



37TH ANNUAL GENERAL MEETING

1ST JULY 2025

AGM PACK

NOTICE OF THE 37TH ANNUAL GENERAL MEETING

2

NOTICE is hereby given that the 37th Annual General Meeting of the Company will be held at Sunbird Mount Soche, Soche International Conference Centre, Blantyre on Tuesday, 1st July 2025 at 15:00 hours to transact the following business:

1. APPROVAL OF MINUTES

To consider and if deemed appropriate to approve the Minutes of the 36th Annual General Meeting held on 21st June 2024.

2. FINANCIAL STATEMENTS

To consider and if deemed appropriate to approve the audited financial statements for the year ended 31st December 2024 together with the reports of the Auditors and Directors therein.

3. DIVIDEND

To declare a final dividend of K2.747 billion representing K10.50 per share in respect of the financial year ended 31st December 2024 as recommended by the Board of Directors. An interim dividend of K654 million representing a dividend per share of K2.50 was paid in October 2024. This will bring the total dividend for the year to K3.401 billion representing K13.00 per share. In 2023, total dividend paid amounted to K2.018 billion.

4. DIRECTORS' RE-ELECTION

4.1 To re-elect Mr. Gladson Kuyeri (55) who retires by rotation in terms of Article 24(2) of the Company's Articles of Association, but being eligible, has offered himself for re-election. Mr. Gladson Kuyeri is a Fellow and Chartered Marketer with a background in electronic Payment Systems, Telecoms and Retail Management. He holds a Master of Communications Management from the University of Strathclyde, UK and a Bachelor of Business Administration from the University of Malawi. He is the current Chief Commercial Officer at Malawi Telecommunications Limited. He has held various senior positions in Business Development with Malawi Switch Centre Limited and Telekom Networks Malawi Limited. He has vast board experience from state owned enterprises and public listed companies.

The Board recommends his re-election.

4.2 To re-elect Ms. Neema Chambalo (32) who retires by rotation in terms of Article 24(2) of the Company's Articles of Association, but being eligible, has offered herself for re-election. Ms. Neema Chambalo is a legal practitioner. Currently, she works as a Legal Services Manager and Company Secretary for National Economic Empowerment Fund Limited. She has previously worked as a Legal and Compliance Officer at United General Insurance Company Limited. She holds a Bachelor of Laws (LLB) (Hons) from the University of Malawi.

The Board recommends her re-election.

4.3 To re-elect Dr. Betchani Tchereni (44) who retires by rotation in terms of Article 24(2) of the Company's Articles of Association, but being eligible, has offered himself for re-election. Dr. Betchani Tchereni is an economist, currently serving as the Secretary to Treasury in the Ministry of Finance and Economic Affairs. Before the current position, he was Executive Dean at Malawi University of Business and Applied Studies (MUBAS). He has also held a number of senior management in various institutions, including the position of Vice President of the Economics Association of Malawi (ECAMA). He holds a PhD in Economics from the North-West University in South Africa, a Master of Arts (Economics) from the University of Malawi and a Bachelor of Social Science from the University of Malawi. He is also a public and motivational speaker, a Minister of the Word of God, a community leader and author.

The Board recommends his re-election.

5. DIRECTORS' REMUNERATION

To consider and if deemed appropriate to approve that the remuneration of the Chairman and Directors be adjusted with effect from 1st January 2025 as follows: -

5.1 Fees

- Chairperson from K7,187,500 to K17,250,000 per annum.
- Committee Chairperson from K5,975,000 to K16,000,000 per annum.
- Other non-executive Directors from K5,975,000 to K15,000,000 per annum.

5.2 Sitting Allowances

- Chairperson from K390,000 to K700,000 per sitting.
- Committee Chairperson from K330,000 to K675,000 per sitting.
- Other non-executive Directors from K330,000 to K650,000 per sitting.

6. APPOINTMENT OF EXTERNAL AUDITORS

To approve the appointment of Deloitte, Certified Public Accountants, as Auditors for the year ending 31st December 2025 and to authorise the Directors to fix their remuneration.

7. ANY OTHER BUSINESS

To transact any other business prior notice of which should have been given to the Company Secretary not less than 21 days before the date of the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or more than one proxy) to attend and vote in his/her stead. The proxy need not be a member of the Company. Proxy forms should be forwarded to reach the Company's Registered Offices, whose address is provided above, or the Transfer Secretaries at National Bank of Malawi, 7 Henderson Street, Blantyre, not later than forty-eight hours before the time of holding the meeting and in default the instrument of proxy shall not be valid.

Dated: 29th May 2025

By order of the Board

Barnet Gausi
COMPANY SECRETARY

Registered Office:
Sunbird Corporate Office,
28 Glyn Jones Road,
P.O. Box 376,
BLANTYRE, MALAWI

Notes:

The AGM Packs will be sent to shareholders using their postal addresses and is also available on the company website (www.sunbirdmalawi.com).

Shareholders who have provided their email addresses to the Transfer Secretary will also be sent the AGM Pack electronically. Shareholders who wish to collect copies of the AGM Pack in person must do so by contacting the Transfer Secretary as follows: By email: ekhulamba@natbankmw.com; by phone: T: +265 (0) 1 820 622 (extension: 1342) | C: +265 (0) 888 168 635; in person: 7 Henderson Street, P. O. Box 945, Blantyre.

FOR BOOKING AND ENQUIRIES

☎ 0 111 773 388 / 0885 996 521
✉ centralres@sunbirdmalawi.com
📱 [sunbirdtourismmw](https://www.sunbirdtourismmw.com)
🌐 [sunbirdtourism](http://sunbirdtourism.com)



SUNBIRD TOURISM PLC

MINUTES OF THE 36TH ANNUAL GENERAL MEETING

OF THE SHAREHOLDERS OF SUNBIRD TOURISM PLC

HELD ON 21ST JUNE 2024 FROM 3:00 PM

AT SUNBIRD MOUNT SOCHE

PRESENT:	Mr. Vilipo Munthali	- Chairperson
	Mr. Gladson Kuyeri	- Director
	Dr. Betchani Tchereni	- Director
	Ms. Moureen Mbeye	- Director
	Mr. Chauncy Simwaka	- Director
	Mr. Chipiliro Phiri	- Director
	Mr. Godgrey Mtongola	- Director
	Ms. Neema Chambalo	- Director
	Ms. Pirira Ndaferankhande	- Director

IN ATTENDANCE: Mr. Samson Mwale – Chief Executive
 Mr. Barnet Gausi – Head of Finance & Company Secretary
 Mr. Proud Chalira - Head of Operations
 Mrs. Temwa Kanjadza - Head of Sales, Marketing and Distribution
 Mr. Edward Chunga – Head of Corporate Services
 Mr. Mthusani Zungu – Division Manager, Internal Audit & Risk
 Mr. Edward Kafundu – Group Finance Manager
 Mr. Hastings Nyirenda – Grant Thornton
 Mr. Joseph Kunje – Grant Thornton
 Shareholders – per register

36.1 QUORUM

A quorum having been confirmed, the Chairperson called the meeting to order.

36.2 NOTICE

The Notice of the Annual General Meeting, which was circulated in advance, was taken as read.

36.3 ADOPTION OF AGENDA

The Secretary announced that at the time of the meeting there was no any other business received, therefore the agenda was adopted without any amendment.

36.4 APPROVAL OF MINUTES OF 35TH ANNUAL GENERAL MEETING

Minutes of the 35th Annual General Meeting held on 29th June 2023 were approved.

36.5 RECEIPT AND ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023, THE DIRECTORS' REPORT AND THE AUDITORS' REPORT THEREON

1. The audited financial statements and audit report for the period ended 31st December 2023 were presented by the external auditors, Grant Thornton.
2. On a proposal of a motion which was duly seconded and put to a vote, it was **resolved:**

"THAT the financial statements for the year ended 31st December 2023, together with the reports of the directors and the auditors thereon as presented at the meeting be approved and adopted together with all matters and things undertaken and discharged by the directors on behalf of the Company."

36.6 DECLARATION OF DIVIDEND FOR THE YEAR ENDED 31ST DECEMBER 2023

It was resolved that the Company should pay a final dividend of K1.495 billion representing K5.70 per share in respect of the financial year ended 31st December 2023. An interim dividend of K523 million representing a K2.00 per share was paid in November 2023. This would bring the total dividend for the year's profits to K2.018 billion, representing K7.70 per share. In respect of 2022 profits, total dividend paid amounted to K524 million.

36.7 DIRECTORS' RETIREMENT, APPOINTMENT AND RE-ELECTION

1. The Shareholders noted the retirement of directors Mrs. Maureen Kachingwe, Dr. Bernadette Malunga, Mr. Cornelius Majawa, Dr. MacDonald Mafuta Mwale and Mr. George Nnensa. The Chairman thanked the retiring directors for their invaluable contribution to the company during their tenure.
2. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved:**

THAT the following directors who had been appointed to fill casual vacancies be confirmed as directors:

- Dr. Betchani Tchereni
- Ms. Neema Chambalo
- Mr. Chipiliro Phiri
- Ms. Pirira Ndaferankhande
- Mr. Godfrey Mtongola

3. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved:**

THAT directors Mr. Vilipo Munthali, Mr. Chauncy Simwaka and Ms. Moureen Mbeye, who had retired by rotation but, having been eligible for re-election, had offered themselves, be re-elected.

36.8 DIRECTORS' REMUNERATION

On a proposal of a motion, which was duly seconded and put to a vote, it was **resolved**:

"**THAT** directors' fees and sitting allowances be increased as follows and that such increases be effective from 1st January 2024:

Directors' fees

- Chairperson from K5,750,000 to K7,187,500 per annum.
- Other non-executive Directors from K4,780,000 to K5,975,000 per annum.

Sitting allowances

- Chairperson from K310,000 to K390,000 per sitting.
- Other non-executive Directors from K260,000 to K330,000 per sitting.

36.9 APPOINTMENT OF AUDITORS

On a proposal of a motion, which was duly seconded and put to a vote, it was **resolved**:

"**THAT** the Deloitte, Certified Public Accountants, be appointed as auditors for the year ending 31st December 2024 and directors be authorized to fix their remuneration".

36.10 ALTERATION OF ARTICLES OF ASSOCIATION

1. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved**:

THAT clause 3 of the Articles be deleted and replaced by the following:

The Board shall consist of a minimum of six (6) directors and a maximum of ten (10) directors, who may, as a maximum limit of continuous tenure, serve on the Board for ten (10) years and who may be reappointed to the Board after a break of not less than 12 months between the 10-year continuous tenure and the next. The directors shall be subject to approval and removal by the Company in a general meeting or as provided by these Articles.

2. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved:**

THAT a new paragraph (g) be added in clause 25 of the Articles as follows reading as follows:

The director has served on the Board for maximum appointed tenure or for the maximum continuous tenure of ten (10) years.

3. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved:**

THAT a new paragraph (c) be added in clause 51(2) of the Articles as follows:

be signed by a director and the Secretary or a Transfer Secretary

4. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved:**

THAT a new paragraph (8) be added in clause 55 of the Articles as follows:

Notices to the holders of share warrants, (unless the conditions of issue provide that such holders are to receive notices) shall be given by advertisement through a national newspaper.

5. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved:**

THAT existing clause number 79(1)(b) of the Articles be changed to read as follows:

Unclaimed before expiry of 6 years after having been declared or become payable, may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

6. On a proposal of a motion, which was duly seconded, and put to a vote, it was **resolved:**

THAT a new paragraph (c) be added in clause 79(1) of the Articles as follows:

Dividends which remain unclaimed for 6 years shall be credited to the consolidated fund in line with provisions of the Public Finance Management Act;

36.11 ANY OTHER BUSINESS

There was no any other business.

