in mind. We strive to create unforgettable stays where luxury meets sustainability, ensuring a positive impact on our communities and future generations.

STAKEHOLDERS

BHL exists because of its stakeholders which are categorized as follows:



Customers

Customers are the reason we exist and as a hotel we strive to ensure that our customers enjoy exceptional hospitality by being offered superior service and state-of -the-art amenities in line with our international standards.

Employees

Our employees are well trained and equipped to ensure we deliver on our promise to our customers and return to our shareholders. We create a conducive environment where employees thrive and are able to reach their full potential.

Shareholders

As owners of the business shareholders play a critical role through their participation at Annual General Meetings where important resolutions are passed. The company's role is to ensure that the shareholders earn a decent return on their investment.

Marriott International

We have an obligation to ensure that the high standards set by our hotel Managers-Marriott International, are met so that customers enjoy uniform experience under the Marriott Brand.

Communities

The company is aware of the impact its activities have on the Community and strives to give back to society in appreciation of its contribution to the success of the company. Through our corporate social responsibility initiatives and environmentally friendly activities, we strive to preserve an environment where everyone benefits.



Impacting communities through tree planting

Regulators

As a Company we have a number of regulators notably the Malawi stock Exchange, The Reserve Bank of Malawi, the Malawi Revenue Authority, Tourism and Hotels board. We strive to ensure compliance with all regulations and we interact with the regulators to ensure we minimize breaches. We also appreciate the guidance we get from the Ministry of Tourism.

Suppliers

Suppliers play a crucial role in sustaining the company by ensuring a steady availability of supplies required by the hotel. Through frequent interactions with them, we bridge the expectations gap and minimize stock outage. We are also guided by our principle of sourcing from local suppliers to the greatest extent possible thereby contributing to the local economy.

CORPORATE GOVERNANCE

Blantyre Hotels plc ("the Company") embraces and abides by the principles and codes of corporate governance. The Board remains committed to best practice in corporate governance as enshrined under the Companies Act 2013 and all regulations and codes made thereunder; and the Malawi Code II.

The Role and Functioning of the Board

The Board is responsible for corporate governance of the Company and the goals of the corporate governance processes are to:

**maintain
and increase
Shareholder value.**

**ensure a prudential
and ethical basis for
the Company's conduct
and activities; and**

**ensure compliance
with the Company's
legal and regulatory
objectives.**

Consistent with these goals, the Board assumes the following responsibilities:

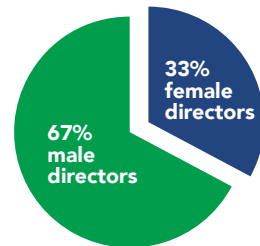
- developing initiatives for profit and asset growth.
- reviewing the corporate, commercial and financial performance of the Company on a regular basis.
- acting on behalf of, and being accountable to, the Shareholders; and
- identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Composition of the Board

Election of Board members remains substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- The Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- The principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

As of 31 December 2024, the Board consisted of the Chairperson and five other directors, all non-executives. The Board boasts of gender diversity with 33% of its members being female and its Appointments and Remuneration Committee is chaired by a female director. In order to bring different skills needed to steer the Company as it expands to Lilongwe, two more directors were added after year end to the board of BHL.



As at 31 December 2024, the Board had three independent directors, and the Board believes that these directors remained independent as at the date of the report.

Ethical Standards

The company is committed to a policy of fair dealing and integrity in the conduct of its business to create a value-based organization. This is based on the fundamental belief that company business must be conducted honestly, fairly and legally. The Company has in place a Code of Ethics.

Related Party Transactions

The company does enter into related party transactions that are on “arm’s length basis.” The Company follows a Transfer Pricing Policy which was approved by the Board in 2022.

Dealing in Securities by Directors

The Board adopted an Insider Trading Policy that sets out the guidelines on the sale and purchase of Securities in the Company by its key management personnel (including its directors). The policy is in accordance with the Malawi Stock Exchange Listing Requirements. As of 31 December 2024, none of the directors held any shares in the Company.

Engagement with Shareholders

The Board seeks to engage with shareholders to maintain a mutual understanding of objectives between them and the Company and to manage their expectations. The principal platform for engagement with shareholders is the Annual General Meeting where the shareholders exercise their influence. The Board is committed to safeguarding the interests of all shareholders. During the year, The Company held its Stakeholder Engagement in July 2024 and an Investors Cocktail in November 2024.

Company Secretary

All directors may seek advice from the Company Secretary who is responsible for ensuring good quality information flows from Management to the Board and its committees; and advising the Board on legal, compliance, and corporate governance matters. In 2024, the Company recruited a Corporate Services Manager who also serves as a Company Secretary to the Board. Previously this function was being outsourced.

Compliance with The Malawi Code II

The company complied with all the provisions of the Code. Any concerns over non-compliance with the Code should be addressed to the appointed company secretary of the company.

ENVIRONMENTAL AND SUSTAINABILITY ASPECTS

Introduction

Blantyre Hotels Plc has an ongoing commitment to environmental responsibility and sustainability. By incorporating such practices, we not only reduce our ecological footprint but also enhance the guest experience, demonstrating that luxury and sustainability can go hand in hand. We will continue to explore and implement innovative solutions to further our sustainability goals and contribute positively to our community and the planet. We are committed to ensuring that we play our part towards realizing the United Nations Sustainable Development Goals (SDGs) particularly in the following areas: Good Health and Well-Being, Clean Water and Sanitation, Affordable and Clean Energy, Sustainable Cities and Communities, Responsible Consumption and Production and Climate Action

At Protea Hotel by Marriott Blantyre Ryalls, our commitment to sustainable hospitality took a significant leap forward in October 2024 when we began our journey toward Green Key certification—one of the leading international eco-labels for tourism establishments.

Our aim is not only to meet global sustainability standards but to embed environmental consciousness across our property—through staff training, guest engagement, operational efficiencies, and meaningful community initiatives. Green Key certification serves as a mark of excellence in environmental responsibility and sustainable operation. It aligns seamlessly with our vision to integrate sustainability across every level of hotel management and guest experience. Since embarking on this journey, we have:

- Formalized key sustainability policies and operational procedures
- Trained all staff on Green Key standards and sustainable tourism practices to ensure meaningful engagement with guests
- Integrated sustainability messaging into guest interactions to promote awareness and participation

Path Toward Certification

The road to certification includes the implementation of energy and water efficiency measures, responsible waste management systems, and continuous monitoring of our environmental impact. With clear internal targets and leadership support, we are progressing steadily toward formal audit and certification.

At Protea Hotel by Marriott Blantyre Ryalls our Green Key journey reflects our long-term commitment to sustainability—not just as a trend, but as a strategic imperative. It's about leading by example. By combining global standards with local action, we are creating a legacy of responsible tourism, community empowerment, and environmental stewardship.

Strategic Benefits of Green Key Certification

- **Market Visibility:**

As sustainable tourism continues to gain global traction, Green Key certification will position us prominently on booking platforms that prioritize eco-certified properties. This increases our attractiveness for group bookings, corporate events, and environmentally conscious travellers.

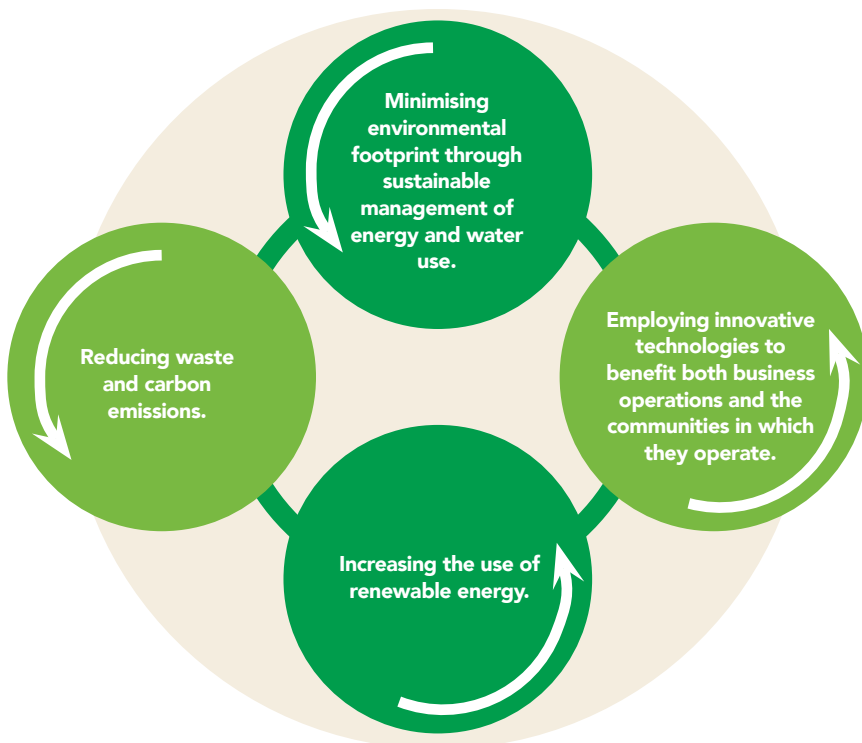
- **Operational Cost Savings:** Through improved resource management, we anticipate a minimum 10% reduction in utility costs over the next five years. Waste reduction efforts are also expected to deliver meaningful financial and environmental returns.
- **Reputation Enhancement:** Certification will solidify our standing as a pioneer of sustainable hospitality in Malawi, enhancing brand trust among guests, corporate clients, and partners.

Sustainability and Environmental Initiatives

Through our Sustainability and Environmental Initiatives, we aim to reduce environmental impacts, design and operate sustainable hotels and source responsibly.

How we reduce environmental impacts

We reduce environmental impacts through the following:



How we design and operate sustainable hotels

- Embedding sustainability into business strategy from design to guest experience.
- Collaborating with various stakeholders
- Actively reducing environmental impact and risk to the business.

How we source responsibly

- Committing to integrating leading environmental and social practices into the supply chain.
- Partnering with like-minded suppliers and focusing on sustainable, responsible, and local sourcing.
- Aiming to reduce negative environmental and social impacts of business activities.

Sustainability Initiatives at the Protea Ryalls Hotel

In 2024, we implemented several initiatives aimed at enhancing our environmental stewardship as highlighted below. These initiatives are part of our broader strategy to integrate sustainable practices into our daily operations and contribute positively to the community and the environment:

Ryalls Herb Garden:

As part of our commitment to sustainable sourcing and reducing our carbon footprint, we established an on-site herb garden. This garden not only provides fresh, organic herbs for our kitchen but also serves as an educational space for guests and staff to learn about sustainable agriculture.

Waste Composting:

We are in process of implementing a comprehensive waste composting program to manage organic waste more effectively. By converting kitchen scraps and garden waste into nutrient-rich compost, we reduce the amount of waste sent to landfills and improve soil health for our landscaping efforts and reducing methane emissions.

