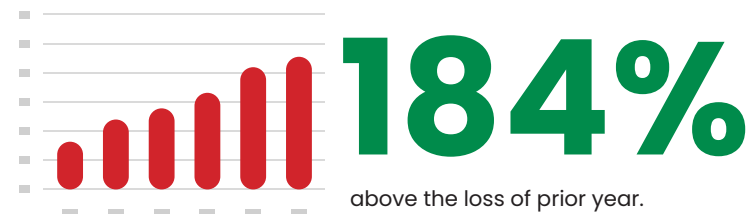


2022 HALF-YEAR PUBLICATION COMMENTARY

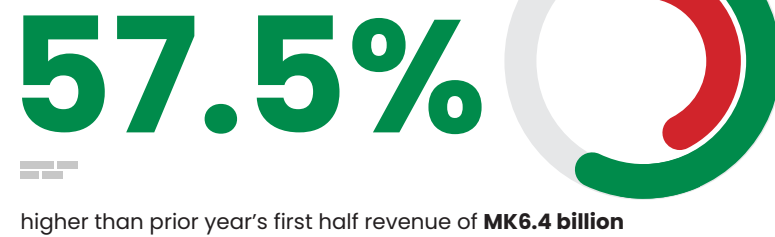
Growth in Profitability

The Profit After Tax at



Growth in Revenue

as at June 2022 amounted to MK10.0 billion



Sunbird Tourism plc half year financial performance indicates that the tourism industry is positively recovering from the heavy impact of the COVID-19 Pandemic and confidence in hospitality and travel has returned both at local and international level. However, the lakeshore ban for Government meetings and conferences in the resorts has negatively affected the growth and performance of the industry. Despite the recovery disruption, the positive trajectory due to increase in tourism and travel activities is expected to continue to the year-end, and key is the increasing of routes by Malawian Airlines and anticipated resumption of other airlines, which will help with opening up Malawi further for international arrivals. The benefits from efforts in destination marketing have been hampered by reduction of flights into the country.

The recovery of tourism has gathered pace in many parts of the world, weathering the challenges standing in its way, and positioning for a strong recovery post COVID-19 pandemic.

Total revenue for the company as at June 2022 amounted to MK10.0 billion which was 58% higher than prior year's first half revenue of MK6.4 billion.

The Corporate Segment was the highest contributor with 82% of the rooms sold and it continued to be the anchor segment for the business. The Segment is expected to remain the key driver for the business in the second half of the year. Efforts to grow other segments with focus on domestic leisure are in place, despite the challenges associated with the cost of living due to the prevailing economic environment that has direct impact on the price sensitive segment.

Operating Costs

Administrative and other expenses at MK5.4 billion were 32% higher compared to the same period last year at MK4.1 billion. The rising cost of raw materials and consumables as well as the increase in business levels compared to the same period prior year are the main drivers for this increase.

Finance Costs

Finance costs totaled MK980.3 million and this was 114% above last year's finance costs of MK458.2 million. The increase in the finance costs against prior year is attributed to the capitalization of completed projects thus expensing borrowing costs that were previously capitalized as well as increased interest rates on the company's corporate bonds. During the period, the company availed a facility of MK300 million.

Profit After Tax

The profit after tax at MK400.2 million compares favorably to the loss of MK475.8 million achieved in the same period last year. The increase in business levels had a positive impact on the profitability for the period despite the sharp increase in operating costs.

Dividend

During the six months' period ended 30 June 2022, the Company did not declare any dividend and no payment of dividend was made.


Outlook


Looking ahead to the rest of the year, the tourism industry is expected to continue recovering from the impact of the COVID-19 pandemic that adversely affected its performance in the past 2 years. However, the Russia/Ukraine war has resulted in a major disruption on

global supply chain that has led to price increases of key commodities such as fuel, oil, fertilizer thereby putting pressure on inflation. Furthermore, the recent devaluation of Malawi Kwacha and Government austerity measures resulting in the ban on lakeshore meetings and conferences has negatively affected business and derailed the recovery of the industry.

A number of key product improvement plans have been implemented across the company and some are currently underway. These include the unveiling of a new lake view restaurant at Sunbird Livingstonia in May 2022, phase one of soft refurbishment at Sunbird Capital; and the ongoing refurbishment of Sunbird Ku Chawe and Sunbird Mzuzu. With these new initiatives, the company is poised to register a decent profit in the second half of the year.

The Board is focused on building a resilient brand by improving service delivery and guest experience. This is being achieved through implementation of the 5-year strategic plan anchored on the four pillars namely, Management and governance, Customer centricity, Operations excellence and innovation, Financial management and sustainability to ensure that the Company maintains its market leadership in the hospitality industry.