36.12 CLOSURE

The Chairperson thanked all members present for their participation and declared the meeting closed at 5:55 p.m.

CHAIRMAN

DATE

SECRETARY

DATE

SUNBIRD TOURISM PLC
FINANCIAL STATEMENTS
For the year ended
31 December 2024

SUNBIRD TOURISM PLC
FINANCIAL STATEMENTS
For the year ended 31 December 2024

C O N T E N T S

	Page
Directors' report	1 - 4
Directors' responsibility statement	5
Independent auditor's report	6 - 9
Financial statements:	
Statement of financial position	10
Statement of profit or loss and other comprehensive income	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 44

SUNBIRD TOURISM PLC
DIRECTORS' REPORT
For the year ended 31 December 2024

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2024.

NATURE OF BUSINESS

Sunbird Tourism Plc (the "Company") is a leading operator in the hospitality industry in Malawi and has as its main activity, the ownership, operation and management of nine hotel properties in Malawi.

INCORPORATION AND REGISTERED OFFICE

Sunbird Tourism Plc is a Company incorporated in Malawi under the Companies Act, 2013 of Malawi, and is domiciled in Malawi. The Company was listed on the Malawi Stock Exchange on 22 August 2002. The address of its registered office is:

28 Glyn Jones Road
P.O. Box 376
Blantyre
Malawi

SHARE CAPITAL

The share capital for Sunbird Tourism Plc consists of fully paid ordinary shares with a nominal value of 5 tambala each. All shares are equally eligible to receive dividends and repayment of capital and represent one vote at shareholders' meetings.

	<u>2024</u>	<u>2023</u>
Issued and fully paid share capital (261,582,580 shares)	13,079	13,079
Shareholders and their respective percentage shareholdings		
	%	%
MDC Limited	71.00	71.00
Press Corporation Plc	15.00	15.00
Members of the public	<u>14.00</u>	<u>14.00</u>
	<u>100.00</u>	<u>100.00</u>

The holding Company is MDC Limited, a dormant Company, which is wholly owned by the Malawi Government.

The share price at the end of the reporting year was **MK240.08** (2023: MK191.07) per share.

FINANCIAL PERFORMANCE

The results and state of affairs of the Company are set out in the accompanying statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements. The profit for the year ended 31 December 2024 was K10.6 billion (2023: K5.3 billion).

DIVIDEND

During the year, a final dividend of **MK1.491 billion** representing K5.70 per share was paid in respect of the year ended 31 December 2023, making the total dividend for 2023 to be **MK2.014 billion** representing **MK7.70** per share. An interim dividend on **MK654 million**, (interim dividend for 2023: MK523 million), representing MK2.50 per share (2023: representing MK2.00 per share) was declared and paid relating to the results for the year ended 31 December 2024. Total dividend paid during the year was MK2.1 billion (Final dividend for 2023: MK1.5 billion and Interim dividend for 2024: MK654 million). In 2023, total dividend paid was K916 million representing K3.50 per share (Final dividend for 2022: K393 million and interim dividend for 2023: K523 million).

CORPORATE GOVERNANCE

Sunbird Tourism Plc has an overarching governance structure incorporating principles of good governance, to facilitate effective and dynamic management and oversight of the Company as advocated in the code of best practice and conduct contained in Malawi Code II, Code of Best Practice to Corporate Governance in Malawi.

The Board is satisfied that the Company has made every practical effort to adopt all relevant principles of good corporate governance during the year under review in so far as is applicable to the Company.

RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Board established the Finance and Audit Committee, which is responsible for developing and monitoring the Company's financial risk management policies as set out in Note 4 to the financial statements. This committee reports regularly to the Board of Directors on its activities.

SUNBIRD TOURISM PLC
DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2024

DIRECTORATE

The following directors and secretary served in the office during the year:

Name	Position	Duration
Mr. Vilipo Munthali	- Chairman	Full year
Mr. Gladson Kuyeri	- Director	Full year
Mr. Chauncy Simwaka	- Director	Full year
Ms. Moureen Mbeye	- Director	Full year
Dr. Betchani Tchereni	- Director	From 2 nd February 2024
Ms. Neema Chambalo	- Director	From 29 th May 2024
Ms. Pirira Ndaferankhande	- Director	From 29 th May 2024
Mr. Chipiliro Phiri	- Director	From 29 th May 2024
Mr. Godfrey Mtongola	- Director	From 29 th May 2024
Mr. Barnet Gausi	- Company Secretary	

All the directors are resident in Malawi.

All directors are subject to retirement by rotation and re-election by the shareholders at least once every three years.

As at 31 December 2024, all directors did not have direct interest in the shares of the company.

BOARD AND COMMITTEES' ATTENDANCE RECORD

The Board meets at least four times a year including sessions devoted to strategy and business planning. It may also meet as and when required to deal with specific matters that may arise between scheduled meetings. Below is the attendance record:

BOARD

MEMBER	18-Jan-24	02-Feb-24	21-Mar-24	22-Apr-24	08-May-24	29-May-24	21-Jun-24	01-Jul-24	02-Sept-24	06-Dec-24	20-Dec-24
Vilipo Munthali (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Moureen Mbeye	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gladson Kuyeri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chauncy Simwaka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Betchani Tchereni	N	N	✓	A	A	A	✓	A	✓	✓	✓
Neema Chambalo	N	N	N	N	N	N	✓	✓	✓	A	✓
Pirira Ndaferankhande	N	N	N	N	N	N	✓	✓	✓	✓	✓
Chipiliro Phiri	N	N	N	N	N	N	✓	✓	✓	✓	✓
Godfrey Mtongola	N	N	N	N	N	N	✓	✓	✓	✓	✓

BUSINESS SUSTAINABILITY COMMITTEE

MEMBER	09-Apr-24	15-Apr-24	05-Jun-24	14-Aug-24	15-Nov-24
Gladson Kuyeri (Chairperson)	✓	✓	✓	✓	✓
Chauncy Simwaka	✓	✓	✓	✓	✓
Chipiliro Phiri	N	N	✓	✓	✓
Pirira Ndaferankhande	N	N	✓	✓	✓

Key:

✓ = Attendance

A = Apology

N = Not a member

SUNBIRD TOURISM PLC
DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2024

DIRECTORATE

FINANCE AND AUDIT COMMITTEE

MEMBER	10-Apr-24	07-Jun-24	16-Aug-24	13-Nov-24
Moureen Mbeye (Chairperson)	✓	✓	✓	✓
Betchani Tchereni	A	✓	✓	✓
Godfrey Mtongola	N	✓	✓	✓
Pirira Ndaferankhande	N	✓	✓	✓
Chauncy Simwaka	✓	N	N	N
Gladson Kuyeri	✓	N	N	N

PEOPLE AND CULTURE COMMITTEE

MEMBER	16-Jan-24	31-Jan-24	18-Mar-24	09-Apr-24	05-Jun-24	27-Jun-24	14-Aug-24	13-Nov-24
Chauncy Simwaka (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓
Moureen Mbeye	✓	✓	✓	✓	✓	✓	✓	✓
Neema Chambalo	N	N	N	N	✓	✓	✓	✓
Chipiliro Phiri	N	N	N	N	✓	✓	✓	✓

PROJECTS COMMITTEE

MEMBER	10-Apr-24	02-May-24	06-Jun-24	15-Aug-24	14-Nov-24	19-Dec-24
Neema Chambalo (Chairperson)	N	N	A	✓	✓	✓
Gladson Kuyeri	✓	✓	✓	✓	✓	✓
Betchani Tchereni	N	N	✓	✓	✓	✓
Godfrey Mtongola	N	N	✓	✓	✓	✓
Moureen Mbeye	✓	✓	N	N	N	N

Key:

✓ = Attendance

A = Apology

N = Not a member

**SUNBIRD TOURISM PLC
DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2024**

All directors have access to management including the Company Secretary and to such information as is needed to carry out their duties and responsibilities fully and effectively. The Company Secretary provides support to the Board to ensure effective functioning and proper administration of Board proceedings.

GOING CONCERN

The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future. The financial statements have accordingly been prepared on a going concern basis.

INDEPENDENT AUDITORS

Deloitte Chartered Accountants were the auditors for the year ended 31 December 2024. The auditors signified their willingness to continue in office and a resolution is to be passed at the company's Board Meeting in relation to their appointment as auditors in respect of the year ending 31 December 2025.

FOR AND ON BEHALF OF THE BOARD

AUTHORISED DIRECTOR

AUTHORISED DIRECTOR

Date: 2025

SUNBIRD TOURISM PLC
DIRECTORS' RESPONSIBILITY STATEMENT
For the year ended 31 December 2024

The directors are responsible for the preparation and fair presentation of the financial statements of Sunbird Tourism Plc, comprising the statement of financial position 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, which include a summary of material accounting policies and other explanatory notes in accordance with IFRS® Accounting standards as issued by 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 keep proper accounting records which disclose with reasonable accuracy of the financial position of the Company and to ensure the financial statements comply with the 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 the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are also responsible for such internal controls 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 and for maintaining adequate accounting records and an effective system of risk management.

The Directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to maintain adequate systems of internal control to prevent and detect fraud and other irregularities.

The directors' have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be going concern in the year ahead.

The Directors are of the opinion that the consolidated and company financial statements give a true and fair view of the state of the financial affairs of the group and of its operating results.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the IFRS Accounting standards as issued by 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.

Approval of financial statements

The financial statements of Sunbird Tourism Plc, as identified in the first paragraph were approved by the Board of Directors on **4 April 2025** and were signed on its behalf by:

AUTHORISED DIRECTOR

AUTHORISED DIRECTOR

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUNBIRD TOURISM PLC****Opinion**

We have audited the financial statements of Sunbird Tourism Plc (the Company) set out on pages 10 to 44, which comprise the statement of financial position as at 31 December 2024, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by 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.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to performing audits of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter2023 financial statements audited by another auditor

The financial statements of Sunbird Tourism Plc for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 3 May 2024.

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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SUNBIRD TOURISM PLC
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of property	
<p>As disclosed in Note 6, the fair value measurement of land and buildings amounted to MK86.7 billion as at 31 December 2024, whilst if they were stated on the historical cost basis, the carrying amounts would be MK22.9 billion.</p> <p>The company operates out of various hotels throughout Malawi. The properties including the land on which they are situated are owned by the company and is measured at revaluation using investment method (income approach). The company's policy is to revalue the properties annually to ensure that the carrying amount is not materially different from the fair value.</p> <p>While the Hotels' business has significantly improved (notwithstanding the increased competition) compared to prior year, the macro-economic environment has significantly deteriorated. These factors may result into difficulty in deriving a fairly stated valuation for the company's buildings since the valuation is a significant estimate which involves assumptions, judgement and complex valuation methods.</p> <p>Considering its significant value, the judgements and assumptions involved, the property valuation is considered a Key Audit Matter.</p>	<p>We engaged with management to obtain a detailed understanding of their internal process for determining the fair value of properties.</p> <p>We evaluated the design and implementation of management's controls over the significant estimates and assumptions used in the determination of the company's fair value of properties.</p> <p>We evaluated the competence, independence, and experience of management's external independent valuers with reference to their qualifications and industry experience.</p> <p>We made use of our valuation expert in our assessment of the reasonableness of the valuation methodologies, judgements and assumptions applied by management and their external valuers based on our knowledge of the industry and markets in which the company operates and IFRS Accounting Standards as issued by the International Accounting Standards Board.</p> <p>We performed the following procedures to assess the reasonableness of the inputs into fair value of properties by management and the external valuers:</p> <ul style="list-style-type: none"> • Compared the data inputs used in the valuations against the appropriate market and historic information. We made use of our internal valuation expert to determine our own estimates of inputs to assess whether they were within a reasonable range. These inputs included: <ul style="list-style-type: none"> - Revenue; - Operating costs; - Discounts rates; and - Capitalisation rates. <p>With the help of our valuation expert, we performed independent recalculations using independent data referred above, and comparing the outcome to the values determined by management.</p> <p>We evaluated the appropriateness of the disclosures in terms of the requirements of IAS 16 <i>Property, Plant and Equipment</i> and IFRS 13 <i>Fair Value Measurement</i>.</p> <p>Based on the work done, the assumptions, judgements and valuation method used in the valuation of properties were appropriate and the disclosures pertaining to the properties were found to be appropriate in terms of the relevant accounting standards.</p>

SUNBIRD TOURISM PLC
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Directors' Responsibility Statement as required by the Companies Act which we obtained prior to the date of this auditor's report and the Annual Report, which is expected 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 will not express an audit opinion or any form of assurance conclusion thereon.