Reduction in Food Waste:

Recognizing the global issue of food waste, we have introduced several measures to minimize food waste in our operations. These measures include portion control, efficient inventory management, and creative use of ingredients to ensure that as little food as possible is wasted. Where feasible, surplus food that is safe for consumption is donated to local charities and food banks, supporting those in need

This results in resource efficiency by maximizing the use of ingredients and resources, reducing the overall environmental impact of our food service operations.

Use of Vivreau bottles in restaurants:

We are actively promoting the use of Vivreau bottles in our restaurants, complementing the existing provision of these bottles in guest rooms. This initiative aligns with our sustainability efforts to reduce plastic bottle usage and waste. Vivreau bottles, made from glass, are not only durable but are easily cleanable and reusable, allowing guests to enjoy fresh, cold water while minimizing environmental impact.

The use of Vivreau bottles also eliminates the need for external suppliers, reducing transportation-related carbon emissions and air pollution through reduced dependence on delivery vehicles. It also has health benefits as users avoid potential health risks associated with certain plastics.

5.7.4 Sustainable charcoal:

We have introduced the use of sustainable charcoal sourced from a supplier in the northern region of Malawi. Given the widespread use of charcoal in the country, deforestation has become a growing concern in recent years. By partnering with a sustainable supplier, we aim to mitigate this issue. The charcoal is produced from eucalyptus trees, which are fast-growing and specifically cultivated for charcoal production, ensuring a renewable and responsible approach to sourcing.

Charcoal from Eucalyptus burns more efficiently, resulting in better heat output and less charcoal consumption. This practice not only supports local economies by providing employment and sustainable livelihoods in the charcoal production process, but also the ash produced from eucalyptus charcoal can be used as a soil amendment to improve fertility.

Sustainable Dining: Embracing Grasshoppers as a Future Protein Source

In response to the environmental impact of traditional meat production, we have introduced grasshoppers as a regular feature on our buffet since February 2024 at Protea Hotels by Marriott Blantyre Ryalls. Grasshoppers are considered a sustainable protein source and are gaining recognition as the “food of the future.” They efficiently convert feed into protein while requiring much less land and water compared to conventional livestock. Additionally, grasshoppers produce fewer greenhouse gas emissions and can thrive on organic waste, contributing to a circular economy and have rapid reproduction rates, thereby offering a readily available and scalable protein source for growing populations.

As grasshopper consumption is already a traditional practice in some regions of Malawi, we are excited to offer this eco-friendly and culturally relevant dining option to our guests.

By embracing grasshoppers as part of our menu, we aim to lead the way in sustainable dining while providing guests with innovative and nutritious culinary experiences.

Crafting Cocktails Sustainably: Turning Waste into Flavor

In line with Marriott International’s 808 Movement initiative, we have embraced sustainable mixology by using recipes from the 808 Movement website to create syrups from ingredients that would otherwise go to waste. For example, we now produce our own pineapple syrup using pineapple skins, turning what is typically discarded into a flavorful and eco-friendly cocktail ingredient. By crafting these syrups in-house, we eliminate the need for factory production and transportation, further reducing our environmental impact.

By embracing sustainable cocktail practices, we not only enhance our guests’ experience but also contribute positively to the environment, one drink at a time.

Commemoration of World Earth day

At Blantyre Hotels, we joined the rest of the world in commemorating the earth hour by reducing lighting around the Hotel for an hour. This saved the world a lot of energy.

Corporate Social Responsibility (CSR)

Good corporate citizenship has become as important as profitability, and it comes with new risks for boards of directors. The Board acknowledges that the growing importance of ESG concerns has altered the scope of its responsibilities.

Recognising the fact that Blantyre Hotels Plc does not exist in isolation, during the year 2024, the Company carried out a number of Corporate Social Responsibility Initiatives as a way of giving back to society. Through community engagements, we managed to touch lives of some of the most vulnerable and the most neglected individuals in society, giving them hope and alleviating their suffering. Our commitment to serving the community is endless. We highlight below some of the CSR activities undertaken during 2024:



Tree planting on Michiru Mountain

Our commitment to sustainability extends beyond the hotel. Recognising the environmental degradation of Michiru Mountain, which has suffered over a decade of deforestation, we initiated a long-term tree planting programme.

In 2024, we began by planting **2,000 pine (Pinus) trees**

In 2025, we added another 2,000, reaching **a total of 4,000 trees**

The project has achieved an impressive **98% survival rate**

Importantly, it has also empowered the local community, who were engaged in labour and supported through this environmental initiative.

This effort demonstrates our belief that corporate sustainability must benefit both nature and people.

Donation to QUECH Children Cancer Ward

We donated some items at Queens Elizabeth central hospital which included, grocery items and toys for the children. The toys made a big difference as well since children are mostly idle. This has helped to lighten the environment as they feel loved and at home. The grocery items made a difference in terms of their health.

Donation to juvenile prison in Zomba

BHL visited the juvenile inmates at Mikuyu Prison in Zomba in December 2024, and the highlights of the visit are as follows:



Associate-centered activities

In addition to giving back to society, as Blantyre Hotels we realise that the health of our employees is of paramount importance as it results in increased staff productivity. Therefore the company carries out a number of activities aimed at ensuring that the associates are fit and healthy. The ongoing activities that associates participated in include the following:

- i. Aerobics which take place twice a week on Tuesdays and Wednesdays.
- ii. Swimming sessions on Thursdays.
- iii. Football and netball sessions on Fridays at Blantyre Sports Club.
- iv. Associate appreciation week where management joined the Associates in the various departments as a gesture of appreciation for all that they do for the business.
- v. Mother's Day celebration at the Ryalls pool deck where all females had quality time reflecting on their contribution to the Business and personal affairs in their capacity. There was a talk given by prominent women in society to help our associates in their social aspects.
- vi. Mulanje Mountain nature walk- another fitness activity carried out by the associates which involved hiking Mulanje Mountain up to Dziwe la Nkhambamba, a gruelling task that lasted for over 2 hours.
- vii. Team building activities in Mangochi-this is an annual event where associates travel to various places to socialise, mingle and relax.
- viii. 2024 Women's month- which was celebrated at Makande Dam in Thyolo.





FINANCIAL STATEMENTS

For the year ended
31 December 2024

DIRECTORS' REPORT

For the year ended 31 December 2024

The Directors have pleasure in presenting their report and annual financial statements of Blantyre Hotels Plc for the year ended 31 December 2024.

INCORPORATION AND REGISTERED OFFICE

Blantyre Hotels Plc is a company incorporated in Malawi under the Companies Act of Malawi and is domiciled in Malawi.

The registered office of the Company is situated at:

Ryalls Hotel
P O Box 21
2 Hannover Avenue,
Blantyre, Malawi.

NATURE OF BUSINESS

Blantyre Hotels Plc is a company which operates in the hospitality industry in Malawi with one hotel, Protea Hotel Ryalls, based in Blantyre.

Blantyre Hotels Plc (BHL) has 20.83% (2023:23.53%) ownership of Oasis Hospitality Limited, an entity registered with an aim to build a four star hotel in Lilongwe. Oasis Hospitality Limited (Oasis) is in the process of constructing a hotel on a piece of land purchased from Lilongwe Golf Club. Phase 2 of the construction is in progress.

Eris Properties Malawi Limited are development managers of the Oasis Hospitality Limited - Lilongwe hotel construction who are responsible for identifying the project services, management and supervision of all the works on the project as well as financial management services for Oasis Hospitality Limited.

NICO Asset Managers Limited, on the other hand, are the administrative managers responsible for administrative management and company and transfer secretarial services.

FINANCIAL PERFORMANCE

The results and state of affairs of the Company are set out in the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity, and cash flows and notes to the financial statements.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

The Company has incurred a net loss in the year which is due to the finance charges accruing from the loan obtained for the Lilongwe hotel project. However, the financial statements have been prepared on a going concern basis as the Directors believe that the Company is a going concern, as detailed in note 29 to the financial statements.

The revenue and net loss attributed to owners are as follows:

	2024 K'000	2023 K'000
Revenue	7 802 814	4 617 375
Loss for the year	(1 370 109)	(792 762)

DIVIDENDS

No dividend was declared in the year ended 31 December 2024 (2023: Nil).

STAFFING

Staff complement for the Company stands at 120 as at 31 December 2024 (2023: 116). Human resource remains a major and key factor to the success of the Company. The Company, therefore, remains committed to professionalism by developing staff to their full potential. The Company has maintained staff development programmes through training and mentoring.

BOARD OF DIRECTORS AND SECRETARY

The following served as Directors and Secretary of the Company during the year:

Mrs E. Makuta	-	Chairperson and Non-executive Director
Mr V. Kumwenda	-	Chairperson and Non-executive Director
Mr. A. Katimba	-	Independent and Non-Executive Director
Ms. C. Ng'ombe	-	Independent and Non-Executive Director
Mr. E. A. Malion	-	Non-executive Director
Mr. R. Scharar	-	Non-executive Director
Mrs T. Unyolo	-	Independent and Non-Executive Director
NICO Asset Managers	-	Company Secretaries
Leonard Chisale	-	Company Secretary

During the year, the following changes were made to the Board of Directors of BHL:

- Mrs Thokozani Unyolo was appointed Director with effect from 7 August 2024.
- Mr Mike Antalffy was appointed Alternate Director to Mr Robert Scharar with effect from 20 August 2024.
- NICO Asset Managers ceased to be Company Secretaries with effect from 25 July 2024
- Mrs Emily Makuta resigned from the Board with effect from 3 September 2024.
- Mr Vizenge Kumwenda was appointed Director with effect from 6 September 2024. He was appointed Chairman with effect from 27 September 2024.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

- Mr Gibson Ngalamila was appointed Alternate Director to Mr Elias Malion with effect from 6 September 2024.
- Mr Leonard Chisale became Company Secretary with effect from 9 August 2024.

SHAREHOLDING STRUCTURE

The authorised share capital of the Company is K500 million divided into 10 billion ordinary shares of 5 tambala each (2023: K250 million divided into 5 billion ordinary shares of 5 tambala each).

The shareholders and their respective holdings in the Company are as follows:

	2024	2023
NICO Life Insurance Company Limited	29.99%	34.3%
Africap LLC	21.39%	32.2%
NICO Holdings Plc	14.70%	-
ICON Properties Plc	10.31%	-
Press Trust*	-	26.3%
The Public*	21.59 %	7.2%
Treasury shares**	2.02%	-
Total	100%	100%

* After injection of equity by the existing and new shareholders through the rights issue, Press Trust has ceased to be a non-public shareholder (as defined in the MSE Listings Requirements). Its shareholding as at 31 December 2024 has therefore been included under the public category.

** refer to note under Statement of Changes in Equity for more details.

The Company is listed on the Malawi Stock Exchange and the share price at the year-end was K14.55 (2023: K13) per share.

