

# UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## Financial Highlights

Unaudited From Continuing Operations	Jun-22 P'000	Jun-21 P'000	% Change
Revenue	164,899	93,041	77%
Operating Profit/(Loss)	16,227	(23,543)	169%
Profit/(Loss) before tax	5,900	(35,247)	117%
Cash generated from/(utilised in) operations	29,242	(3,755)	879%
Total assets	523,381	485,618	8%
Total shareholder's equity	132,212	129,694	2%
Cash and cash equivalents	54,037	27,638	96%

## BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended 30 June 2022 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

## New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group. These amendments and interpretations are Amendments to IFRS 17, IAS 1, IFRS 3, IAS 16, IAS 37, IFRS 1, IFRS 9, IAS 41, IAS 8.

## OVERVIEW OF OPERATIONS

With the waning in strength of the negative effects caused by the COVID-19 pandemic, the Tourism & Hospitality industry experienced a surge in the rebound momentum in 2022, and Cresta Marakanelo Limited ("CML" or "the Company"), was no exception. During the six months to 30 June 2022, as the ban on alcohol sales and various other COVID related restrictions such as the curfew and travel restrictions were removed, CML returned to profitability. International tour operator arrivals continue to rise steadily at our key tourism properties, while local travel has also been steadily rising both for corporates and individuals resulting in a significant increase in occupancies across all the Company's hotels.

The first quarter's performance was low in line with the seasonality of the business but was an improvement from the previous year as during the same time last year, the State of Emergency was still in effect with a number of other COVID-19 pandemic mitigation controls. The second quarter saw a rise in the performance of the business when compared to the first quarter, contributing 55% of the revenue generated for the six months ended 30 June 2022. The business enjoyed a steady month-on-month increase in revenues from January to June 2022.

The Group's six months Profit Before Taxation from continuing operations of P5.9 million, was P40 million higher in comparison to the same period last year which reported a loss of P35.2million. The main driver for the good performance is increased occupancies and the cost reduction measures implemented, some of which will be continued for the long term, even after the pandemic has been contained. Revenue for the period under review was P164.9 million, 77% higher than the same period last year. Earnings before interest, tax, and depreciation (EBITDA) achieved during the period was a profit of P40.2 million, an improvement on the prior year's EBITDA generated of P0.4 million.

From the beginning of the year, cash balances increased by P1.6 million for the six months to 30 June 2022, compared to a decline of P29.4 million during the same period in 2021.

## ZAMBIA OPERATIONS

The Directors made the decision not to renew the lease for the Cresta Golfview Hotel in Lusaka Zambia, and the operation ceased trading on 30 September 2021. The entity has been accounted for as a discontinued operation.

## STATEMENT OF FINANCIAL POSITION

Total assets increased by 8% compared to the half year ended 30 June 2021. The increase in assets was primarily due to a P21.3 million increase in right of use assets for a hotel lease extension signed in December 2021 as well as a P26.4 million increase in cash balances. The Group had cash resources of P54.0 million (2021: P27.6 million) at the end of the period under review.

## CASH FLOW

During the half year, P20.3 million was generated in operating activities while in 2021, P11.7 million was utilized in operations. Net cash utilised in investing activities amounted to P3.1 million (2021: P2.5 million). The increase in cash outflow on investing activities was as a result of the additional capital expenditure incurred. With regards to financing activities, P16.4 million (2021: P15.2 million) was utilised with bank loan repayments being P6.1 million (2021: P2.1 million) and the costs of leasing hotel properties being P10.3 million (2021: P11.5 million).

## SUBSEQUENT EVENTS

Other than matters discussed in this publication, the Board and Management are not aware of any material events that have occurred subsequent to the end of the reporting period that require adjustments and or disclosure in the financial statements.

## OUTLOOK

Execution of expansion projects as a critical path to success for the year is a top priority, together with the refurbishment of the existing properties in the portfolio. The focus on cash generation continues as this will be key in funding the various projects in the pipeline. The Group will continue to implement its yielding strategy to ensure it remains competitive, while also leveraging on technology and digitalisation in order to optimise operations, service provision and cost effectiveness.

## APPRECIATION

We would like to commend management, staff, and our fellow directors for their continued commitment during this challenging COVID-19 pandemic period. It is heartening that despite the devastating effects of COVID-19 on the economy in general and more so on the hospitality sector, the Group has been able to build up its cash resources; this is in no small part due to the laudable efforts of all stakeholders associated with the Group.

Signed on behalf of the Board.