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.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by 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 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;
- 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.

**SUNBIRD TOURISM PLC
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte
Chartered Accountants

Vilengo Beza
Partner

..... 2025



SUNBIRD TOURISM PLC
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
In thousands of Malawi Kwacha

	<u>Note</u>	<u>2024</u>	<u>2023</u>
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	103 394 586	69 735 208
Intangible assets	7	<u>167 188</u>	<u>221 817</u>
Total non-current assets		<u>103 561 774</u>	<u>69 957 025</u>
CURRENT ASSETS			
Inventories	8	6 248 169	3 878 876
Trade and other receivables	9	4 546 798	4 227 908
Amounts due from related parties	10	2 688 639	1 721 980
Income tax receivable	22(b)	-	103 295
Cash and cash equivalents	11	<u>3 521 284</u>	<u>3 668 107</u>
Total current assets		<u>17 004 890</u>	<u>13 600 166</u>
TOTAL ASSETS		<u>120 566 664</u>	<u>83 557 191</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	13 079	13 079
Share premium	12	1 966	1 966
Revaluation reserve		41 314 334	28 737 731
Retained earnings		<u>28 601 126</u>	<u>19 821 157</u>
Total equity		<u>69 930 505</u>	<u>48 573 933</u>
NON CURRENT LIABILITIES			
Corporate bonds	13(a)	11 500 000	4 600 000
Deferred income	18	170 577	176 926
Deferred tax liabilities	22(c)	25 824 225	16 270 724
Loans and borrowings	13(b)	<u>1 723 690</u>	<u>9 656</u>
Total non-current liabilities		<u>39 218 492</u>	<u>21 057 306</u>
CURRENT LIABILITIES			
Bank overdraft	11	-	117 840
Trade and other payables	15(a)	5 801 475	5 573 056
Provisions	15(b)	1 302 533	992 542
Deferred income	18	242 563	269 261
Employee benefits	14(b)	1 150 868	1 102 516
Amounts due to related parties	10	1 420 279	1 016 139
Corporate bonds	13(a)	71 024	4 824 935
Current tax liability	22b	929 861	-
Loans and borrowings	13(b)	<u>499 064</u>	<u>29 663</u>
Total current liabilities		<u>11 417 667</u>	<u>13 925 952</u>
Total liabilities		<u>50 636 159</u>	<u>34 983 258</u>
TOTAL EQUITY AND LIABILITIES		<u>120 566 664</u>	<u>83 557 191</u>

These financial statements were approved for issue by the Board of Directors on **4 April 2025** and were signed on its behalf by:

AUTHORISED DIRECTOR

AUTHORISED DIRECTOR

SUNBIRD TOURISM PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024
In thousands of Malawi Kwacha

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Revenue	16	54 595 050	34 824 762
Cost of sales	19	<u>(15 723 378)</u>	<u>(10 773 624)</u>
Gross profit		38 871 672	24 051 138
Other income	17	387 358	1 399 154
Impairment losses of financial assets	24.2	(172 368)	-
Administrative and other expenses	20(a)	<u>(20 359 663)</u>	<u>(15 843 984)</u>
Operating profit		18 726 999	9 606 308
Finance income	21(a)	87 707	90 832
Finance costs	21(b)	<u>(2 223 709)</u>	<u>(2 141 422)</u>
Profit before income tax expense		16 590 997	7 555 718
Income tax expense	22(a)	<u>(5 966 369)</u>	<u>(2 303 814)</u>
Profit for the year		<u>10 624 628</u>	<u>5 251 904</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gain on property revaluation		<u>12 876 921</u>	<u>13 550 487</u>
Total other comprehensive income		<u>12 876 921</u>	<u>13 550 487</u>
Total comprehensive income		<u>23 501 549</u>	<u>18 802 391</u>
Profit attributable to:			
Owners of the Company		<u>10 624 628</u>	<u>5 251 904</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>23 501 549</u>	<u>18 802 391</u>
Earnings per share (Kwacha)			
Basic and diluted	23	<u>40.62</u>	<u>20.08</u>

SUNBIRD TOURISM PLC
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024
In thousands of Malawi Kwacha

	<u>Share capital</u>	<u>Share premium</u>	<u>Revaluation reserve*</u>	<u>Retained earnings</u>	<u>Total</u>
<u>2024</u>					
Balance at 1 January 2024	13 079	1 966	28 737 731	19 821 157	48 573 933
Total comprehensive income for the year					
Profit for the year	-	-	-	10 624 628	10 624 628
Other comprehensive income					
Revaluation surplus	-	-	21 874 312	-	21 874 312
Deferred tax on revaluation surplus	-	-	(8 997 391)	-	(8 997 391)
Total comprehensive income for the year	-	-	12 876 921	10 624 628	23 501 549
Transfer of excess depreciation on revaluation surplus	-	-	(300 318)	300 318	-
Transactions with the owners					
Dividend paid	-	-	-	(2 144 977)	(2 144 977)
Balance at 31 December 2024	<u>13 079</u>	<u>1 966</u>	<u>41 314 334</u>	<u>28 601 126</u>	<u>69 930 505</u>
<u>2023</u>					
Balance at 1 January 2023	<u>13 079</u>	<u>1 966</u>	<u>15,409,596</u>	<u>15 262 910</u>	<u>30 687 551</u>
Total comprehensive income for the year					
Profit for the year	-	-	-	5 251 904	5 251 904
Other comprehensive income					
Revaluation surplus	-	-	19 357 838	-	19 357 838
Deferred tax on revaluation surplus	-	-	(5 807 351)	-	(5 807 351)
Total comprehensive income for the year	-	-	13 550 487	5 251 904	18 802 391
Transfer of excess depreciation on revaluation surplus	-	-	(222 352)	222 352	-
Transactions with the owners					
Dividend paid	-	-	-	(916 009)	(916 009)
Balance at 31 December 2023	<u>13 079</u>	<u>1 966</u>	<u>28 737 731</u>	<u>19 821 157</u>	<u>48 573 933</u>

* Revaluation reserve is a non-distributable reserve which is held for purposes of fluctuation of asset market value. These arise from the property valuation of land and buildings.

SUNBIRD TOURISM PLC
STATEMENT OF CASH FLOWS
For the year ended 31 December 2024
In thousands of Malawi Kwacha

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Cash receipts from customers		53 932 028	33 691 384
Cash paid to suppliers and employees		<u>(36 360 950)</u>	<u>(23 802 753)</u>
Cash generated from operations			
Interest paid	21(b)	(2 781 954)	(2 221 076)
Income tax paid	22(b)	<u>(4 377 104)</u>	<u>(1 611 136)</u>
Net cash from operating activities			
		<u>10 412 020</u>	<u>6 056 419</u>
Cash flows from investing activities			
Acquisition of property and equipment	6	(12 723 996)	(3 475 306)
Acquisition of intangible assets	7	(8 809)	(142 704)
Proceeds from sale of property and equipment		<u>39 114</u>	<u>7 819</u>
Net cash used in investing activities			
		<u>(12 693 691)</u>	<u>(3 610 191)</u>
Cash flows from financing activities			
Proceeds from borrowings	13	13 234 222	700 000
Repayment of borrowings	13	(8 910 787)	(1 871 735)
Dividends paid	23(b)	<u>(2 144 977)</u>	<u>(916 009)</u>
Net cash from/ (used in) financing activities			
		<u>2 178 458</u>	<u>(2 087 744)</u>
Net (decrease)/increase in cash and cash equivalents			
		(103 213)	358 484
Cash and cash equivalents at beginning of the year		3 550 267	2 156 748
Exchange differences on cash and cash equivalents		<u>74 230</u>	<u>1 035 035</u>
Cash and cash equivalents at end of the year			
	11	<u>3 521 284</u>	<u>3 550 267</u>

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

1. REPORTING ENTITY

Sunbird Tourism Plc ('the Company') is a Company incorporated and domiciled in Malawi.

The Company is a subsidiary of MDC Limited, a dormant Company incorporated in Malawi. The ultimate majority shareholder is the Malawi Government.

The main business of the Company is the provision of hotel accommodation, catering and related tourist services. The postal address of its principal business and registered office is Sunbird Tourism Plc, P.O. Box 376, Blantyre, Malawi. Sunbird Tourism plc is listed on the Malawi Stock Exchange.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by 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. Details of the Company's material accounting policies, including changes during the year and critical accounting judgements, are included in notes 3 to 5.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for land and property which are measured under the revaluation model.

c) Functional and presentation currency

The financial statements are presented in Malawi Kwacha, which is the Company's functional currency. Unless specifically expressed, all financial information is presented in Malawi Kwacha and has been rounded to the nearest thousand.

d) Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet the repayment of its liabilities and the mandatory repayment terms of the facilities as disclosed in notes 13, 14, 15, 24 and 25.

e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards, require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed in note 5.

(f) Changes in accounting policies

Unless stated otherwise, the Company has consistently applied the accounting policies as set out in note 3 to all periods presented in these financial statements.

(g) Adoption of new and revised International Financial Reporting Standards

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

In the current year, the Company 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.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

2. BASIS OF PREPARATION (CONTINUED)

(g) Adoption of new and revised International Financial Reporting Standards (Continued)

Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements (Continued)

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2024	<p>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</p> <p>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.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</p> <p>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Non-current Liabilities with Covenants (Amendments to IAS 1)</p> <p>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)</p> <p>The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</p> <p>IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>IFRS S2 Climate-related Disclosures</p> <p>IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p>

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

(h) 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. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

2. BASIS OF PREPARATION (CONTINUED)

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

Effective date	Standard, Amendment or Interpretation
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: <ul style="list-style-type: none"> ➤ 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
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.
Annual reporting periods beginning on or after 1 January 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

The directors anticipate that other than IFRS 18 Presentation and Disclosures in Financial Statements and amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments, these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Company. IFRS 18 will impact the presentation and disclosure of information in financial statements and IFRS 7 and IFRS 9 will impact the classification and measurement of financial instruments. Management is in the process of assessing the impact of these new standards and interpretations on the financial statements.