DIRECTORS' REMUNERATION

The Directors' fees for the Company was as follows:

	Non-executive Directors fees K'000
For the year ended 31 December 2024	18 952
For the year ended 31 December 2023	11 843

BOARD MEETINGS

The Board meets quarterly. Ad-hoc meetings are held when necessary. The Directors are provided with comprehensive board documentation at least seven days prior to each of the scheduled meetings. During the year, there were thirteen board meetings and the attendance was as follows:

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

Member	Meetings Attended
Ms. Chikondi Ng'ombe	11/13
Mr. Elias Azele Malion	13/13
Mr. Andrew Katimba	11/13
Mr. Rob Scharar	11/13
Mrs. Emily Makuta	3/13
Mr Vizenge Kumwenda	8/13
Mrs Thokozani Unyolo	6/13

FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee is responsible for reviewing annual reports and annual financial statements. This Committee also monitors the adequacy of accounting and internal control systems. Both external and internal auditors report to the Board of Directors through the Finance and Audit Committee. The Committee consists of three non-executive Directors. The management of the Company, internal and external auditors attend by invitation. The Committee meets at least four in a year. The members of the Finance and Audit Committee were as follows:-

Mr. Elias Azele Malion	- Chairperson
Mr. Andrew Katimba	- Member
Mrs Thokozani Unyolo	- Member

During the year, there were ten Finance and Audit Committee meetings, and the attendance was as follows:

Member	Meetings Attended
Mr. Elias Azele Malion	10/10
Mr. Andrew Katimba	10/10
Mrs Thokozani Unyolo	1/10

REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee acts as an independent Board Committee for issues relating to appointments of, and remuneration of, Directors, management and staff. It consists of one non-executive Director and two alternate non-executive Directors. The Committee meets at least four times a year. The members of the Committee are:

Miss Chikondi Ng'ombe	- Chairperson
Mr. Robert Scharar	- Member
Mr. Gibson Ngalamila	- Member

During the year, there were four Remuneration and Appointments Committee meetings, and the attendance was as follows:

Member	Meeting Attended
Mr. Gibson Ngalamila	3/4
Ms. Chikondi Ng'ombe	4/4
Mr. Robert Scharar	4/4

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

EXTERNAL AUDITORS

Messrs Deloitte Chartered Accountants (Malawi) have expressed their willingness to continue in office as auditors in respect of the Company's 31 December 2025 annual financial statements and a resolution proposing their re-appointment will be tabled at the forthcoming Annual General Meeting.



Vizenge Kumwenda
Chairperson

28 April 2025



Elias Azele Malion
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2024

The Directors are responsible for the preparation and fair presentation of the financial statements of Blantyre Hotels Plc, comprising the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include material accounting policy information and other explanatory notes, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act. In addition, the Directors are responsible for preparing the Directors' report.

The Companies Act also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and ensure the financial statements comply with the Malawi Companies Act.

In preparing the financial statements, the Directors accept responsibility for the following:-

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Company's ability to continue as a going concern and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Malawi Companies Act.

Approval of the financial statements

The annual financial statements of Blantyre Hotels Plc, were approved by the Board of Directors on 28 April 2025 and signed on its behalf by:



Vizenge Kumwenda
Chairperson



Elias Azele Malion
Director



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Malawi

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLANTYRE HOTELS PLC

Opinion

We have audited the financial statements of Blantyre Hotels Plc (the Company) set out on pages 48 to 102, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Blantyre Hotels Plc as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act, 2013 of Malawi.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Partners: VW Beza CA Kapenda
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLANTYRE HOTELS PLC (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of property As included in notes 3.3, 4.1.1 and 7 to the financial statements, the valuation of property amounted to K11.9 billion as at 31 December 2024 and is the most significant revenue generating asset of the Company. The property including the land on which Protea Ryalls hotel is situated is owned by the Company and is measured at revaluation. The property is measured using a revaluation model and as at 30 June 2024, the property was revalued by Aaron Chalunda and Desmond Namangale of Knight Frank, a commercial and residential property surveyors firm registered in Malawi. The valuation of the Company's property has been considered as a key audit matter due to: • The significance of the amount to the financial statements; • The use of judgement and assumptions by the valuers; and • The complexity of the methods used in the valuation of the property.	We performed the following procedures to address the matter: • We tested the design and implementation of controls over property valuation; • We evaluated the nature and scope of management valuation expert's work; • We assessed the competence and objectivity of the expert; • With involvement of our valuation expert, we challenged and evaluated the judgements and assumptions and valuation method applied. We also assessed and challenged management whether the assumptions used for the valuation as at 30 June 2024 were still applicable as at 31 December 2024; • We evaluated the accuracy and completeness of the input data used in the valuation; • We evaluated the conclusions reached in light of our understanding of the Company and its business; and • We assessed adequacy of disclosure to the financial statements in line with IAS 16 <i>Property, Plant and Equipment</i> and IFRS 13 <i>Fair Value Measurement</i> Our procedures sufficiently addressed the risk identified.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Directors' Responsibilities, which we obtained prior to the date of this auditor's report; and the annual report, which we expect to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLANTYRE HOTELS PLC (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act, 2013 of Malawi. and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLANTYRE HOTELS PLC (CONTINUED)

- Conclude on the appropriateness of the Directors' 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 Company'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 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 Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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 the Directors 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 the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

The Deloitte logo, featuring the word "Deloitte" in a stylized, cursive script.

Chartered Accountants

Christopher Kapenda
Partner

9 May 2025

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 K000	2023 K000
ASSETS			
Non-current assets			
Property and equipment	7	12 598 167	10 361 837
Intangible assets	8	4 812	7 467
Investment in associate	9	22 861 952	3 842 240
Total non-current assets		35 464 931	14 211 544
Current assets			
Inventories	10	235 367	399 038
Trade and other receivables	11	1 769 625	464 000
Tax recoverable	19	161 012	112 767
Amount due from related parties	20.1	65 004	28 936
Cash and cash equivalents	12	47 810 338	612 253
Total current assets		50 041 346	1 616 994
Total assets		85 506 277	15 828 538
EQUITY AND LIABILITIES			
Equity			
Share capital	13	287 952	41 988
Share premium	14	58 882 143	1 340 153
Revaluation reserve	15	7 986 453	6 490 204
Accumulated losses		(2 280 364)	(986 994)
Total equity		64 876 184	6 885 351
Liabilities			
Non-current liabilities			
Deferred tax	16	2 413 780	2 076 508
Borrowings	18	16 346 692	2 045 056
Total non-current liabilities		18 760 472	4 121 564
Current liabilities			
Trade and other payables	17	1 552 881	771 137
Borrowings	18	-	4 050 486
Amounts due to related parties	20.1	316 740	-
Total current liabilities		1 869 621	4 821 623
Total liabilities		20 630 093	8 943 187
Total equity and liabilities		85 506 277	15 828 538

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2025 and were signed on its behalf by:



Vizenge Kumwenda (Chairperson)



Elias Azele Malion (Director)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 K000	2023 K000
Revenue	21	7 802 814	4 617 375
Cost of sales	22	(2 755 689)	(2 011 410)
Gross profit		5 047 125	2 605 965
Other income		56 051	26 016
Selling and administration expenses	23	(4 276 353)	(2 640 199)
Impairment loss	23b	(66 816)	(4 567)
Profit/(loss) from operating activities		760 007	(12 785)
Interest from assets at amortised cost	24	101 949	54 251
Finance income	24	187 995	254 667
Finance cost	24	(2 609 214)	(1 238 831)
Net finance cost		(2 319 270)	(929 913)
Share of loss in associate	9	(28 883)	(74 594)
Loss before taxation		(1 588 146)	(1 017 292)
Taxation	19	218 037	224 530
Loss for the year		(1 370 109)	(792 762)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Surplus on revaluation of land and buildings		2 128 297	1 145 028
Deferred tax on revaluation		(555 309)	(271 150)
Total other comprehensive income		1 572 988	873 878
Total comprehensive income for the year		202 879	81 116
Loss per share (tambala)			
Basic and diluted loss per share	25	(145)	(94)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital K'000	Share premium K'000	Revaluation reserve K'000	Accumulated losses K'000	Total equity K'000
2024					
Opening balance as at 1 January 2024	41 988	1 340 153	6 490 204	(986 994)	6 885 351
Loss for the year	-	-	-	(1 370 109)	(1 370 109)
Revaluation surplus	-	-	2 128 297	-	2 128 297
Deferred tax on revalued property	-	-	(555 309)	-	(555 309)
Excess depreciation on revalued assets	-	-	(76 739)	76 739	-
Shares issued from rights issue	245 964	60 654 765	-	-	60 900 729
Rights issue costs	-	(3 112 775)	-	-	(3 112 775)
Closing balance as at 31 December 2024	287 952	58 882 143	7 986 453	(2 280 364)	64 876 184
Company 2023					
Opening balance as at 1 January 2023	41 988	1 340 153	5 691 059	(268 965)	6 804 235
Loss for the year	-	-	-	(792 762)	(792 762)
Revaluation surplus	-	-	1 145 028	-	1 145 028
Deferred tax on revalued property	-	-	(271 150)	-	(271 150)
Excess depreciation on revalued assets	-	-	(74 733)	74 733	-
Closing balance as at 31 December 2023	41 988	1 340 153	6 490 204	(986 994)	6 885 351

Revaluation reserve

This relates to a surplus arising on revaluation of land and buildings net of the related tax. The reserve is not distributable until realisation of the revalued land and buildings.

Rights issue proceeds and costs

During the year, the Company concluded a Rights Offer of up to 5,038,504,230 new ordinary shares in the proportion of 6 rights shares for every 1 existing share held on the record date at K12.38 per rights share payable in full on acceptance. The Company planned to raise K62,376,682,367. At the conclusion of the Rights Offer, the Company received cash proceeds of K52 088 million from over 4 700 entitled shareholders, new applicants and underwriters. Loans from shareholders and NICO Holdings amounting to K3 872 million and K4 094 million respectively were repaid through conversion to shares as part of the rights issue. Underwriting fees amounting to MK599.7 million were also converted to shares. In total, 4 919 283521 shares were subscribed out of the available 5 038 504 230 shares for the rights issue. The Board made a resolution to hold the remaining 119,220 709 BHL shares as treasury shares until an off taker is identified at the earliest time possible. Treasury shares are the company's own shares that are held by the company and are not outstanding i.e. cannot vote or receive dividends and can be reissued. The shares are available for offload to an off taker.

