

SUMMARY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

KEY HIGHLIGHTS



2022 FINANCIAL YEAR RESULTS PUBLICATION COMMENTARY

The Board is pleased to present the audited financial results for the Company for the year ended 31 December 2022.

Operating Environment

Local and international tourism industry saw a strong recovery from the impact of COVID-19 in 2022. At local level, the Lakeshore ban for meetings and conferences posed a risk to the growth and performance of the industry. Notwithstanding this risk, a positive trajectory in the overall increase of travel was maintained, leading to increased demand for hospitality services. According to United Nations World Tourism Organisation (UNWTO), more than 900 million tourists travelled internationally in 2022 doubling the number recorded in 2021 and Africa recovered about 65% of its pre-pandemic visitors.

Financial Performance

The Company registered a profit after tax of MK3.1 billion representing an increase of 307% from the 2021 profit of MK749 million. Profitability was driven by improved revenue as a result of the above alluded to business rebound, intensified marketing and strong cost containment. Profitability was better than what was estimated in the published Trading Statement because of improved business in the month of December. The Company's marketing strategies and positioning has played a pivotal role in driving the activities in both rooms and catering segments of the business.

Total revenue grew by 55% to MK25.7 billion on account of increased occupancy to 48% from 36% achieved in the prior year and growth in catering revenue by 49% from prior year. Administrative expenses increased by 33% to MK11.8 billion in line with increased business activities and high inflation. The devaluation of the kwacha in the year also had a direct impact on the costs of imports. The Board continues focusing on making the Company a cost leader thereby passing on the benefits to customers.

Finance costs increased by 69% to MK2.1 billion from prior year due to increase in interest rates and discontinuing capitalization of borrowing costs as related projects were completed. Finance costs are mainly in respect of borrowings used in expansion and refurbishments projects.

The Board remained resilient in positioning the company for revenue growth and cost management as such, the Company's profitability significantly improved, despite inflationary pressure exacerbated by the turbulent macro-economic environment.

Dividend

During the year, the company declared and paid an interim dividend of MK131 million (2021: Nil) representing MK0.50 per share (2021: Nil) in respect of the year ended 31 December 2022. The Directors have proposed a final dividend for the year 2022 of MK393 million (2021: Nil) representing MK1.50 per share (2021: Nil) thus making a total dividend of MK524 million in respect of 2022 profits (2021: MK: Nil), representing MK2.00 per share (2021: MK: Nil). The final dividend will be tabled at the forthcoming Annual General Meeting scheduled for June 2023.

Outlook

Oxford Economics and UNWTO expect global hotel room nights and travel to return to pre-pandemic levels in 2024 and to grow at a CAGR of +6% from 2022 through to 2032, although the on-going Ukraine-Russia war may slow down this recovery path. The Board expects the brand to capitalize on this recovery and return the hotels' occupancies to pre-pandemic levels of at least 60%. The economic environment still remains volatile, with high inflation, persistent shortage of foreign currency, and intermittent power supply. The Board will continue monitoring the economic environment and reposition the business accordingly.

Sunbird will continue to offer unrivalled guest experience through delivery of high quality products and services in order to retain and grow its domestic and international client base.

On behalf of the Board

V. Munthali
Chairman

M. Mbeye
Director

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the shareholders of Sunbird Tourism Plc

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2022, the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and basis of preparation note, are derived from the

audited financial statement of Sunbird Tourism Plc for the year ended 31 December 2022. In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the financial statements of Sunbird Tourism Plc, and in accordance with the basis of preparation note.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 March 2023. That report also includes the communication of key audit matters (KAM). Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements for the current year.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible for the preparation of the summary financial statements in accordance with the basis of preparation note.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Grant Thornton

Lamion Gama
Chartered Accountant (Malawi)
Partner
Blantyre, Malawi

29 March 2023

SUMMARY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	2022	2021
	MK'000	MK'000
Revenue	25,670,156	16,588,548
Cost of sales	(8,363,979)	(5,875,977)
Gross profit	17,306,177	10,712,571
Other income	271,527	176,416
Administration and other expenses	(11,796,955)	(8,850,342)
Operating profit	5,780,749	2,038,645
Finance income	24,482	67,249
Finance costs	(2,103,230)	(1,242,888)
Profit before taxation	3,702,001	863,006
Income tax expense	(651,500)	(113,614)
Profit for the year	3,050,501	749,392
Total comprehensive income attributable to:		
Owners of the company	3,050,501	749,392
Earnings per share (tambala)- Basic and diluted	1,166	286