(i) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with IAS 1.41. Refer to Notes 6, 13 and 17 of the financial statements.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

3.1 Property and equipment

Recognition and measurement

Land and buildings for the supply of goods or services, or for administrative purposes, are measured at their re-valued amounts, being the fair value at the date of revaluation, less accumulated depreciation and any impairment losses. Revaluations are performed annually such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Work in progress, being property and equipment in the course of construction for production or administrative purposes are measured at cost, less any recognised impairment loss. Cost includes cost of self-constructed assets including the cost of materials and direct labour and any other costs directly attributable to bring the asset to a working condition and its intended use and the cost of dismantling and carrying the items and restoring the site on which they are located.

Vehicles and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When components of property and equipment have different useful lives are accounted for as separate items (major components) of property and equipment and depreciated based on the components useful lives.

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably and the carrying amount of the replaced part is derecognised. The cost of day-to-day servicing of property and equipment is recognised in profit or loss as incurred. Professional fees directly attributable to qualifying assets and borrowing costs are capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Revaluation

Any revaluation increase arising on the revaluation of such property is credited to a non-distributable revaluation reserve through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such property is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. Depreciation on re-valued property and equipment is recognised in profit or loss. The difference between depreciation based on the revalued carrying amount of the property and the depreciation based on the property's original cost is transferred annually from the revaluation reserve to retained earnings. On the realisation of re-valued property, either through sale or use, the attributable revaluation surplus in the revaluation reserve is transferred directly to retained earnings. When an item of property and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Property valuation is conducted annually.

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, less estimated residual values, over their current estimated useful lives, using the straight-line method as follows. The estimated useful lives for the current and comparative period are as follows:

Freehold property	-	33 - 50 years
Leasehold property	-	33 - 50 years
Vehicles and equipment	-	3 - 10 years

Useful lives, depreciation methods and residual values are re-assessed at each reporting date. Freehold land, long-term leasehold land and work in progress are not depreciated.

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.

Derecognition

The carrying amount of an item of property and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the sale or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Intangible assets

The intangible assets in the financial statements of the Company are stated at cost less any accumulated amortisation and impairment losses over the period of the asset.

3.3 Inventories

Inventories consist of foodstuffs, consumables and merchandise. Inventories are measured at the lower of cost and net realisable value. The carrying amount of inventory is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.4 Taxation

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

The current tax is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or by 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 in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity or other comprehensive income.

Additional income taxes that arise from distribution of dividends are recognised at the same time as a liability to pay the related dividend is recognised.

3.5 Foreign currency translations

The results and financial position of the Company are presented in Malawi Kwacha, which is the functional currency of the Company.

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Employee benefits

Defined contribution plans

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 defined contribution pension plans are recognised as an employee benefit expense in profit or loss as the related service is provided.

Short-term benefits

Short-term employee benefits obligations 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.

3.7 Revenue

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Accommodation, catering and conferences

For accommodation, catering and conferences the performance obligations are delivered when services are rendered.

Guest loyalty program

Provision is made for the estimated liability arising from the issue of benefits under the Company's customer reward programmes, based on the value of rewards earned by the programme members, and the expected utilisation of these rewards. The value attributed to these awards is deferred as a liability included in deferred income in the statement of financial position, and released to profit or loss as the awards are redeemed. The expected utilisation is determined through consideration of historical usage and forfeiture rates.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Company capitalises during a period shall not exceed the amount of borrowings costs it incurred during the year.

All other borrowing costs are recognised in profit or loss using the effective interest method.

3.9 Provisions

Provisions comprise provisions raised for disputes with a specific service provider and are recognised when the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that the Company will be required to settle that obligation. Provisions are estimated at the directors' best estimate of the expenditure required to settle the obligation at the reporting date.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial instruments

Non-derivative financial assets and financial liabilities

Recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Classification and initial measurement of financial assets

On initial recognition, financial assets are measured at fair value plus directly attributable transaction costs, unless the instrument is classified as at fair value through profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

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

After initial recognition, these are measured at amortised cost 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 as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial instruments (continued)

Derecognition

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either 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 group of similar transactions such as in the Company's trading activity.

The Company has the following financial assets which are all classified as loans and receivables:

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value, being the consideration expected to be received on settlement plus directly attributable costs. Subsequent measurement is at amortised cost using the effective interest method less impairment losses. Appropriate impairment allowances are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Amounts due from related parties

Amounts due from related parties are measured on initial recognition at fair value, being the consideration expected to be received on settlement plus directly attributable costs. Subsequent measurement is at amortised cost using the effective interest method less impairment losses. Appropriate impairment allowances are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost which approximates fair value. For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts.

The Company has the following financial liabilities:

Loans and borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Lease liabilities

The Company leases are of low value and are currently being recognised through the profit and loss as an expense for all the lease payments. The asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received)

The leased land is accounted for as per the land that is owned by the company. The leased lands are renewed at the end of the lease period and the depreciation is accounted for as per IAS 16 as guided by IFRS 16 on the depreciation of leased land. (see note 3.9).

Corporate bonds

Corporate bonds are initially measured at fair value less transaction costs and are subsequently measured at amortised cost, using the effective interest method.

Trade payables and other payables

Trade payables are initially measured at fair value, being the amount expected to be incurred on settlement less transactions costs. Subsequent measurement is at amortised cost using the effective interest method.

Amounts due to related parties

Amounts due to related parties are initially measured at fair value, being the amount expected to be incurred on settlement plus directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment

Financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to the units to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 Earnings per share (basic and diluted)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. The calculation of basic earnings per share is based on the profit or loss attributable to ordinary shareholders 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 share split, the profit is apportioned over the shares in issue after the capitalisation or subdivision and the corresponding figures for all earlier periods are adjusted accordingly. Where there are no dilutive effects to the shares in issue, the basic and dilutive EPS is the same.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Dividend 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 on the register of shareholders at the date of payment.

3.14 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO, who is the chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

3.15 Finance Cost/Income

Finance cost comprise interest expense on borrowings and impairment losses recognised on financial assets that are recognised in profit or loss. Finance income is recognised in the profit and loss when it is earned.

3.16 Share capital, share premium and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds and are included in the share premium account.

Equity instruments are recorded at the proceeds received, net of direct issue cost.

3.17 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grant.

Grants relating to the cost of an asset are subsequently recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

3.18 Commitments

Commitments represent goods/services that have been contracted for, but for which no delivery has taken place at the reporting date. Commitments also include capital expenditure authorised but not contracted for. These amounts are not recognised in the statement of financial position as a liability or as expenditure in the statement of profit or loss and other comprehensive income but are however disclosed as part of the disclosure notes.

3.19 Other income

Dividend income

Dividend income is recognised when the right to receive income is established.

Management fees

Management fee income is recognised on an accrual basis in accordance with the relevant agreements, as and when services are provided.

Sundry Receipts

Sundry income is recognised on an accrual basis when the all the conditions of revenue recognition are satisfied.

3.20 Foreign currency gains and losses

Foreign currency gains and losses are reported on a net basis.

3.21 Operating results

Operating results is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes. The operating expenses relating to the results are recognised when incurred.

3.22 Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- 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.

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 Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

4.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and related parties and cash and deposits with financial institutions.

Cash and cash equivalents

The Company places its cash with banks licensed by the central bank, the Reserve Bank of Malawi.

Amounts due from related parties

Management assesses the credit quality of a related party taking into account its financial position and past experience. The utilisation of credit limits are regularly monitored with reference to historical information about default rates.

Trade and other receivables

The Company's credit risk is primarily attributed to credit facilities extended to its customers. No interest is charged on trade receivables for overdue debts. The amounts presented in the statement of financial position are net of allowance for credit losses. The specific allowance is estimated by management based on prior experience and current economic environment. The Company has an established credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes bank and supplier references. Credit limits are established for each customer, and these are reviewed quarterly. Customers who fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Detailed financial information is included in note 24.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

4.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses strong cash forecasting systems which assist it in monitoring cash flow requirements. This is further enhanced by reviewing actual cash flows against the forecasts, learning from past trends and preparing updated rolling forecasts to replace earlier less reliable forecasts. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and servicing of financial obligations. In addition, the Company maintains the following line of credit:

- **MK150 million** (2023: MK150 million) overdraft facility with Standard Bank Plc whose interest rate is at the bank's base lending rate plus 100 basis points, currently at **26.3% per annum** (2023: 27.1%).

All the above facilities are secured over the Company's property. The overdraft facilities are repayable on demand and are renewed annually.

Detailed financial information is included in note 24.

4.3 Market risk

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

(i) Currency risk

The Company is exposed to currency risk on sales, purchases and administrative expenses that are denominated in a currency other than the functional currencies of Company entities primarily the Malawi Kwacha. The currencies in which these transactions are primarily denominated are Euro, USD, GBP and South African Rand.

All purchases in foreign currency are economically hedged by Foreign Currency Denominated Accounts (FCDAs) in the same currencies. Any purchase in USD is paid for using funds in a USD account and the same applies to Euro, GBP and South African Rand. Similarly, loans in foreign currency are repaid using funds in an FCDA account of the same currency. 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 as a hedge.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily Kwacha, but also USD. This provides an economic hedge, and no derivatives are entered into.

(ii) 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.

Detailed financial information is included in note 24.

4.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board through its Finance and Audit Committee, monitors its capital adequacy and capital returns to ensure that it remains a going concern while maximising returns to shareholders.

The capital structure of the Company comprises of share capital and share premium, revaluation reserves and retained earnings as disclosed on the statement of changes in equity.

The Finance and Audit Committee reviews the capital structure on a regular basis. As part of this review, the Committee considers the cost of capital and its associated risks. Based on recommendations of the Committee, the Company will balance its overall capital structure through the payment of dividends and revaluations of its assets.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

5.1.1 Valuation of properties

The Company's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. The fair value measurements of the Company's land and buildings were performed by qualified valuers as detailed below. There has been no change in the valuation technique this year.

Land and buildings for the Company were fair valued as at 31 December 2024 by Mr E. Jambo MSc (Real Estate), MBA; BA (Pub. Admin) a qualified valuer, of MPICO plc considering an income approach basis using the combination of income, cost and comparable market approaches. Key assumptions made for the purpose of the valuation were: that the lease will be renewed by the Malawi Government upon expiry. There is no significant risk that the Government will not renew the lease. The useful life of buildings will exceed 50 years from date of valuation; and allowances were made for age and obsolescence. MPICO Plc and Mr E Jambo are not connected to the company and have recent experience in location and property being valued.

Land and buildings are revalued in accordance with the RICS valuation-professional standards and the international valuation standards considering an income approach basis using the combination of income, cost and comparable market approaches. Independent professional valuers perform valuations annually.

The valuation technique used in measuring the fair values of property as well as the significant unobservable inputs used are presented below:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>The valuation expert adopted an income approach basis using the combination of income, cost and comparable market approaches.</p>	<p>To arrive at his opinion the valuer used many factors including some unobservable inputs. The major assumption used in valuation of properties on the hotels included:</p> <ul style="list-style-type: none"> – profits generated by the property for the past three years (2022 – 2024); – the property yield rates arrived at by taking into account the quality and location of the property among other things. The valuer used yield rates ranging between 4%-11%; and – operating environment; state of repair of the properties; and the location of the related hotel property. Capital growth per annum ranging from 15%-25%. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> – expected profits generated by the property were higher (lower); and – the property yield rates were lower (higher). <p>For instance:</p> <ul style="list-style-type: none"> – an increase or decrease of 10% of the expected profit will increase the property value by 5.3% or decrease by 14.8%; – an increase or decrease of 10% of the property yield will increase property value by 2.8% or decrease by 12.7%.