Included in rights issue costs is an amount of K 83.6 million being amount paid to Reporting Accountants (Deloitte); this is a non-audit assurance service which was performed as part of the rights issue exercise. All rights issue related costs were approved by the Board.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 K000	Restated* 2023 K000
Cash flows from operating activities			
Loss before income tax		(1 588 146)	(1 017 292)
<i>Adjust for non-cash items</i>			
Depreciation expense	7	264 668	250 916
Amortisation charge	8	4 051	3 895
Impairment loss		66 816	-
Finance income	24	(289 944)	(308 918)
Share of loss in associate	9	28 883	74 594
Profit on disposal of fixed assets		(20 396)	-
Finance costs*	24	2 446 164	1 214 423
Operating profit before working capital changes*		912 096	217 618
<i>Movement in working capital</i>			
Movement in inventories		163 671	(17 876)
Movement in trade and other receivables		(1 305 625)	(79 038)
Movement in trade and other payables		781 744	7 108
Movement in related party		280 672	(48 628)
Cash generated from operations*		832 558	79 184
Interest paid *		(1 218 542)	(1 062 937)
Tax paid	19	(48 245)	(14 201)
Net cash used in operating activities*		(434 229)	(997 954)
Cash flows from investing activities			
Purchase of property and equipment	7	(372 701)	(211 561)
Purchase of intangible assets		(1 396)	-
Disposal proceeds		20 397	-
Finance income received*		169 858	71 588
Investment in associate		(19 048 595)	-
Net cash used in investing activities*		(19 232 437)	(139 973)
Cash flows from financing activities			
Loans received	18	20 108 827	3 035 000
Loans repayments*	18	(2 909 056)	(2 196 265)
Rights issue costs		(2 481 157)	-
Rights issue proceeds		52 136 121	-
Net cash generated from financing activities*		66 854 735	838 735
Net increase/(decrease) in cash and cash equivalents*		47 188 069	(299 192)
Cash and cash equivalents at the beginning of the year		612 253	683 278
Effect of changes in exchange rates *		10 016	228 167
Cash and cash equivalents at the end of the year	12	47 810 338	612 253

***Numbers for 2023 have been restated, refer to note 1.1 to the financial statements.**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. REPORTING ENTITY

Blantyre Hotels Plc is a Company domiciled in Malawi and incorporated under the Malawi Companies Act, 2013. The main business of the Company is the provision of accommodation, conferencing and catering services. The registered address of the Company is Ryalls Hotel, 2 Hannover Avenue, P.O. Box 21, Blantyre, Malawi. Blantyre Hotels Plc has 20.83% (2023: 23.53%) shareholding in Oasis Hospitality Limited, a company incorporated in Malawi whose main business is the same as that of Blantyre Hotels Plc. Accordingly, the investment in Oasis has been accounted for as an associate.

1.1 Restatement of 2023 statement of cash flows

The statement of cash flows for the year ended 31 December 2023 has been restated due to errors in the statement of cash flows. The statement of cash flows has been restated to correct the following errors:

- Remove a non cash flow item which was erroneously included as an investing activity and to reclassify finance cost which was erroneously presented as effects of changes in exchange rate to operating activities; and
- Remove a non cash flow item which impacted both interest paid under operating activities and loan repayment under financing activities.

The overall closing cash and cash equivalents balance did not change as a result of this restatement.

	As previously reported K'000	Restated K'000	Change K'000
Cash flows from operating activities			
Adjustment for non-cash item - Finance costs	1 095 879	1 214 423	118 544
Operating profit before working capital changes	99 074	217 618	118 544
Cash (used in)/generated from operations	(39 360)	79 184	118 544
Interest paid	(1 214 433)	(1 062 937)	151 486
Net cash used in operating activities	(1 267 984)	(997 954)	270 030
Cash flows from investing activities			
Finance income received	299 755	71 588	(228 167)
Net cash generated from/(used in) investing activities	88 194	(139 973)	(228 167)
Cash flows from financing activities			
Loan repayments	(2 044 779)	(2196265)	(151 486)
Net cash generated from financing activities	990 221	838 735	(151 486)
Net decrease in cash and cash equivalents	(189 569)	(299 192)	(109 623)
Effects of changes in exchange rate	118 544	228 167	109 623
Cash and cash equivalents at the end of the year	612 253	612 253	-

1. REPORTING ENTITY (CONTINUED)**1.2 Restatement of related notes**

As a result of the restatement of the statement of cash flows, the borrowings note has been restated to include omitted interest expense for National Bank loan which was directly debited by the bank. The overall closing balance for National Bank loan and total borrowings for FY2023 did not change as a result of this restatement.

The finance income/costs note has been restated to disclose separately unrealised gain on cash from net exchange gains and correct an amount which was included in error as effects of changes in exchange rates as part of interest on loans. The overall net finance income/cost does not change as a result of this restatement.

1.2.1 Borrowings note

National Bank loan	Accrued interest K'000	Total accrued interest K'000	Repayments K'000	NBM loan K'000	Total loan K'000
As previously presented	772 753	924 239	(2 969 018)	2 909 056	6 095 542
Change	251 036	251 036	(251 036)	-	-
Restated	1 023 789	1 175 275	(3 220 054)	2 909 056	6 095 542

1.2.2 Finance income/(cost) note

	As previously presented K'000	As restated K'000
Net exchange gain	245 504	-
Unrealised exchange gain on cash	-	228 167
Exchange gain	-	17 337
Total	245 504	245 504
Effects of changes in exchange rate	(118 544)	-
Interest on loan and other bank charges	(1 095 879)	-
Interest on loans	-	(1 214 423)
Total	(1 214 423)	(1 214 423)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2024.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2024	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
Annual reporting periods beginning on or after 1 January 2024	Non-current Liabilities with Covenants (Amendments to IAS 1) The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
Annual reporting periods beginning on or after 1 January 2024	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the entity.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. The entity does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Annual reporting periods beginning on or after 1 January 2025	Amendments to the SASB standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.
Annual reporting periods beginning on or after 1 January 2026	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.
Annual reporting periods beginning on or after 1 January 2026	Annual Improvements to IFRS Accounting Standards — Volume 11 The pronouncement comprises the following amendments: • IFRS 1: Hedge accounting by a first-time adopter • IFRS 7: Gain or loss on derecognition • IFRS 7: Disclosure of deferred difference between fair value and transaction price • IFRS 7: Introduction and credit risk disclosures • IFRS 9: Lessee derecognition of lease liabilities • IFRS 9: Transaction price • IFRS 10: Determination of a 'de facto agent' • IAS 7: Cost method

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2027	IFRS 18 Presentation and Disclosures in Financial Statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

Except for IFRS 18 *Presentation and Disclosures in Financial Statements*, which the directors are analysing the potential impact, the directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties that are measured at revalued amounts or fair values at the end of each reporting year, as explained in note 7 to the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Going concern

The Directors at the time of approving the financial statements, are of the opinion

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of accounting (Continued)

Going concern (Continued)

that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3.2 Investments in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3.3 Property and equipment

Recognition and measurement

All items of property and equipment are initially recognised at cost. Land and buildings are subsequently measured at revalued amounts being the fair value at the date of the

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Property and equipment (Continued)

Recognition and measurement (Continued)

revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that would be determined using fair values at the end of each reporting year. All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Revaluation

Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income and credited to a non-distributable revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Depreciation on revalued property is charged to profit or loss. On the realisation of revalued property, either through sale or use, the attributable revaluation surplus in the revaluation reserve is transferred directly to retained earnings.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs, and maintenance are expensed as incurred.

Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets i.e. buildings, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values, using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Property and equipment (Continued)

Depreciation (Continued)

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and properties under construction are not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:-

Freehold buildings	50 years
Motor vehicles	4 years
Furniture and equipment	3-12 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year, with the effect of any change in estimate being accounted for on a prospective basis.

3.4 Intangible assets

Software acquired by the Company is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.5 Inventories

Inventories consist of items for sale such as foodstuffs, consumables and operating equipment such as crockery and linen. These are measured at the lower of cost and net realisable value, with cost determined on a first-in, first-out basis and is consistent with the prior year. The cost of inventories includes the purchase price plus the costs incurred in bringing each product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

3.6 Income tax

Income tax expense comprises current and deferred income tax. Current income tax and deferred income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set-off current tax liabilities and assets, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting year, and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Foreign currency translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting year, monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rates prevailing at that date.

Foreign currency gains or losses arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the year in which they arise.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Employee benefits

Defined contribution plans

Pensions are administered through a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the scheme are included in profit or loss as an expense as they fall due.

Short-term benefits

Short-term employee benefits obligations such as bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.9 Revenue

The Company recognises revenue from sale of rooms for accommodation, food and beverages and conference rooms.

The Company recognises revenue to depict the transfer of promised goods or services to customers (performance obligations are satisfied) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recorded when the performance obligations are satisfied as set out below for the different income streams;

- Accommodation – the performance obligation is met when the accommodation service is complete. As such revenue is recognised at a point in time.
- Food and beverage – the revenue is recognised at a point in time when the food and/or beverage is delivered to and accepted by the customer.
- Other revenue – the revenue is recognised at a point in time. This comprises ancillary services and revenue is recognised once the service is complete.

The hotel offers a Marriott Bonvoy loyalty program where members earn points based on the money spent at Marriott hotels. Members earn points that are redeemable against future purchases of the Company's accommodation and related services. The Company claims the discount provided from its hotel manager company, Marriott International.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Revenue (Continued)

BHL invoices Marriott International to claim the amount not paid by the customer. Marriott International refunds BHL through offsets against management fees payable to them by BHL.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.10 Finance income and expenses

The Company's finance income and finance costs include:-

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income and expense is recognised using the effective interest method.

Interest income

Interest income from financial assets is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on timely basis, by reference to the principal outstanding and at the effecting rate applicable.

3.11 Borrowing costs

The Company borrowing costs directly attributable to the construction of asset, which necessarily take a substantial period of time to get ready for its intended use, are added to the construction, until such time as the asset is substantially ready for its intended use or sale.

All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

3.12 Financial instruments

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Company's and Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

3.12.1 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.12 Financial instruments (Continued)*****Financial assets (Continued)*****3.12.1 Classification and initial measurement of financial assets (Continued)**

and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets, other than those designated are classified into amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how group of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company applies the following business models:-

- (i) Holding financial instruments for trading to maximize income and reduce losses; and
- (ii) Holding financial instruments to maturity. Thus the Company receives only principal and interest from the financial instruments.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Debt and loan instruments that are held by the Company whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.12 Financial instruments (Continued)

Financial assets (Continued)

3.12.1 Classification and initial measurement of financial assets (Continued)

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with the basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to the basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The Company recognises loss allowances for expected credit losses on the financial instruments that are not measured at FVTPL but are carried at amortised cost: No impairment loss is recognised on equity investments. IFRS 9 eliminates impairment assessment requirements for investments in equity instruments as they are only measured at FVPL or FVTOCI without recycling of fair value changes to profit and loss.

3.12.2 Subsequent measurement of financial assets

Subsequently, financial assets are classified at amortised cost.

(i) Financial assets at amortised cost (debt instruments)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.12 Financial instruments (Continued)*****Financial assets (Continued)*****3.12.2 Subsequent measurement of financial assets (Continued)****(i) Financial assets at amortised cost (debt instruments) (Continued)*****Amortised cost and effective interest method (Continued)***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter year, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting years, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting year. Foreign exchange gains and losses are recognised as follows:

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.12 Financial instruments (Continued)

Financial assets (Continued)

3.12.2 Subsequent measurement of financial assets (Continued)

(ii) Foreign exchange gains and losses (Continued)

Amortised cost and effective interest method (Continued)

- on financial assets at FVTPL and at amortised cost, are recognised in profit or loss;
- on equity instruments at FVTOCI are recognised in other comprehensive income; or
- on debt instruments held at FVTOCI are recognised in profit or loss, with the foreign currency element not based on the amortised cost being recognised in other comprehensive income.