  
M K Lekaukau  
Chairman  
22 September 2022

  
M Morulane  
Managing Director

## Sponsoring Broker:

**motswed securities**  
Member of the Botswana Stock Exchange



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## Summarised Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2022

	Unaudited 6 months Jun-22 P'000	Unaudited 6 months Jun-21 P'000	Audited 12 months Dec-21 P'000
Revenue	164,899	93,041	216,352
Cost of sales	(96,901)	(76,270)	(162,270)
<b>Gross profit</b>	<b>67,998</b>	<b>16,771</b>	<b>54,082</b>
Sales and distribution expenses	(4,626)	(2,881)	(6,323)
Administrative and operating expenses	(47,145)	(37,433)	(78,593)
<b>Operating profit/(loss)</b>	<b>16,227</b>	<b>(23,543)</b>	<b>(30,834)</b>
Finance income	1,318	268	2,182
Finance expense	(11,645)	(11,972)	(24,268)
<b>Profit/(Loss) before income tax</b>	<b>5,900</b>	<b>(35,247)</b>	<b>(52,920)</b>
Income tax credit	3,544	-	9,702
<b>Profit/(loss) from continuing operations</b>	<b>9,444</b>	<b>(35,247)</b>	<b>(43,218)</b>
<b>Discontinued Operations</b>			
Profit from discontinued operations	-	1,127	3,024
<b>Profit/(loss) for the period</b>	<b>9,444</b>	<b>(34,120)</b>	<b>(40,194)</b>
<b>Other comprehensive income/(loss):</b>			
Currency translation differences (subject to subsequent recycling through profit or loss)	-	408	(444)
Other comprehensive income/(loss) for the period	-	408	(444)
<b>Total comprehensive income/(loss)</b>	<b>9,444</b>	<b>(33,712)</b>	<b>(40,638)</b>
<b>Basic and diluted earnings /(loss) per share (thebe)</b>	<b>5.22</b>	<b>(18.86)</b>	<b>(22.21)</b>
<b>Earnings/(Loss) per share from continuing operations</b>	<b>5.22</b>	<b>(19.48)</b>	<b>(23.89)</b>

## Summarised Consolidated Statement of Financial Position

as at 30 June 2022

	Unaudited 6 months Jun-22 P'000	Unaudited 6 months Jun-21 P'000	Audited 12 months Dec-21 P'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	339,532	366,241	353,373
Right-of-use-asset	73,769	52,440	76,708
Intangible assets			
Lease rights/Software	234	699	418
Goodwill	5,274	5,274	5,274
Deferred tax assets	21,421	8,119	17,821
<b>Total non-current assets</b>	<b>440,230</b>	<b>432,773</b>	<b>453,594</b>
<b>Current assets</b>			
Inventories	2,615	2,104	2,027
Trade and other receivables	26,375	22,851	12,810
Current income tax assets	124	252	302
Cash and cash equivalents	54,037	27,638	53,241
<b>Total current assets</b>	<b>83,151</b>	<b>52,845</b>	<b>68,380</b>
<b>Total assets</b>	<b>523,381</b>	<b>485,618</b>	<b>521,974</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Stated capital	18,500	18,500	18,500
Treasury shares	(5,915)	(5,915)	(5,915)
Foreign currency translation reserve	-	(814)	-
Retained earnings	119,627	117,923	110,183
<b>Total equity</b>	<b>132,212</b>	<b>129,694</b>	<b>122,768</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	207,831	233,330	236,627
Lease liabilities	77,039	59,522	81,843
<b>Total non-current liabilities</b>	<b>284,870</b>	<b>292,852</b>	<b>318,470</b>
<b>Current liabilities</b>			
Trade and other payables	30,818	24,169	31,500
Borrowings	50,314	16,883	27,597
Lease liabilities	14,379	14,382	13,064
Contract liabilities	10,788	7,638	8,575
<b>Total current liabilities</b>	<b>106,299</b>	<b>63,072</b>	<b>80,736</b>
<b>Total liabilities</b>	<b>391,169</b>	<b>355,924</b>	<b>399,206</b>
<b>Total equity and liabilities</b>	<b>523,381</b>	<b>485,618</b>	<b>521,974</b>

## Summarised Consolidated Statement of Changes in Equity

for the six months ended 30 June 2022

	Stated capital P'000	Treasury shares P'000	Foreign currency translation reserve P'000	Retained earnings P'000	Total equity P'000
<b>Year ended 31 December 2021</b>					
Balance at 1 January 2021	18,500	(5,915)	(1,222)	152,043	163,406
Total comprehensive loss for the year	-	-	(444)	(40,194)	(40,638)
Loss for the year	-	-	-	(40,194)	(40,194)
Other comprehensive loss for the year	-	-	-	(444)	-
Transfer of reserves	-	-	1,666	(1,666)	-
<b>Balance at 31 December 2021</b>	<b>18,500</b>	<b>(5,915)</b>	<b>-</b>	<b>110,183</b>	<b>122,768</b>
<b>Period ended 30 June 2022</b>					
Balance at 1 January 2022	18,500	(5,915)	-	110,183	122,768
Profit for the period	-	-	-	9,444	9,444
Other comprehensive income for the period	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>18,500</b>	<b>(5,915)</b>	<b>-</b>	<b>119,627</b>	<b>132,212</b>