The fair value measurements have been categorised as Level 3 as defined by IFRS 13: *Fair Value Measurements* for value based on inputs to the valuation techniques used.

5.2 Key sources of estimation and uncertainty

5.2.1 Impairment of trade and other receivables

Trade and other receivables are substantially denominated in Malawi Kwacha. The carrying amounts of trade and other receivables are presented net of specific allowances for impairment losses. The specific provision is estimated by management based on prior experience and current economic environment.

In making the estimate, management makes an assessment of whether there is objective evidence of impairment loss, taking into consideration all the relevant information available to the entity at the end of the reporting period. This may include information regarding the financial position of the related customers, whether there are any balances disputed by the customers, repayment history and any indication that a debtor experiences financial difficulties or could enter bankruptcy as well as the historical loss experiences.

5.2.2 Inventory provisions for obsolete stock

An estimate of obsolete and slow-moving stock is made taking into consideration existing conditions at the end of the period. In making the estimate, management makes an assessment to identify slow moving inventory items, obsolete products and those nearing expiry.

5.2.3 Legal claims

An estimate of legal claims made against the Company in the ordinary course of business, whose outcome is uncertain has been disclosed in the note on contingent liabilities. The amount disclosed represents an estimated cost to the Company and Company in the event that legal proceedings find the Company to be in the wrong. The estimate is provided by the Company's lawyers.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

6. PROPERTY AND EQUIPMENT
See accounting policy 3.1

	<u>Freehold property</u>	<u>Leasehold property</u>	<u>Vehicles, Furniture & equipment</u>	<u>Work in progress</u>	<u>Total</u>
Revaluation/Cost					
2024					
At 1 January 2024	32 923 169	31 259 170	8 438 124	1 280 996	73 901 459
Additions	88 523	40 952	3 893 102	9 261 899	13 284 476
Work in progress capitalised	728 891	128 920	260 885	(1 118 696)	-
Revaluation surplus	5 503 427	16 065 358	-	-	21 568 785
Disposals	-	-	(221 862)	-	(221 862)
At 31 December 2024	<u>39 244 010</u>	<u>47 494 400</u>	<u>12 370 249</u>	<u>9 424 199</u>	<u>108 532 858</u>
2023					
At 1 January 2023	22 567 497	20 771 324	7 619 845	979 081	51 937 747
Adjustment to the opening balance	-	-	(60 868)	60 868	-
Adjusted balance at 1 January 2023	<u>22 567 497</u>	<u>20 771 324</u>	<u>7 558 977</u>	<u>1 039 949</u>	<u>51 937 747</u>
Additions	10 795	-	779 318	2 685 193	3 475 306
Work in progress capitalised	99 913	2,002,627	334 348	(2 436 888)	-
Transferred to intangible assets	-	-	(48 993)	-	(48 993)
Revaluation surplus	10 244 964	8 485 219	-	-	18 730 183
Disposals	-	-	(185 526)	(7 258)	(192 784)
At 31 December 2023	<u>32 923 169</u>	<u>31 259 170</u>	<u>8 438 124</u>	<u>1 280 996</u>	<u>73 901 459</u>
Depreciation and impairment					
2024					
At 1 January 2024	-	-	4 166 251	-	4 166 251
Charge for the year	128 363	177 164	1 151 028	-	1 456 555
Released on revaluation	(128 363)	(177 164)	-	-	(305 527)
Eliminated on disposals	-	-	(179 007)	-	(179 007)
At 31 December 2024	<u>-</u>	<u>-</u>	<u>5 138 272</u>	<u>-</u>	<u>5 138 272</u>
2023					
At 1 January 2023	212 300	207 037	3 695 630	-	4 114 967
Charge for the year	104 481	104 365	651 822	-	860 668
Released on revaluation	(316 781)	(311 402)	-	-	(628 183)
Transferred to intangible assets	-	-	(23 217)	-	(23 217)
Eliminated on disposals	-	-	(157 984)	-	(157 984)
At 31 December 2023	<u>-</u>	<u>-</u>	<u>4 166 251</u>	<u>-</u>	<u>4 166 251</u>
Carrying amounts					
At 31 December 2024	<u>39 244 010</u>	<u>47 494 400</u>	<u>7 231 977</u>	<u>9 424 199</u>	<u>103 394 586</u>
At 31 December 2023	<u>32 923 169</u>	<u>31 259 170</u>	<u>4 271.873</u>	<u>1 280 996</u>	<u>69 735 208</u>

The information regarding the revaluation including fair value hierarchy is as per note 5.1.1 and the information regarding the leases is as per note 5.1.1 to the financial statements.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

6. PROPERTY AND EQUIPMENT (CONTINUED)
See accounting policy 3.1

Additions

Additions to property and equipment comprise the following:

	<u>2024</u>	<u>2023</u>
Assets acquired at cost	12 723 996	3 391 798
Interest capitalised into assets	<u>560 480</u>	<u>83 508</u>
Total asset additions	<u>13 284 476</u>	<u>3 475 306</u>

Land and buildings for the Company were valued as at 31 December 2024 by Mr. E Jambo MSc: Real Estate; MBA; BA (Pub. Admin) a qualified and independent valuer on an open market value basis.

If land and buildings were stated on the historical cost basis the carrying amounts would be as follows:

Cost	26 104 149	25 116 863
Accumulated depreciation	<u>(3 182 466)</u>	<u>(3 177 257)</u>
Carrying amount	<u>22 921 683</u>	<u>21 939 606</u>

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

The fair value measurement of land and buildings of **MK86.7 billion** (2023: MK64.2 billion) has been categorised as a level three fair value based on the inputs to the valuation techniques - see note 5.1.1.

The freehold property includes freehold land with a carrying amount of MK12.7 billion (2023: MK11.2 billion) and the leasehold property includes leasehold land with a carrying amount of MK7.8 billion (2023: MK7.8 billion). Land whether leasehold or freehold is not depreciated and is carried at revalued amount.

At 31 December 2024, properties, with a carrying amount of **MK56.1 billion** (2023: MK40.8 billion) were subject to a registered form of security for corporate bond **MK45.2 billion** (2023: K35.3 billion) and short term facilities such as bank overdraft **K10.9 billion** (2023: K5.5 billion). Motor vehicles pledged as security for asset loans amounted to **MK2.2 billion** (2023: MK96.4 million) (see note 11, 13(a) and 13(b)).

Leasehold Land

The Company has leasehold land where four hotel buildings and one restaurant were constructed, these are 99-year Malawi Government leasehold land. The expectation is that the lease will be renewed by the Malawi Government at the expiry of the lease period. The leased land has indefinite useful life and has been accounted for as land owned by the company.

The carrying amount of the leased land in 2024 was **MK7.8 billion** (2023: MK7.3 billion).

Work in progress

Work in progress represents expenditure incurred on re-development of the Company's properties.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

7. INTANGIBLE ASSETS
See accounting policy number 3.2

Cost	Concession	Acquired software licenses	Total
At 1 January 2024	66 591	462 153	528 744
Additions for the year	8 809	-	8 809
Disposals	-	(15 908)	(15 908)
At 31 December 2024	75 400	446 245	521 645
At 1 January 2023	56 498	280 549	337 047
Additions for the year	10 093	132 611	142 704
Transferred from property plant and equipment	-	48 993	48 993
At 31 December 2023	66 591	462 153	528 744
Amortisation			
At 1 January 2024	8 398	298 529	306 927
Amortisation for the year	5 708	51 555	57 263
Disposal for the year	-	(9 733)	(9 733)
At 31 December 2024	14 106	340 351	354 457
At 1 January 2023	5 522	207 568	213 090
Amortisation for the year	2 876	67 744	70 620
Transferred from property plant and equipment	-	23 217	23 217
At 31 December 2023	8 398	298 529	306 927
Carrying amounts			
At 31 December 2024	61 294	105 894	167 188
At 31 December 2023	58 193	163 624	221 817

The Company has a concession agreement with the government of Malawi in the operation of Chintcheche Inn in Nkhata Bay. The investment in the operation was recognised at cost and is being amortised over the period of the concession. The initial cost of the concession and subsequent investment in property is recognised in the intangible assets.

8. INVENTORIES	2024	2023
<i>See accounting policy 3.3</i>		
Merchandise	3 970 955	2 240 060
Consumables	1 286 157	914 578
Food drink and tobacco	991 057	724 238
	6 248 169	3 878 876
Inventories (merchandise and consumables) have been reduced by the following amounts as a result of the write-down to net realisable value. Such write-downs were recognised as an expense.		
Write-down to net realisable value	183 454	133 433

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

9. TRADE AND OTHER RECEIVABLES

See accounting policy 3.11

Trade receivables from third-party customers	4 099 324	3 464 405
Allowance for expected credit losses	<u>(577 575)</u>	<u>(405 207)</u>
Trade receivables	3 521 749	3 059 198
Other receivables	<u>1 025 049</u>	<u>1 168 710</u>
	<u>4 546 798</u>	<u>4 227 908</u>
Trade receivables from related parties (note 10)	<u>2 688 639</u>	<u>1 721 980</u>
Total Receivables	<u>7 235 437</u>	<u>5 949 888</u>
Other receivables are made up of:		
Staff debtors	188 371	188 262
Other sundry receivables	157 869	-
Claimable Value Added Tax (VAT) *	275 261	320 851
Prepayments *	<u>403 548</u>	<u>659 597</u>
	<u>1 025 049</u>	<u>1 168 710</u>

*: Not a financial asset

Information on financial risk management is included in notes 4 and 24.

10. RELATED PARTY TRANSACTIONS

See accounting policy 3.11

Related parties

The Company's related parties comprise of the holding company and government related entities, directors, shareholders, concession agreement and key management personnel. Material balances and transactions are as follows:

Transactions with related parties

	<u>2024</u>	<u>2023</u>
<u>Revenue and other income</u>		
Government department and related entities (shareholder and entities under common shareholding): Accommodation, catering and conferences revenue	<u>17 200 354</u>	<u>8 092 308</u>
<u>Administrative and other expenses</u>		
Tevet levy:		
Government department (shareholder and entities under Common shareholding)	75 004	57 955
Electricity and water bills:		
Government departments related entities	<u>2 898 999</u>	<u>1 761 162</u>
	<u>2 974 003</u>	<u>1 819 117</u>
<u>Amounts due from related parties</u>		
Government departments and related parties	<u>2 688 639</u>	<u>1 721 980</u>
<u>Amounts due to related parties</u>		
Government departments and related entities		
Advance deposits *	990 676	606 811
Other payables	<u>429 603</u>	<u>409 328</u>
	<u>1 420 279</u>	<u>1 016 139</u>

* Not a financial liability as these are customer deposits.

These balances arose from the normal course of trading between the Company and related parties at arm's length and are to be settled within a year of the reporting date. None of the balances are secured.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

10. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The key management personnel comprise the executive officers of the Company.

In addition to salaries, the Company also provides non-cash benefits by way of contribution to a defined contribution pension plan on their behalf. In accordance with the plan, executive officers contribute **5%** (2023: 5%) of their basic pay while the Company contributes **13.3%** (2023: 13.3%) of the basic pay.