3.13 Impairment of financial instruments

a) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The entity recognises lifetime expected credit loss for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast 12-month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When the customer does not honour its credit terms; and

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.13 Impairment of financial instruments (Continued)

a) Impairment of financial assets (Continued)

(i) Definition of default (Continued)

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Irrespective of the above analysis, the Company considers that default has occurred when the customer has defaulted.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default i.e. the magnitude of the loss if there is a default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

3.14 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.14 Derecognition of financial assets (Continued)

substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a Company of similar transactions.

3.16 Earnings per share

The calculation of basic earnings or loss per share is based on the profit or loss for the year and the weighted average number of shares in issue throughout the year. Where new equity shares have been issued by way of capitalisation or subdivision, the profit is apportioned over the shares in issue after the capitalisation or subdivision and the corresponding figures for all earlier years are adjusted accordingly. Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Refer to note 25 to the financial statements.

3.17 Dividends per share

The calculation of dividend per share is based on the dividends payable to shareholders (inclusive of the related withholding tax) during the year divided by the number of ordinary shares in the register of shareholders at the date of payment. Refer to note 26 to the financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical judgements in applying the Company's significant accounting policies

4.1.1 Valuation of properties

The Company carries out revaluation of its land and buildings with sufficient regularity to ensure that its carrying amount does not materially differ from its fair value. Land and buildings were revalued by Aaron Chalunda and Desmond Namangale of Knight Frank, a registered valuer in Malawi. Refer to note 7 to the financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgements in applying the Company's significant accounting policies (Continued)

4.1.2 Impairment of trade and other receivables

The carrying amounts of trade and other receivables are presented based on expected credit losses. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Refer to note 5.3 to the financial statements.

4.2 Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties are included in the following notes:

4.2.1 Note 11- IFRS 9 assessment for receivables key assumptions underlying recoverable amounts, including the recoverability of receivables.

4.2.2 Note 7- Fair value measurement of the Company's freehold land and buildings.

5. FINANCIAL RISK MANAGEMENT

5.1 Categories of financial instruments

	Note	Amortised Cost K'000	Carrying Amount K'000
At 31 December 2024			
Financial assets			
Trade and other receivables	11	1 249 277	1 249 277
Cash and cash equivalents	12	47 810 338	47 810 338
Amount due from related parties	20.1	65 004	65 004
Total financial assets		49 124 619	49 124 619
Financial liabilities			
Trade and other payables	17	1 338 473	1 338 473
Borrowings	18	16 346 692	16 346 692
Amount due from related parties		316 740	316 740
Total financial liabilities		18 001 905	18 001 905

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Categories of financial instruments (Continued)

	Note	Amortised Cost K'000	Carrying Amount K'000
At 31 December 2023			
Trade and other receivables	11	439 997	439 997
Cash and cash equivalents	12	612 253	612 253
Amount due from related parties	20.1	28 936	28 936
Total financial assets		1 081 186	1 081 186
Financial liabilities			
Trade and other payables	17	730 297	730 297
Borrowings	18	6 095 542	6 095 542
Total financial liabilities		6 825 839	6 825 839

5.2 Overview of the Company's financial risk management framework

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Board oversees how management monitors compliance

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**5.2 Overview of the Company's financial risk management framework (Continued)****Risk management framework (Continued)**

with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The audit committee is assisted in its oversight role by an outsourced internal audit function. The outsourced internal audit function undertakes regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

5.3 Credit risk

Credit risk is the risk of the financial loss of the Company if the customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables.

	Note	2024 K'000	2023 K'000
Trade receivables	11	504 244	321 183
Related parties	11	65 004	-
Other receivables (excluding prepayments)	11	821 669	118 814
Cash and cash equivalents	12	47 810 338	612 253
Total		49 201 255	1 052 250

The Board established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company's reviews include bank references and other trade references. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on a prepayment basis.

Cash deposits are held with Standard Bank Plc, National Bank of Malawi Plc, CDH Investment Bank Limited and NBS Bank Plc. These banks are highly reputable banks in Malawi and are all licensed by the Reserve Bank of Malawi.

Credit quality of financial assets

Trade and other receivables comprise mainly of balances due from corporate entities, travel agents and tour operators. Rigorous assessment of the credit worthiness of these corporate entities, travel agents and tour operators is undertaken before credit is granted. The Company does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit risk (Continued)

Credit quality of financial assets (Continued)

The maximum exposure to credit risk for trade receivables at the end of the reporting year by geographic region was as follows:

	Note	2024 K'000	2023 K'000
Based in Malawi	11	1 314 281	321 183

The maximum exposure to credit risk for trade receivables at the end of the reporting year by type of counterparty was as follows:

Corporate customers	11	1 314 281	321 183
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Impairment losses

The aging of trade and other receivables at the end of the reporting year was as follows:

	Note	2024 K'000	2023 K'000
Trade receivable and other receivables excluding prepayments		1 390 917	331 003
Impairment		(76 636)	(9 820)
Total	11	1 314 281	321 183

	Estimated gross carrying expected loss K'000	Loss allowance K'000
31 December 2024		
Current not past due	865 747	-
30 – 60 days past due	120 320	-
60 – 90 days past due	92 296	-
90 – 120 days past due	312 554	(76 636)
Total	1 390 917	(76 636)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**5.3 Credit risk (Continued)****Impairment losses (Continued)**

	Estimated gross carrying expected loss K'000	Loss allowance K'000
31 December 2023		
Current not past due	141 958	-
30 – 60 days past due	93 708	-
60 – 90 days past due	56 046	-
90 – 120 days past due	39 291	(9 820)
Total	331 003	(9 820)

The movement in the allowance for impairment in respect of trade and other receivable during the year was as follows:

	Note	2024 K'000	Net 2023 K'000
Impairment at beginning of the year		9 820	5 854
Change in loss allowance		66 816	3 966
Balance as at end of the year	11	76 636	9 820

In determining the recoverability of a trade receivable, the Company considers any change in the current quality of the trade receivable from the date credit was initially granted up to the end of the reporting year. The Company believes that the unimpaired amounts that are past due more than 30 days are still collectible based on the historic payment behaviour and extensive analysis of the customer credit risk.

Cash and cash equivalents

The Company held cash and cash equivalents of K47 810 million (31 December 2023: K612 million) as at 31 December 2024 of which K645 million (31 December 2023: K303 million) was in foreign currency denominated accounts. No provision for expected credit loss for cash and cash equivalent as based on management the amount is immaterial.

5.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with the financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Liquidity risk (Continued)

as possible that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of the financial liabilities, including estimated interest payments.

Liquidity of financial instruments

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Refer to going concern note 29 to the financial statement where management has set out plan to manage the liquidity gap.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Liquidity risk (Contiued)

Liquidity of financial instruments (Continued)

	Notes	Weighted average effective interest rate 18%	Less than 1 to 3 months K'000	4 – 12 months K'000	1 - 2 years K'000	Over 2 years* K'000	Total K'000	Carrying amount K'000
31 December 2024								
Assets								
Trade and other receivables	11		1 013 359	312 554	-	-	1 325 913	1 249 277
Bank and cash balances	12		47 810 338	-	-	-	47 810 338	47 810 338
Amounts due from related parties			65 004	-	-	-	65 004	65 004
Total financial assets			48 888 701	312 554	-	-	49 201 255	49 124 619
Liabilities								
Trade and other payables	17		1 338 473	-	-	-	1 338 473	1 338 473
Total interest bearing debt	18		-	-	5 265 861	18 462 287	23 728 148	16 346 692
Amounts due to related parties			316 740	-	-	-	316 740	316 740
Total Financial liabilities			1 655 213	-	5 265 861	18 462 287	25 383 361	18 001 905
Liquidity gap			47 233 488	312 554	(5 265 861)	(18 462 287)	23 817 894	31 122 714
Cumulative liquidity gap			47 233 488	47 546 042	42 280 181	23 817 894		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Liquidity risk (Continued)

Liquidity of financial instruments (Continued)

	Notes	Weighted average effective interest rate 18%	Less than 1 to 4 months K'000	5 – 12 months K'000	1 - 2 years K'000	Over 2 years K'000	Total K'000	Carrying amount K'000
31 December 2023								
Assets								
Trade and other receivables	11		439 997	-	-	-	439 997	439 997
Bank and cash balances	12		612 253	-	-	-	612 253	612 253
Total financial assets			1 052 250	-	-	-	1 052 250	1 052 250
Liabilities								
Trade and other payables	17		771 137	-	-	-	771 137	771 137
Total interest bearing debt	18		-	4 050 486	2 640 773	1 831 806	8 523 065	4 050 486
Total Financial liabilities			771 137	4 050 486	2 640 773	1 831 806	9 294 202	4 821 623
Liquidity gap Cumulative			281 113 281 113	(4 050 486) (3 769 373)	(2 640 773) (6 410 146)	(1 831 806) (8 241 952)	(8 241 952)	

*The loans will be repaid in the following years:

	K'000
2027	4 940 729
2028	4 791 242
2029	4 639 514
2030	3 192 900
2031	897 902
	18 462 287

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**5.5 Market risk**

The market risk is the risk that changes in market prices such as foreign exchange and interest rates will affect the Company's income or the values of its financial instruments. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

5.5.1 Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in currency other than the functional currency of the Company, which is Malawi Kwacha. The currencies in which these transactions are primarily denominated are United States Dollar and the South African Rand.

All purchases in foreign currency are economically hedged by Foreign Currency Denominated Accounts (FCDA) in the same currencies. Any purchase in USD is paid for using funds in USD account and the same applies to South African Rand. The Company generates foreign currency through its normal operations but opts to set aside foreign currency funds in FCDA accounts to cover its foreign currency denominated liabilities.

No other hedge is actively taken out for this risk. However, exchange rate exposures are managed mainly using accelerated payments and borrowings in local currency to finance foreign purchases. Accelerated payments of foreign currency payable minimises exposure to foreign currency risk by reducing the amounts due in foreign currency.

2024					
	Assets	Liabilities	Net	Exchange Rate Movement	Impact on profit and equity (net of tax)
USD	624 321	-	624 321	10%	62 432
ZAR	285	-	285	10%	28
GBP	7 175	-	7 175	10%	718
EUR	13 631	-	13 631	10%	1 363
	645 412	-	645 412		64 541

2023					
	Assets	Liabilities	Net	Exchange Rate Movement	Impact on profit and equity (net of tax)
USD	414 412	-	414 412	10%	41 441
ZAR	472	-	472	10%	47
GBP	8 861	-	8 861	10%	886
EUR	15 622	-	15 622	10%	1 562
	439 367	-	439 367		43 936

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Market risk (Continued)

5.5.1 Currency risk (Continued)

As at 31 December 2024, if the Malawi Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year and equity would have been K65 million (2023: K44 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currency-denominated financial instruments.

5.5.2 Interest rate risk

The Company adopts a policy of ensuring that some borrowings are at fixed rates and others are at variable rates depending on the currency of the borrowings, terms and conditions.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments

	Note	2024 K'000	2023 K'000
Borrowings	18	16 346 692	6 095 542

Shareholders' loan

Shareholders' loans amounting to K3 billion were obtained from Africap LLC and Nico Life Insurance Company Limited for the purpose of servicing the National Bank of Malawi loan facility. The outstanding balances were cleared during the year through conversion into ordinary shares of the company as part of the shareholder's participation in the rights issue exercise.