## Summarised Consolidated Statement of Cash Flows

for the six months ended 30 June 2022

	Unaudited 6 months Jun-22 P'000	Unaudited 6 months Jun-21 P'000	Audited 12 months Dec-21 P'000
<b>Cash flows from operating activities</b>			
Cash (utilised in)/generated from operations	29,242	(3,755)	33,776
Interest paid	(8,923)	(8,894)	(18,047)
Tax refund/(paid)	-	-	(88)
Cashflows from discontinued operations	-	966	3,403
<b>Net cash generated/(utilised) from operating activities</b>	<b>20,319</b>	<b>(11,683)</b>	<b>19,043</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(4,475)	(2,748)	(8,309)
Purchase of computer software	-	-	(22)
Proceeds on disposal of plant and equipment	38	4	7
Interest received	1,318	268	2,182
Cashflows from discontinued operations	-	(1)	-
<b>Net cash utilised in investing activities</b>	<b>(3,119)</b>	<b>(2,477)</b>	<b>(6,142)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(6,079)	(2,140)	(14,941)
Interest paid - finance lease	(2,724)	(3,240)	(6,221)
Payment of lease liabilities	(7,601)	(8,240)	(14,245)
Proceeds from loans and borrowings	-	-	25,000
Cashflows from discontinued operations	-	(1,575)	(3,700)
<b>Net cash utilised in financing activities</b>	<b>(16,404)</b>	<b>(15,195)</b>	<b>(14,107)</b>
Net increase/(decrease) in cash and cash equivalents	796	(29,355)	(1,206)
Cash and cash equivalents at beginning of year	53,241	56,693	56,693
Exchange gain/(loss) on cash and cash equivalents	-	300	(2,247)
<b>Cash and cash equivalents at end of period</b>	<b>54,037</b>	<b>27,638</b>	<b>53,241</b>

## Summarised Consolidated Segmental Information

for the six months ended 30 June 2022

	Cresta Urban Oasis P'000	Cresta Urban Heartbeat P'000	Cresta African Roots P'000	Cresta African Fingerprint P'000	Control Unit P'000	Combined P'000
<b>CONSOLIDATED</b>						
Revenue	35,280	33,905	56,551	39,306	(143)	164,899
Operating profit/(loss)	2,976	3,770	8,049	2,387	(956)	16,227
<b>Reportable segment profit/(loss) before tax</b>	<b>2,438</b>	<b>3,752</b>	<b>7,102</b>	<b>1,303</b>	<b>(8,695)</b>	<b>5,900</b>
Income tax credit						3,544
Net profit after tax						9,444
<b>Total assets</b>	<b>108,532</b>	<b>135,473</b>	<b>96,555</b>	<b>97,985</b>	<b>84,836</b>	<b>523,381</b>
<b>Total liabilities</b>	<b>16,224</b>	<b>2,872</b>	<b>54,367</b>	<b>30,335</b>	<b>287,371</b>	<b>391,169</b>

## Summarised Consolidated Segmental Information

for the six months ended 30 June 2021

	Cresta Urban Oasis P'000	Cresta Urban Heartbeat P'000	Cresta African Roots P'000	Cresta African Fingerprint P'000	Control Unit P'000	Combined P'000
<b>CONSOLIDATED</b>						
Revenue	18,547	22,142	35,521	16,092	739	93,041
Operating profit/(loss)	(6,030)	(3,398)	(3,942)	(11,658)	1,486	(23,543)
<b>Reportable segment loss before tax</b>	<b>(6,625)</b>	<b>(3,408)</b>	<b>(5,149)</b>	<b>(12,840)</b>	<b>(7,225)</b>	<b>(35,247)</b>
Income tax expense						-
<b>Net loss after tax from continuing operations</b>						<b>(35,247)</b>
<b>Profit from discontinued operations</b>						<b>1,127</b>
<b>Net loss for the period</b>						<b>(34,120)</b>
<b>Total assets</b>	<b>116,360</b>	<b>139,809</b>	<b>75,569</b>	<b>106,695</b>	<b>47,185</b>	<b>485,618</b>
<b>Total liabilities</b>	<b>22,929</b>	<b>2,708</b>	<b>34,494</b>	<b>33,065</b>	<b>262,728</b>	<b>355,924</b>