Salary and cash benefits for the year were as follows:	<u>2024</u>	<u>2023</u>
Short-term benefits (salary)	748 358	656 476
Post-employment benefits (Employer pension contribution)	<u>91 361</u>	<u>75 030</u>
	<u>839 719</u>	<u>731 506</u>
Directors' remuneration	<u>215 094</u>	<u>149 704</u>

Information on financial risk management is included in notes 4 and 24

11. CASH AND CASH EQUIVALENTS

See accounting policy 3.11

	<u>2024</u>	<u>2023</u>
Cash at bank	924 298	1 298 716
Short term cash investments	<u>2 596 986</u>	<u>2 369 391</u>
Total Cash	3 521 284	3 668 107
Bank overdrafts	-	<u>(117 840)</u>
	<u>3 521 284</u>	<u>3 550 267</u>

Foreign currency cash equivalent

The cash balance includes the foreign currency as below:

Currency	<u>31 December 2024</u>				<u>31 December 2023</u>			
	<i>Malawi Kwacha equivalent of</i>				<i>Malawi Kwacha equivalent of</i>			
	<u>USD</u>	<u>ZAR</u>	<u>GBP</u>	<u>Euro</u>	<u>USD</u>	<u>ZAR</u>	<u>GBP</u>	<u>Euro</u>
	1 652 857	22 664	1 842	121	1 631 240	138 794	8 781	10 641

The Company has a bank overdraft facility of **MK150 million** (2023: MK150 million) which is secured by a charge over the Company's assets in favour of Standard Bank Plc. The carrying amount of assets pledged as security as at 31 December 2024 was **MK10.9 billion** (2023: MK5.5 billion). Interest is charged at the bank's base lending rate plus 100 basis points currently at **26.3%** per annum (2023: 25.6%). Deposits on current accounts do not attract interest while short term investments attract average interests of **8%** for the dollar investments and **25%** for kwacha investments (2023: 8% Dollar, 18.0% Kwacha). The short-term investments are for less than 90 days. The facilities are repayable on demand and are renewed annually.

Information on financial risk management is included in notes 4 and 24.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

12. SHARE CAPITAL AND SHARE PREMIUM 2024 2023
See accounting policy 3.17

Authorised

280,000,000 (2023: 280,000,000) Ordinary share capital of 5 tambala each

14 000 14 000

Issued and fully paid

261,582,580 (2023: 261,582,580) Ordinary shares of 5 tambala each

13 079 13 079

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share Premium

The share premium arose following the issue of 4,270,105 shares at 51 tambala per share.

1 966 1 966

13. LOANS AND BORROWINGS
CORPORATE BONDS, MEDIUM TERM LOANS AND OTHER BORROWINGS
See accounting policy 3.11

	Corporate bonds Note 13(a)	Vehicle and asset finance loan* Note 13(b)	Medium term loan	Insurance premium finance loan	Total
2024					
1 January 2024	9 424 935	39 319	-	-	9 464 254
Additions	10 000 000	2 834 384	-	399 838	13 234 222
Interest charged**	2 371 209	339 816	-	49 733	2 760 758
Interest paid	(2 365 120)	(339 816)	-	(49 733)	(2 754 669)
Capital repayments	<u>(7 860 000)</u>	<u>(651 589)</u>	-	<u>(399 198)</u>	<u>(8 910 787)</u>
31 December 2024	<u>11 571 024</u>	<u>2 222 114</u>	<u>-</u>	<u>640</u>	<u>13 793 778</u>
2023					
1 January 2023	10 176 850	63 229	330 975	-	10 571 054
Additions	700 000	-	-	-	700 000
Interest charged*	2 262 354	6 295	-	-	2 268 649
Interest paid*	(2 197 419)	(6 295)	-	-	(2 203 714)
Capital repayments	<u>(1 516 850)</u>	<u>(23 910)</u>	<u>(330 975)</u>	<u>-</u>	<u>(1 871 735)</u>
31 December 2023	<u>9 424 935</u>	<u>39 319</u>	<u>-</u>	<u>-</u>	<u>9 464 254</u>

*To improve presentation, interest charged, and interest paid previously disclosed net as accrued interest have been included in the loans and borrowings disclosure note. This was not presented as such in the prior year and is now included to enhance understanding of the loans and borrowing disclosure. In addition, the heading which read lease liabilities in 2023 has been revised to read vehicle asset finance loan to also improve presentation.

** Interest charged to statement of profit or loss includes interest on overdraft of MK23 million and excludes interest capitalised into assets of K560 million as disclosed in note 21b to the financial statements.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

13. LOANS AND BORROWINGS (Continued)
CORPORATE BONDS, MEDIUM TERM LOANS AND OTHER BORROWINGS (Continued)
See accounting policy 3.11

13(a) CORPORATE BONDS
See accounting policy 3.11

	Currency	Year of maturity	Amortised cost	
			2024	2023
NBM Capital Markets Limited	MK	2031	10 000 000	-
NBM Capital Markets Limited	MK	2024	-	2 924 935
Old Mutual Investment Group	MK	2024	-	1 900 000
Old Mutual Investment Group	MK	2025	-	2 900 000
Old Mutual Investment Group	MK	2026	500 000	700 000
Old Mutual Investment Group	MK	2027	300 000	300 000
Old Mutual Investment Group	MK	2028	700 000	700 000
TOTAL			11 500 000	9 424 935
At 1 January			9 424 935	10 176 850
Repayments during the year			(7 860 000)	(1 516 850)
Interest charged			2 371 209	2 262 354
Interest paid			(2 365 120)	(2 197 419)
Issued during the year			10 000 000	700 000
At 31 December			11 571 024	9 424 935
Disclosed under:				
Current liabilities			71 024	4 824 935
Non-current liabilities			11 500 000	4 600 000
At 31 December			11 571 024	9 424 935

The Company issued corporate bonds as a private placement. The notes were offered to investors on a floating rate basis, to be re-priced quarterly with interest rate at an arithmetic average of 182-day and 364 treasury bill yield plus a variable margin of between 2% to 7.4%.

During the year, further subscriptions amounting to **MK10 billion** (2023: MK700 million) were received from NBM Capital Markets. The proceeds were used for various projects within the Company. The bonds are secured over land and buildings of the Company valued at **MK38.5 billion** (2023: MK35.3 billion).

13(b) OTHER LOANS AND BORROWINGS
See accounting policy 3.11
VEHICLE AND ASSET FINANCE LOAN

The Company has asset finance loan facility of MK3.1 billion from Standard Bank to cater for procurement of motor vehicles and other assets repayable over three to five years. Interest on the facility is charged at 1.9% above the bank reference rate which is currently **25.3% per annum** (2023: 15.0% per annum). The motor vehicles are used to secure the loans. The net carrying amount of the motor vehicles was as follows:

	Amortised Cost	
	2024	2023
At 1 January	39 319	63 229
Additions	2 834 384	-
Interest charged	339 816	6 295
Interest paid	(339 816)	(6 295)
Repayment during the year	(651 589)	(23 910)
At 31 December	2 222 114	39 319

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

13. LOANS AND BORROWINGS; (Continued)
See accounting policy 3.11

13(b) OTHER LOANS AND BORROWINGS (Continued)

INSURANCE PREMIUM FINANCE LOAN

The Company has insurance premium facility of K400 million from Standard Bank for financing of insurance premiums. The loan is payable in 12 months. Interest on the facility is charged at 1.0% above the bank reference rate which is currently **25.3% per annum**. The loan is secured over land and buildings of the Company valued at **MK10.9 billion**. The net carrying amount of the loan was as follows:

	Amortised Cost	
	2024	2023
At 1 January	-	-
Subscription during the year	399,838	-
Interest charged	49 733	-
Interest paid	(49 733)	-
Repayment during the year	<u>(399 198)</u>	-
At 31 December	<u>640</u>	-
Disclosed under:		
Current liabilities	640	-
Non-current liabilities	<u>-</u>	<u>-</u>
At 31 December	<u>640</u>	-
Disclosed under:		
Current liabilities		
Vehicle and asset finance loan	498 424	29 663
Insurance premium finance loan	640	-
Total	<u>499 064</u>	<u>29 663</u>
Non-current liabilities	<u>1 723 690</u>	9 656
At 31 December	<u>2 222 754</u>	<u>39 319</u>

13(c) MEDIUM TERM LOANS
See accounting policy 3.11

The Company had a medium term loan facility of MK1.875 billion from Export Development Fund (EDF) for cash flow financing of projects and operations as may be required. The interest on the facility is charged at 1% above Reserve Bank Policy Rate, currently at **26.3%** (2023: 24.6%). The loan was fully paid in 2023.

	Amortised cost	
	2024	2023
At 1 January	-	330 975
Accrued interest	-	-
Repayment during the year	<u>-</u>	<u>(330 975)</u>
At 31 December	<u>-</u>	<u>-</u>

14. EMPLOYEE BENEFITS
See accounting policy 3.6

14(a) Pension Plan

The Company operates a defined contribution pension plan for some of its employees. The plan is operated by Old Mutual Individual Life Company.

The total cost charged to profit or loss of **MK853 million** (2023: MK647 million) represents contributions payable to this plan by the Company at rates specified in the rules of the plan. The respective contribution rates for employees and the employer were **5%** (2023: 5%) and **13.3 %** (2023: 13.3%), respectively.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

14. EMPLOYEE BENEFITS (Continued)
See accounting policy 3.6

14(b) Short-term employee benefit liabilities	2024	2023
Short-term employee benefits *	<u>1 150 868</u>	<u>1 102 516</u>

* Short-term employee benefits relate to gratuity payable at the end of employment contracts and total performance bonus payable for the reporting period. Performance bonus is payable in line with the Bonus Policy upon approval by the Board. Based on the policy the Company has a constructive obligation to pay the amounts accrued.

15(a). TRADE AND OTHER PAYABLES
See accounting policy 3.11

Trade payables	1 986 065	1 561 626
Output VAT*	933 780	724 378
Guest advance deposits*	1 374 137	696 209
Other payables and accruals	<u>1 507 494</u>	<u>2 590 843</u>
	<u>5 801 476</u>	<u>5 573 056</u>

Other payables and accruals include the following:

Audit fees	108 837	111 617
Unclaimed dividend	30 999	386 970
PAYE and Withholding taxes due*	366 548	264 292
Water electricity and telephone accrued	429 603	333 877
Tourism levy*	56 435	110 693
Pension contributions payable*	104 398	78 602
Other employee obligations	44 429	75 723
Tevet levy*	102 079	375 689
Other accruals	<u>264 166</u>	<u>853 380</u>
	<u>1 507 494</u>	<u>2 590 843</u>

15(b). PROVISIONS

Provisions made in the year	<u>1 302 533</u>	<u>992 542</u>
-----------------------------	-------------------------	-----------------------

Provisions relate to litigation claims for cases underway against the company. The amounts include cases for two former employees which may result in significant settlement, the cases are likely to be concluded in 2025 and payments would be made accordingly.

* These balances are not financial liabilities.

Information on financial risk management is included in notes 4 and 24

16. REVENUE

See accounting policy 3.7

Rooms revenue	23 305 524	15 049 896
Catering revenue	30 153 819	18 473 268
Other revenue	<u>1 135 707</u>	<u>1 301 598</u>
Total	<u>54 595 050</u>	<u>34 824 762</u>

Other revenue includes revenue from other services provided at the hotel to support rooms and catering segments. These services include business centre water sports guest transport swimming pool health club and other hotel related services.

17. OTHER INCOME

See accounting policy 3.7 3.18 and 3.20

Government grants	226 117	227 646
Insurance claim proceeds	16 792	11 110
Exchange gains	74 114	1 035 035
Other sundry receipts	<u>70 335</u>	<u>125 363</u>
Total	<u>387 358</u>	<u>1 399 154</u>

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

18. DEFERRED INCOME/REVENUE
See accounting policy 3.7 and 3.18

Government grants

Duty Waiver Grant

The Malawi Government's Customs and Excise Amendment Order, 2024 under Customs Procedure Codes 4000.442 and 4071.442 extended duty-free status to qualifying Tourism Institutions that directly imported qualifying goods as described in the Customs Procedure Code.