National Bank of Malawi Loans

The K4 billion loan obtained from National Bank of Malawi Plc was repaid during the year.

In 2024, Blantyre Hotels Plc obtained a US\$4.2 million loan from National Bank of Malawi Plc which attracts interest at 8.5% per annum in order to meet its funding needs in respect of its equity contribution to Oasis Hospitality Limited for the construction of a hotel project in Lilongwe. It is secured by a surety charge of MK5.6 billion over the Lilongwe Hotel title number Njewa 3/1041 in Lilongwe.

NBS Bank Plc Loans

Blantyre Hotels Plc also obtained a US\$5 million loan from NBS Bank Plc to meet its funding needs in respect of its equity contribution to Oasis Hospitality Limited for the construction of a hotel project in Lilongwe. The facility attracts interest at 11.5% per annum and is secured over property number Njewa 3/1041 in Lilongwe belonging to Oasis Hospitality Limited.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**5.5 Market risk (Continued)****5.5.2 Interest rate risk (Continued)****Fixed rate instrument**

	Note	2024 K'000	2023 K'000
Fixed deposits	12	46 673 297	192 346

Cash and cash equivalents earn interest at a rate of 1% -25% (2023: 1% -20%).

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

The following information table shows the carrying amount and fair values of financial assets and liabilities.

	Note	Amortised Cost K'000	Fair value K'000
At 31 December 2024			
Financial assets			
Trade and other receivables	11	1 249 277	1 249 277
Cash and cash equivalents	12	47 810 338	47 810 338
Amount due from related parties	20.1	65 004	65 004
Total financial assets		49 124 619	49 124 619
Financial liabilities			
Trade and other payables	17	1 338 473	1 338 473
Borrowings	18	16 346 692	16 346 692
Amount due from related parties		316 740	316 740
Total financial liabilities		18 001 905	18 001 905

The directors have determined that the carrying amounts of financial assets and liabilities approximates their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the movements in the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2024 K'000	2023 K'000
Trade and other payables	1 552 881	771 137
Borrowings	16 346 692	6 095 542
Amounts due to related parties	316 740	-
Total liabilities	18 216 313	6 866 679
Total equity	64 876 184	6 885 351
Gearing ratio	28%	99%

The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

7. PROPERTY AND EQUIPMENT

	Freehold land K'000	Buildings K'000	Motor vehicles K'000	Furniture equipment K'000	Capital WIP K'000	Total K'000
31 December 2024						
Cost/valuation						
1 January 2024	2 257 200	7 582 800	158 616	1 674 531	3 491	11 676 638
Additions		4 553	-	328 512	39 636	372 701
Disposals			(22 389)	-	-	(22 389)
Revaluation surplus	376 200	1 713 800	-	-	-	2 090 000
At 31 December 2024	2 633 400	9 301 153	136 227	2 003 043	43 127	14 116 950
Depreciation						
1 January 2024	-	-	115 723	1 199 078	-	1 314 801
Charge for the year	-	85 253	11 462	167 953	-	264 668
Released on revaluation	-	(38 297)	-	-	-	(38 297)
Disposals	-	-	(22 389)	-	-	(22 389)
31 December 2024	-	46 956	104 796	1 367 031	-	1 518 783
Carrying amounts						
At 31 December 2024	2 633 400	9 254 197	31 431	636 012	43 127	12 598 167
31 December 2023						
Cost/valuation						
1 January 2023	1 936 000	6 842 000	117 249	1 378 456	129 372	10 403 077
Additions	-	-	41 367	170 194	-	211 561
Transfers	-	-	-	125 881	(125 881)	-
Revaluation surplus	321 200	740 800	-	-	-	1 062 000
At 31 December 2023	2 257 200	7 582 800	158 616	1 674 531	3 491	11 676 638
1 January 2023	-	-	107 493	1 039 420	-	1 146 913
Charge for the year	-	83 028	8 230	159 658	-	250 916
Released on revaluation	-	(83 028)	-	-	-	(83 028)
At 31 December 2023	-	-	115 723	1 199 078	-	1 314 801
Carrying amounts						
At 31 December 2023	2 257 200	7 582 800	42 893	475 453	3 491	10 361 837

The registers of land and buildings are available for inspection at the Company's registered office.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

7. PROPERTY AND EQUIPMENT (CONTINUED)

Fair value measurement of the Company's freehold land and buildings

The Company's freehold land and building are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 31 December 2024 were based on a desktop valuation as at 30 June 2024 by Aaron Chalunda and Desmond Namangale (December 2023: Aaron Chalunda) from Knight Frank, an independent firm not related to the Company and has appropriate qualifications and recent experience in the fair value measurement of properties within Malawi and commercial city of Blantyre where Ryalls Hotel is located. As a comprehensive valuation with physical inspections was performed as at 31 December 2023, a desktop valuation (without physical property inspection) was considered adequate since there had been no changes to the property. The valuation conforms to International Valuation Standards and was based on income method of valuation approach. Based on an assessment from the valuers, since the June 2024 valuation took cognizance of the trading potential, past and present financial performance and the current hotel market trends and it took a conservative approach, valuing the hotel as of 31 December 2024, would give a minimal movement. Hence the valuation as at 30 June 2024 was considered appropriate as at 31 December 2024.

Had it been that the Company did not adopt a revaluation policy, the carrying amount of land and buildings for the Company would have been K720 million (2023: K720 million).

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of each reporting year.

The fair value measurements have been categorised as Level 3 for value based on inputs to the valuation techniques used.

Property and equipment are encumbered as disclosed in note 18 to the financial statements.

	2024 Level 3 K'000	2023 Level 3 K'000
Land	2 633 400	2 257 200
Buildings	9 301 153	7 582 800
Land and buildings	11 934 553	9 840 000

There were no transfers between levels 1, 2 and 3 during the year.

7. PROPERTY AND EQUIPMENT (CONTINUED)

The following table shows the valuation technique used in measuring the fair values of land and buildings, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
		Sensitivity analysis
The valuation expert adopted an Income Method of Valuation Approach (i.e. fair value). The fair value basis of valuation is interpreted as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.	In valuation of properties in the hospitality industry, use of trading revenue or estimated or reasonably anticipated revenue from the business and operating expenses are made to formulate an opinion of market value.	A 10% increase/decrease in revenue would result into increase/decrease of K 1 170 million (2023: K950 million) in value of the property.
	The valuation has also taken cognizance of the capitalisation rates applicable to commercial properties linked to the industry the entity operates in.	A 1% increase in the capitalisation rate would result into a decrease in the value of property by K2.0billion (2023: K1.8 billion) while a 1% decrease in the capitalisation rate would result into an increase in the value of property by K3.0 billion (2023: K2.9 billion).
	The valuation has also taken cognizance of the market value of the land taking into account the land location and size.	A 10% increase/decrease in market value of land would result into K395 million (2023: K339 million) increase or decrease of the value of property.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

8. INTANGIBLE ASSETS

	2024 K'000	2023 K'000
Software		
Cost		
At the beginning of the year	42 676	42 676
Additions	1 396	-
At the end of the year	44 072	42 676
Amortisation		
At the beginning of the year	35 209	31 314
Amortization charge for the year	4 051	3 895
At the end of the year	39 260	35 209
Carrying amount at the end of the year	4 812	7 467

9. INVESTMENT IN ASSOCIATE

Balance as at the beginning of the year	3 842 240	3 907 671
Interest earned on funds awaiting capitalisation	-	9 163
Share of loss	(28 883)	(74 594)
Funds awaiting capitalisation	19 048 595	-
Balance as at the end of the year	22 861 952	3 842 240
Analysed as follows:		
Property, land and equipment	35 581 642	16 446 544
Trade and other receivables	3 559 328	282 963
Cash and cash equivalents	578 245	396 947
Total assets	39 719 215	17 126 454
Liabilities		
Trade and other payables	2 565 019	968 245
Loans and other liabilities	19 101 595	52 982
Total liabilities	21 666 614	1 021 227
Net assets in Oasis as at the end of the year	18 052 601	16 105 227
Company's share 20.83% (2023: 23.53%)	3 760 357	3 789 560
Add: cumulative amount awaiting capitalisation	19 101 595	52 680
Balance as at the end of the year	22 861 952	3 842 240

9 INVESTMENT IN ASSOCIATE (CONTINUED)

Blantyre Hotels plc (BHL) has so far invested in Oasis Hospitality Limited (Oasis) an amount of K23.0 billion which is made up of K4 billion initial investment, translating to 20.83% shareholding in Oasis, and capital contributions of K19.0 billion awaiting share allotment. Had the shares been allotted at the time of making the contribution and using the initial share allotment basis, the shareholding of Blantyre Hotels plc in Oasis would have been around 48% as at 31 December 2024. However, the financial statements of Oasis have not been consolidated because, based on assessment performed, Blantyre Hotel plc did not have control over Oasis as BHL did not have sufficient voting and potential voting rights to direct the relevant activities of Oasis.

BHL is expected to invest an additional amount totalling to amount to US\$15.9 million (K27.8 billion), through debt finance and an undeterminable amount through equity financing, in Oasis Hospitality Limited by the end of the project. BHL as promotor of the project has undertaken to raise all the required additional funding to Oasis to the extent that no other investor comes up. BHL's commitments have been included under note 27. BHL is raising this funding through a debt of US\$15 million in hard currency from various lenders and through a rights issue offering to its shareholders which was concluded in December 2024. As such BHL is contributing to Oasis whatever funding it raises at various points and at conclusion it will notify Oasis of the additional funding provided. Based on the planned capital raising timetable the further funding to Oasis will be done in tranches as per the board resolution as follows:

- At the conclusion of drawdown of the facility from National Bank of Malawi plc;
- At the conclusion of drawdown of the facility from NBS Bank plc; and
- At the conclusion of the rights issue equity offering.

As at 31 December 2024, not all of these had been concluded and as a result, the process of issuing shares had not commenced. The amount whose corresponding shares have not been allotted are depicted as amounts awaiting capitalization. Capital contributions made in financial years ended 31 December 2023 and 2024 do not attract interest. In February 2025, before the approval of these financial statements, the Directors of Oasis allotted shares to shareholders in relation to capital contributions that had been made as at the allotment date. Following this allotment, the Company's shareholding in Oasis increased from 20.83% to 48.32%. More capital calls are expected to be made in 2025 and the shareholding is expected to increase accordingly.