Mr. Vilipo Munthali
(Chairman)


Miss. Moureen Mbeye
(Director)



REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR PERIOD ENDED 30 JUNE 2022

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
	REVIEWED 6 MONTHS 30-Jun-22 MK'000	AUDITED 12 MONTHS 31-Dec-21 MK'000	REVIEWED 6 MONTHS 30-Jun-21 MK'000
Revenue	10,030,261	16,588,548	6,368,478
Cost of sales	(3,425,552)	(5,875,977)	(2,358,405)
Gross profit	6,604,709	10,712,571	4,010,073
Other income	165,276	176,416	93,197
Administration and other expenses	(5,365,524)	(8,850,342)	(4,077,750)
Operating Profit	1,404,461	2,038,645	25,520
Finance Income	18,286	67,249	22,117
Net finance costs	(980,268)	(1,242,888)	(458,210)
Profit / (loss) before taxation	442,479	863,006	(410,573)
Income tax expense	(42,279)	(113,614)	(65,233)
Profit / (loss) for the period	400,200	749,392	(475,806)
Total comprehensive income attributable to:			
Equity holders of the company	400,200	749,392	(475,806)
Earnings / (loss) per share (tambala) – Basic and diluted	153	286	(182)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION			
	REVIEWED 6 MONTHS 30-Jun-22 MK'000	AUDITED 12 MONTHS 31-Dec-21 MK'000	REVIEWED 6 MONTHS 30-Jun-21 MK'000
ASSETS			
Non-current assets			
Property and equipment	46,828,841	46,411,839	44,831,346
Intangible assets	108,212	114,509	115,380
Total non-current assets	46,937,053	46,526,348	44,946,726
Current assets			
Inventories	2,625,449	2,277,439	2,517,401
Trade and other receivables	3,422,185	3,310,184	2,563,205
Amounts due from related parties	896,613	955,400	790,343
Income Tax Receivable	775,055	625,579	254,577
Cash and cash equivalents	652,068	877,263	1,155,987
Total current assets	8,371,370	8,045,865	7,281,513
TOTAL ASSETS	55,308,423	54,572,213	52,228,239
EQUITY AND LIABILITIES			
Share capital	13,079	13,079	13,079
Share premium	1,966	1,966	1,966
Revaluation reserve	15,528,800	15,632,180	15,740,369
Retained earnings	12,624,195	12,120,615	10,786,813
Total equity	28,168,040	27,767,840	26,542,227
Non-current liabilities			
Corporate bonds	10,076,194	9,810,000	9,110,000
Loans and borrowings	-	286,714	1,342,883
Deferred income	453,947	494,735	544,329
Deferred tax liabilities	9,931,482	9,973,761	9,925,380
Obligations under finance leases	51,171	62,846	84,262
Total non-current liabilities	20,512,794	20,628,056	21,006,854
Current liabilities			
Trade and other payables	3,563,874	3,186,261	2,674,801
Employee benefits	310,902	152,039	89,511
Amounts due to related parties	573,412	663,533	496,283
Corporate bonds	1,000,843	757,759	758,735
Loans and borrowings	831,128	1,057,200	463,923
Deferred income	175,880	230,453	43,708
Obligations under finance leases	22,852	21,417	9,461
Bank Overdraft	148,698	107,655	142,736
Total current liabilities	6,627,589	6,176,317	4,679,158
Total liabilities	27,140,383	26,804,373	25,686,012
TOTAL EQUITY AND LIABILITIES	55,308,423	54,572,213	52,228,239

CONDENSED INTERIM STATEMENTS OF CASH FLOWS			
	REVIEWED 6 MONTHS 30-Jun-22 MK'000	AUDITED 12 MONTHS 31-Dec-21 MK'000	REVIEWED 6 MONTHS 30-Jun-21 MK'000
Cash flows from operating activities			
Cash receipts from customers	10,101,017	15,725,958	6,249,589
Cash paid to suppliers and employees	(8,029,972)	(11,427,285)	(4,773,852)
Cash generated from / (utilized in) operations	2,071,045	4,298,673	1,475,737
Net Interest paid	(764,183)	(1,747,014)	(790,209)
Taxation paid	(228,884)	(410,986)	(39,984)
Net cash from / (Utilised in) operating activities	1,077,978	2,140,673	645,544
Cash flows from investing activities			
Acquisition of property and equipment	(1,062,585)	(3,945,860)	(1,987,254)
Acquisition of intangible assets	-	(9,604)	-
Proceeds from sale of property and equipment	8,736	18,437	12,147
Net cash used in investing activities	(1,053,849)	(3,937,027)	(1,975,107)
Cash flows from financing activities			
Proceeds from borrowings	300,000	2,671,356	1,971,356
Repayment of borrowings	(590,784)	(1,210,713)	(737,330)
Net cash (Utilities in) / from financing activities	(290,784)	1,460,643	1,234,026
Net decrease in cash and cash equivalents	(266,655)	(335,711)	(95,537)
Cash and cash equivalents at beginning of the period	769,608	1,109,609	1,109,609
Effect of exchange rate fluctuations on cash held	417	(4,290)	(821)
Cash and cash equivalents at end of the period	503,370	769,608	1,013,251

STATEMENT OF CHANGES IN EQUITY					
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Reviewed 2022					
Balance as at 1 January 2022	13,079	1,966	15,632,180	12,120,615	27,767,840
Profit for the period	-	-	-	400,200	400,200
Total Comprehensive Income				400,200	400,200
Transfer to retained earnings	-	-	(103,380)	103,380	-
Balance as at 30 June 2022	13,079	1,966	15,528,800	12,624,195	28,168,040
Audited 2021					
Balance as at 1 January 2021	13,079	1,966	15,819,988	11,183,415	27,018,448
Profit for the period	-	-	-	749,392	749,392
Total comprehensive income				749,392	749,392
Transfer to retained earnings	-	-	(187,808)	187,808	-
Balance as at 31 December 2021	13,079	1,966	15,632,180	12,120,615	27,767,840

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