In the course of the construction projects in 2024 the Company did qualify for duty and excise waiver amounting to **K117 million**. The Grant is amortised over the estimated useful life of the assets to which it relates.

Guest loyalty program

The Company has a hotel loyalty programme, Sunbird Premier Club which enables members to earn points, during each qualifying stay at a Sunbird hotel and redeem points at a later date for free accommodation or other benefits. The future redemption liability is calculated by multiplying the number of points expected to be redeemed before they expire by the redemption cost per point.

	2024			Deferred income			2023		
	Government Grant	Guest loyalty program	Total	Government Grant	Guest loyalty program	Total	Government Grant	Guest loyalty program	Total
At 1 January	356 674	89 513	446 187	584 320	72 052	656 372			
Add: subscription for the year	-	439 981	439 981	-	507 559	507 559			
Add: additions during the year	116 998	-	116 998	-	-	-			
Less: Amounts recognised in the statement of profit or loss and comprehensive income	<u>(226 117)</u>	<u>(363 909)</u>	<u>(590 026)</u>	<u>(227,646)</u>	<u>(490 098)</u>	<u>(717 744)</u>			
At 31 December	<u>247 555</u>	<u>165 585</u>	<u>413 140</u>	<u>356,674</u>	<u>89 513</u>	<u>446 187</u>			
Deferred income recognised under:									
Current liabilities	76 978	165 585	242 563	179 748	89 513	269,261			
Non-current liabilities	<u>170 577</u>	<u>-</u>	<u>170 577</u>	<u>176 926</u>	<u>-</u>	<u>176,926</u>			
	<u>247 555</u>	<u>165 585</u>	<u>413 140</u>	<u>356 674</u>	<u>89 513</u>	<u>446 187</u>			
19 COST OF SALES					<u>2024</u>	<u>2023</u>			
Food					7 941 920	5 063 298			
Beverage					1 624 763	1 200 892			
Rooms direct expenses					1 340 217	978 485			
Catering direct expenses					1 178 377	751 328			
Other direct costs					24 985	19 425			
Rooms direct labour expenses					1 032 381	820 189			
Catering direct labour expenses					<u>2 580 735</u>	<u>1 940 007</u>			
Total					<u>15 723 378</u>	<u>10 773 624</u>			

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

20a	ADMINISTRATIVE AND OTHER EXPENSES	<u>2024</u>	<u>2023</u>
	<i>See accounting policy 3.22</i>		
	City and ground rates	74 737	67 802
	Computer telephone and internet expenses	496 283	415 385
	Depreciation and amortisation	1 513 818	931 288
	Directors' remuneration	215 094	149 704
	Energy, repairs and maintenance costs	4 502 657	2 848 533
	Impairment loss	-	218 318
	Insurance expenses	429 980	184 671
	Laundry expenses	119 578	123 141
	Licenses permits and subscription**	655 386	384 985
	Listing and secretarial expenses	86 893	142 934
	Loss on disposal of property and equipment	9 042	19 723
	Marketing expenses	622 312	365 524
	Motor vehicle expenses	623 658	394 798
	Travel and postage expenses*	285 245	197 001
	Credit card commission	235 998	148 462
	Other administrative expenses*	486 217	568 382
	Security	551 019	318 681
	Auditors' remuneration: - current year	97 000	68 755
	- mid-year review	8 000	10 325
	Staff costs: - pension	853 371	647 640
	- salaries, wages and other costs	<u>8 493 375</u>	<u>7 637 932</u>
	Total	<u>20 359 663</u>	<u>15 843 984</u>
	* These have been disclosed separately in the current year, the amounts were disclosed under other administrative expenses in the comparative year.		
	** Dues and subscription include K6.9 million relating to non-assurance services offered by the auditors.		
20b	Audit fees	<u>2024</u>	<u>2023</u>
	Annual audit of financial statements	97 000	68 755
	Mid-year review	<u>8 000</u>	<u>10 325</u>
	Total audit fees	105 000	79 080
	Other non-assurance services – Tip offs Anonymous	<u>6 900</u>	<u>-</u>
	Total	<u>111 900</u>	<u>79 080</u>
	All fees for services paid to the company's auditors were considered and appropriately approved by the company's audit committee in terms of its non-audit policy.		
21.	FINANCE COST/INCOME	<u>2024</u>	<u>2023</u>
	<i>See accounting policy 3.16</i>		
21a	Finance income		
	Interest income from call account short term investments	<u>87 707</u>	<u>90 832</u>
	Total		
21b	Finance costs		
	Interest on vehicle asset finance loan	339 816	6 295
	Interest on bank overdraft	23 431	17 362
	Interest on insurance premium facility loan	49 733	-
	Interest on corporate bonds	<u>1 810 729</u>	<u>2 117 765</u>
	Total	<u>2 223 709</u>	<u>2 141 422</u>
	Reconciliation of interest paid		
	Accrued Interest at 1 January	68 789	64 935
	Interest charged to statement of profit or loss	2 223 709	2 141 422
	Interest capitalised into assets	560 480	83 508
	Accrued interest at 31 December	<u>(71 024)</u>	<u>(68 789)</u>
	Interest paid	<u>2 781 954</u>	<u>2 221 076</u>

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

22. INCOME TAX

See accounting policy 3.4

22(a) Income tax

	<u>2024</u>	<u>2023</u>
Income tax charge		
Current tax	5 410 260	1 965 903
Deferred tax	22 914	337 911
Effect of changes in tax rate	<u>533 195</u>	<u>-</u>
Total income tax expense	<u>5 966 369</u>	<u>2 303 814</u>

Reconciliation of effective tax rate

Profit before income tax expense	<u>16 590 997</u>	<u>7 555 718</u>
	%	%
Income tax charge at 30% (up to K10 billion)	18.0 3 000 000	30 2 266 716
Income tax charge at 40% (over K10 billion)	15.9 2 636 399	- -
Effect of changes in tax rate	3.2 533 195	- -
Effects of permanent differences*	<u>-1.2 (203 225)</u>	<u>- 37 098</u>
Effective rate of tax	<u>35.9 5 966 369</u>	<u>30 2 303 814</u>

*These relate to disallowable income and expenses.

22(b) Income tax receivable/(payable)

Current tax receivable at 1 January	103 295	458 063
Current year tax charge	(5 410 260)	(1 965 904)
Income tax paid	<u>4 377 104</u>	<u>1 611 136</u>
Current tax (payable)/receivable at 31 December	<u>(929 861)</u>	<u>103 295</u>

22(c) Deferred tax liabilities

See accounting policy 3.4

At 1 January	16 270 724	10 125 462
<i>Recognised in profit or loss and other comprehensive income:</i>		
Deferred tax on accelerated capital allowances	163 603	706 857
Deferred tax on employment benefits and other provisions	(140 689)	(368 946)
Effect of changes in tax rate	<u>533 195</u>	<u>-</u>
Total recognised in profit or loss	556 109	337 911
Recognised in the other comprehensive income		
Deferred tax on property revaluation surplus	7 415 392	5 807 351
Effects of changes in tax rate	<u>1 581 999</u>	<u>-</u>
Total recognised in other comprehensive income	8 997 391	5 807 351
At 31 December	<u>25 824 225</u>	<u>16 270 724</u>
Analysed as:		
Accelerated capital allowances	5 696 148	4 896 059
Revaluation of property	21 166 614	12 169 223
Deferred tax assets on employment benefits and other provisions	<u>(1 038 537)</u>	<u>(794 558)</u>
Net deferred tax liabilities	<u>25 824 225</u>	<u>16 270 724</u>

Average rate used in determining the deferred tax was 35.9%. This was arrived at after assessing the future average tax rate that are expected to apply to the taxable profits of the periods in which the temporary differences are expected to reverse.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

23(a). EARNINGS PER SHARE (BASIC AND DILUTED)
See accounting policy 3.13

The calculation of basic and diluted earnings per share is based on profit attributable to shareholders of **MK11.0 billion** (2023: Profit of MK5.3 billion) and the weighted average number of ordinary shares outstanding during the year of **261,582,580** (2022: 261,582,580) as below:

	<u>2024</u>	<u>2023</u>
Profit for the year (MK'000)	10 624 628	5 251 904
Weighted average number of shares ('000)	261 583	261 583
Earnings per share - Kwacha	<u>40.62</u>	<u>20.08</u>

There were no potential ordinary shares in issue, therefore diluted earnings per share equates to basic earnings per share.

23(b). DIVIDEND
See accounting policy 3.20

During the year, a final dividend of **MK1.5 billion** representing K5.70 per share was paid in respect of the year ended 31 December 2023, in 2023, an interim dividend of **K523 million** was paid; making the total dividend for 2023 to be **MK2.0 billion** representing **MK7.70** per share. An interim dividend on **MK654 million**, representing MK2.50 per share was declared and paid relating to the results for the year ended 31 December 2024. Total dividend paid during the year was **MK2.1 billion** (Final dividend for 2023: **MK1.5 billion** and Interim dividend for 2024: **MK654 million**).

24. FINANCIAL INSTRUMENTS
See accounting policy 3.11

24.1 Accounting classification and fair value measurement

The following table shows the carrying amounts of financial instruments.

At the reporting date there were no financial instruments measured at fair value through profit or loss and fair value through other comprehensive income.

2024

	<u>Note</u>	<u>Amortised Cost</u>
Financial assets		
Trade and other receivables (excluding VAT and prepayments)	9	3 867 989
Amounts due from related parties	10	2 688 639
Cash and cash equivalents (excluding bank overdrafts)	11	<u>3 521 284</u>
		<u>10 077 912</u>
Financial liabilities		
Bank overdraft	11	-
Trade and other payables	15(a)	2 864 099
Corporate bonds	13(a)	11 571 024
Other loans and borrowings	13(b)	<u>2 222 754</u>
		<u>16 657 877</u>

2023

Financial assets		
Trade and other receivables (excluding VAT and prepayments)	9	3 247 460
Amounts due from related parties	10	1 721 980
Cash and cash equivalents	11	<u>3 668 107</u>
		<u>8 637 547</u>
Financial liabilities		
Bank overdraft	11	117 840
Trade and other payables	15(a)	3 323 193
Corporate bonds	13(a)	9 424 935
Other loans and borrowings	13(b)	<u>39 319</u>
		<u>12 905 287</u>

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

24. FINANCIAL INSTRUMENTS (CONTINUED)
See accounting policy 3.11

24.2 Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Trade and other receivables	9	3 867 989	3 247 460
Amounts due from related parties	10	2 688 639	1 721 980
Cash and cash equivalents	11	<u>3 521 284</u>	<u>3 668 107</u>
		<u>10 077 912</u>	<u>8 637 547</u>

Receivables

The maximum exposure to credit risk for receivables category at the reporting date was:

	<u>Note</u>		
Trade receivables	9	3 679 618	3 059 198
Amounts due from related parties	10	<u>2 688 639</u>	<u>1 721 980</u>
Total trade receivables		6 368 257	4 781 178
<i>Other receivables</i>			
Staff debtors	9	<u>188 371</u>	<u>188 262</u>
Total receivables		<u>6 556 628</u>	<u>4 969 440</u>

The aging of trade and other receivables at the reporting date was:

31 December 2024	Trade Receivables					Total
	Current (1-30 days)	31 – 60 days	61 - 90 days	90 - 120 days	Over 120 days	
ECL rates	5%	7%	9%	10%	11%	100%
Carrying amount	2 769 735	1 479 323	782 458	464 763	1 267 797	23 887
Expected credit loss	138 487	103 553	78 246	55 771	177 631	23 887
						6 787 963
						577 575

31 December 2023	Trade Receivables					Total
	Current (1-30 days)	31 - 60 days	61 - 90 days	90 - 120 days	Over 120 days	
ECL rates	5%	7%	9%	10%	11%	100%
Carrying amount	1 967 739	1 021 940	338 303	694 830	1 351 825	-
Expected credit loss	93 702	66 856	30 755	69 883	144 011	-
						5 374 637
						405 207

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

	<u>2024</u>	<u>2023</u>
Balance at 1 January	405 207	373 195
Recognised in statement of profit or loss	172 368	32 012
Doubtful debts recovered during the year	-	-
Balance at 31 December	<u>577 575</u>	<u>405 207</u>

Details on how the Company manages its credit risk is included in note 4.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

24 FINANCIAL INSTRUMENTS (CONTINUED)

See accounting policy 3.11

24.3 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		<u>Carrying amounts</u>	<u>Contracted cash flows</u>	<u>6 months or less</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>3-7 years</u>
2024	Note						
Non-derivative financial liabilities							
Corporate bonds	13(a)	11 571 024	28 944 900	1 433 700	1 433 700	6 534 800	19 542 700
Borrowings	13(b)	2 222 754	3 391 620	523 565	523 565	2 014 980	329 510
Trade and other payables	15	2 864 099	2 864 099	2 864 099	-	-	-
		<u>16 657 877</u>	<u>35 200 619</u>	<u>4 821 364</u>	<u>1 957 265</u>	<u>8 549 780</u>	<u>19 872 210</u>
2023	Note						
Non-derivative financial liabilities							
Corporate bonds	13(a)	9 424 935	14 725 908	3 525 300	3 525 300	6 131 475	1 543 833
Other loans and borrowings	13(b)	39 319	45 732	18 413	18 413	8 906	-
Overdraft	11	117 840	117 840	117 840	-	-	-
Trade and other payables	15	3 323 193	3 323 193	3 323 193	-	-	-
		<u>12 905 287</u>	<u>18 212 673</u>	<u>6 984 746</u>	<u>3 543 713</u>	<u>6 140 381</u>	<u>1 543 833</u>

Details on how the Company manages its credit risk is included in note 4.

24.4.1 Exposure to currency risk

The summary quantitative data about the Company's and Company's exposure to currency risk is as follows:

	31 December 2024				31 December 2023			
	<u>USD</u>	<u>ZAR</u>	<u>GBP</u>	<u>Euro</u>	<u>USD</u>	<u>ZAR</u>	<u>GBP</u>	<u>Euro</u>
Cash and cash equivalents	1 652 857	22 664	1 842	121	1 631 240	138 794	8 781	10 641
Trade and other receivables	125 271	-	-	-	46 922	-	-	-
	<u>1 778 128</u>	<u>22 664</u>	<u>1 842</u>	<u>121</u>	<u>1 678 162</u>	<u>138 794</u>	<u>8 781</u>	<u>10 641</u>

The following significant exchange rates applied during the year:

	<u>Average Rate</u>		<u>Reporting Date Spot Rate</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Kwacha/USD	1 725.42	1 165.41	1 733.83	1 683.33
Kwacha/Rand	96.87	63.92	95.05	93.59
Kwacha/GBP	2 275.34	1 502.61	2 242.13	2 213.59
Kwacha/Euro	1 919.37	1 300.84	1 858.71	1 919.19

Sensitivity analysis

The Company's major foreign currency exposure is in the US Dollar.

A strengthening of the US Dollar, South African Rand, Euro and British Pound by 10 percent against the kwacha at 31 December 2024 would have increased exchange gain by **MK286 million** (2023: exchange gain of MK279 million) which would have been credited to profit or loss. The increase in equity would be **MK199 million** (2023: MK195 million). This analysis is based on foreign exchange rate variations that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables in particular interest rates, remain constant.

Details on how the Company manages its credit risk is included in note 4.

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

24 FINANCIAL INSTRUMENTS (CONTINUED)
See accounting policy 3.11

24.4.2 Interest rate risk

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

Variable rate instruments	Note	Carrying Amounts	
		2024	2023
Corporate bonds	13(a)	11 571 024	9 424 935
Other loans and borrowings	13(b)	<u>2 222 754</u>	<u>39 319</u>
		<u>13 793 778</u>	<u>9 464 254</u>

The prevailing interest rates for these interest-bearing facilities are within the region of Reserve Bank of Malawi's Reference rate plus or minus 1-10%. The Reserve Bank of Malawi reference rate currently is at **25.3%** (2023: 23.6%). The commercial banks' base lending rate currently is at **26.0%** (2023: 27.6%).

Cash flow sensitivity analysis for variable rate instruments

An increase of 5% in interest rates at the reporting date would have increased interest being charged to the Company's profit or loss by **MK171 million** (2023: MK103 million). The decrease in equity would be **MK120 million** (2023: MK72 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Details on how the Company manages its credit risk is included in note 4.

25. CAPITAL MANAGEMENT
See accounting policy 4.4

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 net debt divided by total capital. Net debt is calculated as financial liabilities (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December were as follows:

	Note	2024	2023
Corporate bond	13(a)	11 571 024	9 424 935
Borrowings	13(b)	2 222 754	39 319
Less: cash and cash equivalents	11	<u>(3 521 284)</u>	<u>(3 550 257)</u>
Net debt		10 272 494	5 913 997
Total equity		<u>69 930 506</u>	<u>48 574 933</u>
Total capital and net debt		<u>80 203 300</u>	<u>54 488 930</u>
Gearing ratio		<u>13%</u>	<u>11%</u>

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

26. SEGMENTAL REPORTING
See accounting policy 3.15

Business segments

The Company has three reportable segments, based on type of products or services being offered. The following summary describes operations of each reportable segment:

Reportable segment	Operations
Room income	Revenue from provision of accommodation to guests.
Catering income	Revenue from sale of food and beverages to guests.
Other income	Revenue from other services provided at the hotel to support rooms and catering segments.

Information provided to the Company's Chief Operating Decision Maker is segmented in room income, catering income and other income.

	<u>Rooms income</u>	<u>Catering income</u>	<u>Other services</u>	<u>Total</u>
<u>2024</u>				
Total revenue	<u>23 305 523</u>	<u>30 153 819</u>	<u>1 135 708</u>	<u>54 595 050</u>
Segment contribution	<u>19 832 346</u>	<u>15 535 428</u>	<u>881 831</u>	<u>36 249 605</u>
Other hotel expenses				<u>(17 434 899)</u>
Finance costs				<u>(2 223 709)</u>
Profit before income tax expense				<u>16 590 997</u>
<u>2023</u>				
Total revenue	<u>15 049 896</u>	<u>18 473 268</u>	<u>1 301 598</u>	<u>34 824 762</u>
Segment contribution	<u>12 617 624</u>	<u>8 483 419</u>	<u>1 297 154</u>	<u>22 398 197</u>
Other hotel expenses				<u>(12 701 057)</u>
Finance costs				<u>(2 141 422)</u>
Profit before income tax expense				<u>7 555 718</u>

No discrete information about assets and liabilities relating to the segments is provided to the Company's Chief Operating Decision Maker.

Profile of the Target Market Segment

The target market segment of the Company is predominantly Commercial, Groups and Conferences, Corporate Organisations and Government Departments.

	<u>2024</u>	<u>2023</u>
	%	%
Leisure individual	19	16
Corporate/Agencies	50	57
Corporate groups	27	22
Leisure groups	0	1
Online	4	4
Total	<u>100</u>	<u>100</u>

Geographical source of business

The geographical source of business is predominantly domestic:

Malawi	90	92
Africa	6	4
Europe	2	2
America	1	1
Other	1	1
Total	<u>100</u>	<u>100</u>

SUNBIRD TOURISM PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
In thousands of Malawi Kwacha

27. COMMITMENTS	<u>2024</u>	<u>2023</u>
<i>See accounting policy 3.19</i>		
Capital expenditure:		
Authorised and contracted for	16 158 633	54 150
Authorised but not contracted for	<u>8 135 298</u>	<u>14 386 998</u>
	<u>24 293 931</u>	<u>14 441 148</u>

These commitments are to be financed from internal resources and existing facilities.

28. CONTINGENCIES		
<i>See accounting policy 5.2</i>		
Legal claims	<u>865 000</u>	<u>400 000</u>

The Company is defending various claims against former employees in the Industrial Relations Courts. Although liability has not been admitted, the disclosed amount represents the Company's maximum exposure in awards and legal costs if the defence against the actions is unsuccessful. Based on legal advice, management believes that the defence against the action will be successful.

29. 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.

	<u>2024</u>	<u>2023</u>
Kwacha/US Dollar	1 725.42	1 165.61
Kwacha/Rand	96.87	63.92
Kwacha/GBP	2 275.34	1 502.61
Kwacha/Euro	1 919.37	1 300.84
Inflation rate (%)	<u>32.3</u>	<u>28.8</u>

At the end of the year, the Reserve Bank of Malawi reference base-lending rate was **25.3%** (2023: 23.6%). Commercial banks' base lending rates ranged from 25% to 35%.

As at date of signing these financial statements the above exchange rates and inflation had moved as follows:

Kwacha/US Dollar	1 733.83
Kwacha/Rand	2 391.97
Kwacha/GBP	2 031.94
Kwacha/Euro	96.40
Inflation rate (%)	<u>30.5</u>

30. EVENTS AFTER REPORTING PERIOD

During the year, the Company started the process of reorganising its operations with the aim of resuscitating a dormant subsidiary, Catering Solutions Limited. This process was concluded after year end and the subsidiary resumed its operations on 1 January 2025. The reorganisation was approved by the Malawi Revenue Authority.

SUNBIRD TOURISM PLC

PROXY FORM

I/WE (name/s in block letters) of (Address) being the member/members of the above-named company and entitled to vote do hereby appoint

1. of or failing him/her
2. of or failing him/her

3. The Chairman of the meeting

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held at Mount Soche Hotel, Glyn Jones Road, on Tuesday 1st July 2025.

	Agenda Item	Mark where applicable		
		In favour	Against	Abstain
	Ordinary Business			
1.	Approval of Minutes of the 36 th Annual General Meeting held on 21 th June 2024.			
2.	Approval of 2024 Directors Report, Auditors Report and Financial Statements.			
3.	To confirm proposed dividend to be paid in respect of the year 2024.			
4.	To confirm re-election of following directors: <ul style="list-style-type: none"> • Gladson Kuyeri • Neema Chambalo • Betchani Tchereni 			
5.	To approve remuneration for the Chairman and Non-Executive Directors for 2025.			
6.	To appoint Deloitte, Certified Public Accountants, as Auditors for 2025 and to authorise the Directors to determine their remuneration for the year.			

Signed at on this..... day of 2025

Signature

Assisted by me (where applicable) (see note 3).....

Full name/s of signatory/ies if signing in a representative capacity (see note 4).....



NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead.

A proxy need not be a member of the company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his or her guardian.
4. In order to be effective, proxy forms must reach the registered office of the company (Sunbird Corporate Office, Glyn Jones Road, Blantyre) or the Transfer Secretaries (National Bank of Malawi, P.O. Box 945, Blantyre) not later than 24 hours before the meeting.
5. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the valid appointed proxy.