10. INVENTORIES

	2024 K'000	2023 K'000
Food stuff and beverages	79 086	39 468
Consumables	102 865	145 258
Operating stock	14 369	114 843
Goods in transit	39 047	99 469
Total inventories	235 367	399 038

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

11. TRADE AND OTHER RECEIVABLES

	Notes	2024 K'000	2023 K'000
Trade receivables		504 244	331 003
Expected credit losses		(17 895)	(9 820)
Subtotal		486 349	321 183
Amount due from related parties*	20.1	65 004	-
Sundry receivables**		821 669	118 814
Less: expected credit losses		(58 741)	-
Prepayments and other taxes***		520 348	24 003
Total*		1 834 629	464 000
Analysed as follows:			
Trade and other receivables	11.1	1 769 625	464 000
Amount due from related parties *	20.1	65 004	-
		1 834 629	464 000
11.1 Trade and other receivables are further analysed as follows:			
Trade and other receivables		1 249 277	439 997
Prepayments and other taxes		520 348	24 003
		1 769 625	464 000

*In the prior year, amounts due from related parties of K28.9 million were excluded in the total trade and other receivables. In the current year, the total trade and other receivables include amounts due from related parties. Prior year numbers were not restated due to this presentation change.

** Included in sundry receivables are the following amounts relating to the rights issue:

- K415 million receivable from Icon Properties Plc, being underwriting commitments erroneously refunded. The amount was received after year end; and
- K198 million rights issue proceeds from TNM Mpamba and Airtel Money mobile platforms. The amounts were transferred to Blantyre Hotels bank account after year end.

***Prepayments and other taxes also include loan arrangement fees of K138 million and VAT receivable on right issue expenses amounting to K222 million.

The average credit period for trade receivables is 30 days. No interest is charged on the outstanding balance.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Refer to note 5.4 to the financial statements for the credit quality of receivables.

The Company has computed lifetime expected credit losses (ECL) allowance for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. This includes applying the default rate on debtors within 30 days as this reflects the economic downturn experience by entities operating in different industries.

12. CASH AND CASH EQUIVALENTS

	2024 K'000	2023 K'000
Foreign currency accounts	645 412	303 217
Current account balances	491 629	116 690
Fixed deposits	46 673 297	192 346
At the end of the year	47 810 338	612 253

The Company's bank accounts include a deposit with NBS Bank Plc, a related party, amounting to K38.3 billion (2023: K5 million). The rest of the amounts were spread with CDH Investment Bank, National Bank of Malawi Plc and Standard Bank Plc. The current accounts earned interest of up to 1% (2023: up to 1%) and the fixed deposits earned interest of up to 25% (2023: up to 20%).

13. SHARE CAPITAL

	2024 K'000	2023 K'000
Authorised capital 10 000 000 000 ordinary shares at 5 tambala each (2023: 5,000,000,000 ordinary shares at 5 tambala each)	500 000	250 000
Issued and fully paid capital (2024: 5 759 034 226 (2023: 839,750,705) ordinary shares)		
Opening balance	41 988	41 988
Issued in the year	245 964	-
Balance at year end	287 952	41 988

14. SHARE PREMIUM

	2024 K'000	2023 K'000
Opening balance	1 340 153	1 340 153
Proceeds from rights issue	52 334 196	-
Transferred to share capital (245 964)	(245 964)	-
Rights issue costs	(3 112 775)	-
Loan conversion into equity	8 566 533	-
Closing balance as at 31 December 2024	58 882 143	1 340 153

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

15. REVALUATION RESERVE

	2024 K'000	2023 K'000
At the beginning of the year	6 490 204	5 691 059
Increase in revaluation	2 128 297	1 145 028
Depreciation on revaluation	(76 739)	(74 733)
Deferred tax	(555 309)	(271 150)
At the end of the year	7 986 453	6 490 204

16. DEFERRED TAX LIABILITY

Property, plant and equipment	3 308 834	2 779 695
Other temporary differences	(895 054)	(703 187)
	2 413 780	2 076 508

	Balance at the beginning of the period K'000	Recognised in the profit or loss K'000	Recognised in other comprehensive income/equity K'000	Recognised Balance at the end of period K'000
31 December 2024				
Property and equipment	2 779 695	(26 170)	555 309	3 308 834
Other temporary differences	(703 187)	(191 867)	-	(895 054)
	2 076 508	(218 037)	555 309	2 413 780
Company				
31 December 2023				
Property and equipment	2 489 457	19 088	271 150	2 779 695
Other temporary differences	(459 569)	(243 618)	-	(703 187)
	2 029 888	(224 530)	271 150	2 076 508

The Company has recognised deferred tax asset of K661 million (2023: K671 million) arising from tax losses of K2.2 billion (2023: K2.24 billion). The directors have determined that it is highly probable that future taxable profits will be available against which the assets can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

17 TRADE AND OTHER PAYABLES

	2024 K'000	2023 K'000
Trade payables	409 491	106 044
Other payables	1 245 722	624 253
Withholding tax payable	214 408	40 840
Total trade and other payables	1 869 621	771 137
Other payables include the following:		
Accruals	802 329	246 900
Audit fees	24 250	43 560
Defined contribution pension accrual	241 792	54 642
Gym advance payments	333	296
Management fees payable	157 338	263 015
Advance deposits	5 916	2 076
Unclaimed dividends	13 764	13 764
	1 245 722	624 253
Trade and other payables are further analysed as follows:		
Trade and other payables	1 552 881	771 137
Amounts due to related parties 20.1	316 740	-
	1 869 621	771 137

The average credit period for trade and other payables is 30 days. No interest is charged on these amounts.

The Directors consider that the carrying amounts of trade and other payables approximate to their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

18. BORROWINGS

	NICO Life Insurance Company K'000	Africap LLC K'000	NBM K'000	NBM US\$ K'000	NBS US\$ K'000	NICO Holdings K'000	Total K'000
31 December 2024							
Balance at the beginning of the year	1 177 941	2 008 545	2 909 056	-	-	-	6 095 542
Additions	-	-	-	7 353 827	8 755 000	4 000 000	20 108 827
Accrued interest for the year	330 112	565 201	897 711	188 933	369 763	94 444	2 446 164
Conversion into rights shares (1 508 053)	(2 573 746)	-	-	-	(4 094 444)	(8,176,243)	-
Repayments	-	-	(3 806 767)	-	(320 831)	-	(4 127 598)
Balance as at end of the year	-	-	-	7 542 760	8 803 932	-	16 346 692

	NICO Life K'000	Africap LLC K'000	National Bank K'000	Total K'000
31 December 2023				
Balance at the beginning of the year	-	5 105 321	5 105 321	3 035 000
Additions	1 110 000	1 925 000	-	1 175 275*
Accrued interest for the year	67 941	83 545	1 023 789*	(3 220 054)*
Repayments	-	-	(3 220 054)*	-
Balance as at end of the year	1 177 941	2 008 545	2 909 056	6 095 542

*Restated, refer to note 1.2.1 to the financial statements.

18. BORROWINGS (CONTINUED)

Analysed as follows:

	2024 K'000	2023 K'000
Current	-	4 050 486
Non-current	16 346 692	2 045 056
Total	16 346 692	6 095 542

National Bank of Malawi K4 billion and US\$4.2 million loan facilities

In 2021, a loan of K4 billion was obtained by the Company from National Bank of Malawi Plc and attracted interest at 6.1% above the reference rate and was repayable over a period of 7 years inclusive of a 24 month moratorium, which came to an end in the year, on both principal and interest repayment. The Loan was repaid during the year.

In 2024 the Company secured a US\$5 million facility with National Bank of Malawi. As at 31 December 2024, the company had made a drawdown of US\$4.2 million. The loan was granted as part of the Company's contribution towards the completion of the Lilongwe Hotel Project and attracts interest at 8.5% per annum. The loan is repayable over a 5-year period after the 24-month moratorium and is secured by a charge of K4 billion over property under title number Blantyre West 132 and a surety charge of MK5.6 billion over the Lilongwe Hotel title number Njewa 3/1041 in Lilongwe.

Shareholders' loan

Shareholders' loans amounting to K3 billion were obtained from Africap LLC and Nico Life Insurance Company Limited for the purpose of servicing the National Bank of Malawi loan facility. The loans were initially payable by 30 September 2024 but were repaid as at 31 December 2024 in accordance with the terms of the loan which stipulated that in the event that a rights offer of shares being made by the borrower at any time during the tenor, the lenders had the option to convert all or part of the unpaid principal and interest into ordinary shares of the Company provided the lenders shall give written notice to the borrower at least 14 days prior to such conversion. The lenders converted the principal and accrued interest into ordinary shares of the Company at the conversion price in the rights issue during the year.

NBS Bank US\$5 million facility

This is a term loan obtained during the year to meet Blantyre Hotel's funding needs in respect of its equity contribution to OASIS Hospitality Limited for the construction of a hotel project in Lilongwe. The facility attracts interest at 11.5% per annum and is repayable over 7 years with a moratorium of 24 months. The whole US\$5 million was drawn by the company. The facility is secured over property number Njewa 3/1041 in Lilongwe belonging to Oasis Hospitality Limited and submission of consent by the property owner, Oasis Hospitality Limited, authorising the borrower to use the aforementioned property as collateral.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

18. BORROWINGS (CONTINUED)

NICO Holdings plc facility of K8 billion

This was short term US\$ currency linked note, being bridging finance to meet immediate project cash requirements and to act as advance underwriting commitment by NICO Holdings plc in the rights issue ahead of the various capital raising efforts by the Company. It attracted interest rate of 8.5% per annum on the US\$ converted amount and was repaid through proceeds of the rights issue offering. The principal and interest were converted into ordinary shares of the company as part of the rights issue capital raising exercise during the year.

19. TAXATION

	2024 K'000	2023 K'000
Current income tax recoverable		
Balance at the beginning of the year	112 767	98 566
Paid during the year	48 245	14 201
Balance at the end of the year	161 012	112 767
Income tax credit		
Income tax payable as assessed at 30%	-	-
Deferred tax credit (note 16)	(218 037)	(224 530)
Total income tax credit	(218 037)	(224 530)
Reconciliation of the effective tax rate		
Loss before tax	(1 588 146)	(1 017 292)
Income tax at standard rate (30)%	(476 444)	(305 188)
Permanent differences*	258 407 (15 %)	80 658 8%
Effective tax	(218 037) (15 %)	(224 530) (22)%

*Permanent differences are arising from expired tax losses of K515 million, Fringe Benefit Tax of K51 million and share of losses from associate of K29 million and other permanent differences of K170 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

20. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's major shareholders are NICO Life Insurance Company Limited, Africap LLC, NICO Holdings and ICON Properties.

Services are supplied in the ordinary course of business by the Company to shareholders and by shareholders to the Company at arm's length.