SUMMARY STATEMENT OF FINANCIAL POSITION		
	2022	2021
	MK'000	MK'000
ASSETS		
Non-current assets		
Property and equipment	47,822,780	46,411,839
Intangible assets	123,957	114,509
Total non-current assets	47,946,737	46,526,348
Current assets		
Inventories	3,090,654	2,277,439
Trade and other receivables	3,480,402	3,310,184
Amounts due from related parties	881,157	955,400
Income tax receivable	458,063	625,579
Cash and cash equivalents	2,156,748	877,263
Total current assets	10,067,024	8,045,865
TOTAL ASSETS	58,013,761	54,572,213
EQUITY AND LIABILITIES		
Equity		
Share capital	13,079	13,079
Share premium	1,966	1,966
Revaluation reserve	15,409,596	15,632,180
Retained earnings	15,262,910	12,120,615
Total equity	30,687,551	27,767,840
Non-current liabilities		
Corporate bonds	8,660,000	9,810,000
Deferred income	417,717	494,735
Deferred tax liabilities	10,125,462	9,973,761
Medium term loan	-	286,714
Lease liabilities	39,776	62,846
Total non-current liabilities	19,242,955	20,628,056
Current liabilities		
Bank overdraft	-	107,655
Trade and other payables	4,291,267	3,186,261
Provisions	30,000	-
Corporate bonds	1,516,850	757,759
Employee benefits	957,522	152,039
Amounts due to related parties	694,533	663,533
Deferred income	238,655	230,453
Medium term loan	330,975	1,057,200
Lease liabilities	23,453	21,417
Total current liabilities	8,083,255	6,176,317
Total liabilities	27,326,210	26,804,373
TOTAL EQUITY AND LIABILITIES	58,013,761	54,572,213

SUMMARY STATEMENT OF CHANGES IN EQUITY					
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
2022					
At 1 January	13,079	1,966	15,632,180	12,120,615	27,767,840
Profit for the year	-	-	-	3,050,501	3,050,501
Total Comprehensive Income				3,071,501	3,071,501
Transfer to retained earnings	-	-	(222,584)	222,584	-
Dividend paid	-	-	-	(130,790)	(130,790)
At 31 December	13,079	1,966	15,409,596	15,262,910	30,687,551
2021					
At 1 January	13,079	1,966	15,819,988	11,183,415	27,018,448
Profit for the year	-	-	-	749,392	749,392
Total comprehensive income				749,392	749,392
Transfer to retained earnings	-	-	(187,808)	187,808	-
At 31 December	13,079	1,966	15,632,180	12,120,615	27,767,840

SUMMARY STATEMENT OF CASH FLOWS		
	2022	2021
	MK'000	MK'000
Cash flows from operating activities		
Cash receipts from customers	25,870,190	15,725,958
Cash paid to suppliers and employees	(17,927,007)	(11,427,285)
Cash generated from operations	7,943,183	4,298,673
Interest paid	(2,090,043)	(1,747,014)
Income tax paid	(327,133)	(410,986)
Net cash from operating activities	5,526,007	2,140,673
Cash flows from investing activities		
Acquisition of property and equipment	(2,473,913)	(3,945,860)
Acquisition of intangible assets	(47,737)	(9,604)
Proceeds from sale of property and equipment	14,191	18,437
Net cash used in investing activities	(2,507,459)	(3,937,027)
Cash flows from financing activities		
Proceeds from borrowings	300,000	2,671,356
Repayment of borrowings	(1,806,858)	(1,210,713)
Dividends paid	(130,790)	-
Net cash (used in) / from financing activities	(1,637,648)	1,460,643
Net increase / (decrease) in cash and cash equivalents	1,380,900	(335,711)
Cash and cash equivalents at beginning of the year	769,608	1,109,609
Exchange differences on cash and cash equivalents	6,240	(4,290)
Cash and cash equivalents at end of the year	2,156,748	769,608

Basis of preparation

The Directors have prepared the summary financial statements to meet the requirements of the Malawi Stock Exchange. The Directors have considered the Malawi Stock Exchange requirements and believe that the summary statement of financial position, summary statement of profit or loss and other comprehensive income and summary statement of cash flows are sufficient to meet the requirements of the users of the summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.

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