Related party	Relationship	Type of transaction	Value of transactions from/(to) 2024 K'000	Balance at year end 2024 K'000	Value of transactions from/(to) 2023 K'000	Balance at year end 2023 K'000
NICO Asset Managers Limited	Common shareholder	Accommodation and conferencing -Transfer, secretarial and consultancy fees	6 152 (168 228)	1 482 (151 962)	3 628 (41 455)	4 273
Luxury Hotels International South Africa (Pty) Limited	Management Company	- Management fees - Marketing fees - Incentive fees -Program Services fund	(254 123) (117 275) (242 323) (53 169)	244 732 (35 977) (366 094) -	(150 360) (69 397) (70 169) (51 169)	-
NICO Life Insurance Company Limited	Shareholder	Accommodation and conferencing Pension and Life cover Loan principal	96 000 172 000 -	8 034 - -	20 104 104 216 (1 110 000)	10 352 - (1 177 941)
NICO Holdings Plc	Parent of shareholder	-Accommodation and conferencing -Loan Principal	78 000 (4 000 000)	28 043 -	42 220	8 211
Press Trust	Shareholder	Accommodation and conferencing	-	-	6 502	-
NICO General Insurance Company Limited	Common shareholder	Accommodation and conferencing Insurance Lease	2 307 -	1 277	6 655 48 081	- -
NICO Technologies Limited	Common Shareholder	Accommodation and conferencing	12 485	3 477	-	-
NBS Bank	Common shareholder	Accommodation and conferencing Loan Principal	95 040 (8 755 000)	19 408 (8 803 932)	-	-
Africap	Common shareholder	Accommodation and conferencing Loan principal	(82 269) -	(8 998) -	1 801 (1 925 000)	6 100 (2 008 545)
NICO Capital Limited	Common Shareholder	Consultancy fee	(140 277)	(140 277)	70 000	-
NICO Pensions Limited	Common Shareholder	Accommodation and conferencing	3 283	3 283	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The balances are interest free and are payable in normal course of business

Nico Asset Managers Nico Asset Managers	Common shareholder Common shareholder	Secretarial, administration and consultancy services Loan guaranteed by Blantyre Hotels Plc
Nico Asset Managers	Common shareholder	Accommodation
Procurement International Limited	Subsidiary of management Company	Guest supplies
NBS Bank Plc	Common shareholder	Bank services

Compensation to key management personnel

In addition to key management personnel's salaries the Company also provides non-cash benefits to a post-employment defined contribution plan for key management personnel's benefits. In accordance with the plan employees contribute 5% (2023: 8.63%) of the basic pay while the Company contributes 10% (2023: 10%) of the basic pay to cover pension and Company life cover.

Salaries and cash benefits to key management personnel were as follows:

	2024 K'000	2023 K'000
Short-term employee benefits		
Salaries and bonuses	540 164	324 052
Directors' fees	18 952	11 843
Contributions towards defined pension plan		
Pension	27 758	10 326
20.1 Amounts due from related parties		
NICO Life Insurance Company Limited	8 034	10 352
NICO Holdings Plc	28 043	8 211
Africap LLC	-	6 100
NICO Asset Managers Limited	1 482	4 273
NICO Technologies Limited	3 477	-
NBS Bank Plc	19 408	-
NICO General Insurance Company Limited	1 277	-
NICO Pensions Limited	3 283	-
Total	65 004	28 936

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

20.1 Amounts due from related parties (Continued)

	2024 K'000	2023 K'000
Amounts due to related parties		
Africap LLC	8 998	-
NICO Life Insurance Company Limited	15 503	-
NICO Asset Managers	151 962	-
NICO Capital Limited	140 277	-
Total	316 740	-
Bonus payable (included in accruals under 17)	176 031	70 028

21. REVENUE

Disaggregated revenue is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily, the Executive Directors. The key components of revenue reviewed by the chief operating decision makers are:

	2024 K'000	2023 K'000
Accommodation	4 238 958	2 308 123
Food and beverages	3 414 073	2 197 351
Other revenues	149 783	111 901
Total revenue	7 802 814	4 617 375

- Accommodation – the performance obligation is met when the accommodation service is complete. As such revenue is recognised at a point in time.
- Food and beverage – the revenue is recognised at a point in time when the food and/or beverage is delivered to and accepted by the customer.
- Other revenue – the revenue is recognised at a point in time. This comprises ancillary services and revenue is recognised once the service is complete.

22. COST OF SALES

	2024 K'000	2023 K'000
Salaries and wages	981 747	672 607
Guest entertainment and supplies + Sundries	175 276	181 074
Room cleaning and maintenance + telephone	250 992	216 469
Food and beverages costs	1 207 432	862 513
Sundries	140 242	78 747
Total cost of sales	2 775 689	2 011 410

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

23. SELLING AND ADMINISTRATION EXPENSES

	2024 K'000	2023 K'000
Auditor's fees and expenses - Current year	83 097	52 000
- Prior year	-	17 525
Bad debt actual	1 228	-
Bank charges	35 323	11 556
Board expenses	63 002	26 283
Consultancy charges	125 052	101 247
Commission on credit cards	66 532	51 344
Computer expenses	122 384	76 894
Company secretarial and transfer expenses	20 543	41 455
Depreciation and amortisation	268 720	254 811
Directors' remuneration	40 089	11 843
Donation and subscriptions	4 999	6 789
Fees to management Company (Note 23.1)	666 890	341 097
Fringe benefit tax	45 170	28 438
Internal audit expense	18 174	12 764
Insurance	62 333	48 081
Legal and other professional fees	14 070	10 093
Levies, licenses and permits	6 480	7 480
Malawi Stock Exchange annual listing fees	38 708	32 502
Marketing expenses	115 654	69 919
Motor vehicles	25 519	23 269
Postage	1 137	1 224
Power and lighting	310 748	196 322
Printing and stationery	26 449	9 515
Rates and taxes	45 603	42 234
Repairs and maintenance	491 691	250 347
Salaries and wages	638 093	390 663
Security	98 771	68 107
Staff-related costs	668 243	377 111
Sundry expenses	2 117	13 303
Telephone	31 324	19 168
Travel	41 449	30 628
Lease rental	-	(51 121)
Water	96 761	67 308
Total	4 276 353	2 640 199
23.b Bad debt provision	66 816	4 567

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

23. SELLING AND ADMINISTRATION EXPENSES (CONTINUED)

	2024 K'000	2023 K'000
23.1 Fees payable to Management Company		
Management fees	254 123	150 360
Marketing fees	117 275	69 397
Incentive fees	242 323	70 170
Programme Services contribution fund	53 169	51 170
	666 890	341 097
24. FINANCE INCOME/(COSTS)		
Interest from assets at amortised cost	101 949	54 251
Interest income	-	9 163
Unrealised exchange gain on cash *	10 016	228 167
Exchange gains	177 979	17 337
	187 995	254 667
Interest expense and other finance costs		
Realised exchange losses	(163 050)	(24 408)
Interest on loans *	(2 446 164)	(1 214 423)
	(2 609 214)	(1 238 831)
Net finance costs	(2 319 270)	(929 913)

* Restated, refer to note 1.2.2 to the financial statements

25. LOSS PER SHARE

The calculation of basic and diluted (loss) per share is based on loss attributable to shareholders of the Company of K1 370 million (2023: K793 million) and the weighted average number of ordinary shares during the year of 947,570,618 (2023: 839 750 705).

Loss per share is as below:-

	2024	2023
Loss for the year- K'000	(1 370 109)	(792 762)
Weighted average number of shares ('000)	947 570	839 750
Basic and diluted loss per Share (tambala)	(145)	(94)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

26. DIVIDENDS

No dividends were declared and paid (2023: Nil) due to the Company's financial performance.

27. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The board approved capital commitments relating to refurbishment and equipment costs amounting to K23 million at the end of the year (2023: K369 million). These costs are to be funded wholly by funds generated internally.

The development costs for phase 2 of the hotel by Oasis Hospitality Limited are estimated at US\$29.2 million (K51 billion) to be funded from a combination of debt and equity finance. As at 31 December 2024 the remaining capital calls from Blantyre Hotels Plc amounted to US\$15.9 million (K27.8 billion). The Company is also expected to invest an additional US\$5.2 million (K9 billion) for furniture, fittings and equipment for the new hotel. None of this cost had been contracted as at 31 December 2024. BHL as promotor of the project has undertaken to raise all the required additional funding to Oasis to the extent that no other investor comes up.

28. REPORTABLE SEGMENTS

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. The Directors of the Company have chosen to organise the Company around differences in services provided. No operating segments have been aggregated in arriving at the reportable segments of the Company. Specifically, the Company's reportable segments under IFRS 8 are accommodation and food and beverage.

Geographical segment presentation

All operations of the hotel are in Malawi and therefore geographical segment presentation has not been made.

Information about major customers

The Company's customers are many and there is no single customer that individually contributes more than five percent of the Company's total revenues.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

28. REPORTABLE SEGMENTS (CONTINUED)

	Accommodation		Food and beverage		Other **		Other Expenses**		Total	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000	2024 K'000	2023 K'000	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Revenue	4 238 958	2 308 123	3 414 073	2 197 351	149 783	111 901	-	-	7 802 814	4 617 375
Operating expenses	560 936	422 350	1 970 137	1 391 347	15 140	2 816 463	4 496 594	-	7 042 807	4 630 160
Segment profit	3 678 022	1 885 773	1 443 936	806 004	134 643	(2 704 562)	(4 496 594)	-	760 007	(12 785)

Revenue reported above represents revenue generated from external customers.

** Included in the "Other" segment is income which does not directly relate to either accommodation or food and beverages segment.

** Other expenses mainly comprise administrative expenses which are incurred for the benefit of all hotel operations but management has not apportioned them to either accommodation or food and beverages segment due to the arbitrary nature of such allocations.

The segments do not have separately reportable assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

29. GOING CONCERN

The Company has incurred a net loss of K1 370 million (2024: K793 million) during the year ended 31 December 2024.

The Company performance this year has been affected by finance charges accruing from the debt finance obtained by the Company to finance the construction project of the Lilongwe Ryalls hotel as explained in notes 9 and 18 to the financial statements.

Even though these conditions may cast significant doubts on the Company's ability to continue as a going concern, the Company financial statements have been prepared on a going concern basis as the Directors believe, based on the considerations below, there is no material uncertainty and the Company is a going concern:

- The Company made a profit from operating activities of K760 million (2023: loss of K13 million);
- The Company's current assets exceeded current liabilities by K48 billion.
- The Company has already repaid the shareholders loans obtained from Africap LLC and NICO Life Insurance Company as well as the Malawi Kwacha loan obtained from National Bank of Malawi.
- The Company successfully raised additional equity finance (K62.4 billion) through a rights issue which was concluded in December 2024; and
- The Company is able to generate and has access to adequate resources to sustain its operations for the foreseeable future.

30. EXCHANGE RATES AND INFLATION

The average of the year-end buying and selling rates of the foreign currencies most affecting the performance of the Company are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

	2024	2023
Kwacha/Rand	95	94
Kwacha/US Dollar	1 734	1 683
Kwacha / British Pound	2 240	2 222
Kwacha/Euro	1 858	1 919
Inflation rate (%)	28.10	34.5

At the date of approval of the financial statements, the above noted rates had moved as disclosed below:

Kwacha/Rand	95
Kwacha/USD	1 734
Kwacha /British Pound	2 361
Kwacha/Euro	2 030
Inflation rate (%) (April 2025)	29.2

31. EVENTS AFTER REPORTING YEAR

Changes in shareholding of Oasis Hospitality Limited

In February 2025, the Directors of Oasis allotted shares to shareholders in relation to capital contributions that had been made as at the allotment date. Following this allotment, the Company's shareholding in OASIS increased from 20.83% to 48.32%. More capital calls are expected to be made in 2025 and the shareholding is expected to increase accordingly.

