



PRESS CORPORATION PLC
SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

In millions of Malawi Kwacha

STATEMENTS OF COMPREHENSIVE INCOME

Table with columns for Consolidated and Separate financial data, split into Audited and Restated for 2022 and 2021. Rows include Revenue and interest income, Expenses, Profit/(Loss) before tax, and Earnings per share.

STATEMENTS OF FINANCIAL POSITION

Table with columns for Consolidated and Separate financial data, split into Audited and Restated for 2022 and 2021. Rows include Non-current assets (Property, plant, equipment, etc.), Current assets, Equity and liabilities, and Minority interest.

STATEMENTS OF CASH FLOWS

Table with columns for Consolidated and Separate financial data, split into Audited and Restated for 2022 and 2021. Rows include Cash generated by (used in) operations, Investing activities, and Financing activities.

STATEMENTS OF CHANGES IN EQUITY

Table with columns for Consolidated and Separate financial data, split into Owner's Equity and Non-controlling interest. Rows include Balance at 1 January 2022, Comprehensive income for the year, and Balance at 31 December 2022.

SEGMENTAL PERFORMANCE

Table showing segmental performance for December 2022 across segments: Financial Services, Telecom, Energy, Consumer Goods, and All other segments.

Table showing recognition of profit on reportable segments to FRs measures, including Revenue, Segment revenue, and Segment profit.

OTHER INFORMATION

Table with columns for Consolidated and Separate financial data, split into Audited and Restated for 2022 and 2021. Rows include Authorised and contracted for, Contingent liabilities, and Capabilities.

RESTATEMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Group has restated its prior year consolidated financial statements. This is the group's view that these changes achieve greater compliance with International Reporting Standards. Details of the restatements are as follows:
Restatements and Presentation - Group
During the year, the Group revised classification and presentation of its Consolidated Financial Statements in order to align with the requirements of IAS 1 'Presentation of Financial Statements'.

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements in order to meet the listing requirements of the Malawi Stock Exchange. The Directors confirm that the financial statements and related information comply with the requirements of the Malawi Stock Exchange. The Directors have prepared the summary consolidated and separate financial statements in accordance with the requirements of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated and separate financial statements. The summary consolidated and separate financial statements were extracted from the audited annual financial statements which were approved by the directors on 26 May 2023 and are available on the company website www.presscorp.com

PERFORMANCE OVERVIEW

The Board of Press Corporation Plc (PCL) is pleased to announce the audited financial results for the Group for the year ended 31st December 2022.
The operating environment in the financial year ending December 2022 (FY2022) was challenging, given that the recovery registered in 2021 was watered down by several factors including rising interest rates, energy supply, paucity of foreign exchange, and weather-related shocks which reduced agricultural output. This was exacerbated by supply chain disruptions emanating from the ongoing conflict between Russia and Ukraine. As a result, the Malawi economy registered real GDP growth of only 1.2 per cent, down from 4.6 per cent in 2021.

OPERATING ENVIRONMENT

The macroeconomic landscape remains uncertain as risks to the outlook are heavily skewed towards the downside. The Group will remain poised to actively manage the portfolio in the face of the current market dynamics, leveraging on its strong track record diversified asset base, strong capabilities, and synergistic benefits. The Group's current strategy is centred around growth through investing in capacity for the future and optimising existing assets. It is with this in mind that the Group envisages organic growth through expansion projects in the identified businesses to unlock, commercialise and sustainable portfolio. Portfolio rebalancing is ongoing with the Group pursuing targeted projects in the renewable energy space as well as the processing and manufacturing sectors. The Group is also working on an expansion strategy through mergers and acquisitions move. The Board remains committed to achieving the Group's strategic priorities while navigating the broader market and economic challenges.

GROUP PERFORMANCE

In 2022, the Group achieved MK288 billion in revenue, up 16% from MK242 billion recorded in the previous year (2021). Revenue is attributed to the policy rate to 20% basis points and 400 basis points in the second and fourth quarters, respectively. In its quest to manage foreign exchange shortages and external imbalances, the RBI devalued the Malawi Kwacha exchange rate against the United States Dollar by 26.1 per cent in May 2022. Overall, the Malawi Kwacha depreciated markedly against all major trading currencies including the US Dollar, the British Pound Sterling, the South African Rand, and the Euro.

SEGMENTAL PERFORMANCE

The Financial Services Segment, National Bank of Malawi Plc continued to perform well, recording a 33% increase in revenue, up 16% from MK242 billion in 2021. The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion. The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion. The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion. The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion.

THE TELECOMMUNICATIONS SEGMENT: TELEKOM NETWORKS MALAWI PLC AND MALAWI TELECOMMUNICATIONS LIMITED

The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion. The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion. The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion. The segment reported a loss of MK3 billion in 2022, being 16% per cent below the prior year profit of MK3 billion.

THE ENERGY SEGMENT: PRESS CANE LIMITED AND ETHANOL COMPANY LIMITED

The segment reported a 4% per cent increase in turnover to MK28 billion on the prior year base of MK24.3 billion. However, its profitability declined by 1% per cent from the prior year's profit of MK4.6 billion to MK4.3 billion in 2022. This was largely due to sluggish sales occasioned by shortages of petrol and diesel on the local market. Production machinery challenges and feedstock supply challenges, the compressed and old operating hours that installed capacity due to challenges in feedstock and ethanol market treatment plans, and other plant efficiency management capabilities will be commissioned at all companies during 2022. It will result in the production of organic fertiliser and bio-gas.

AI-O-OTHER SEGMENT: PCL head office, The Foods Company Limited (TFCL) and Press Properties Limited

Overall, the Group's performance was profitable. At MK288 billion, the PCL made a profit after tax of MK16.1 billion which was 47% per cent above prior year on account of a loss in finance costs by 44%, reduced overheads by 15% and increased dividend received by 32%. The Group's profit after tax of MK16.1 billion in 2022 was 47% per cent above prior year. Moving forward, the company is expected to increase its footprint in the property development and management business segment. TFCL, however, down its production activities towards the end of the year. The company continued making losses, and its loss grew by 30 per cent due to low harvests and an increase in finance costs. The search for an equity investor in the company is ongoing.

Joint Ventures: PUMA Energy Malawi Limited and Macsteel Malawi Limited

PUMA's profit of MK4.6 billion was 4% per cent above the prior year profit of MK4.1 billion, notwithstanding the fuel supply challenges experienced. Looking ahead, a new strategy to enhance the value proposition in service stations will be implemented.
Macsteel experienced a 6% per cent reduction in profitability on the prior year performance of MK2.1 billion. The company was heavily affected by foreign exchange shortages, as the business primarily relies on imports for its materials. Macsteel is expected to bounce back in 2023 once normal supplies of raw materials resume, subject to foreign exchange availability.

Associated companies: Limbe Leaf Tobacco Company Limited, LifeCo Holdings Limited and Open Cornnet Limited

Limbe Leaf reported a profit after tax of MK3.1 billion in 2022, which was 5% per cent above the prior year profit after tax of MK2.3 billion. Factory processing volumes were 27 per cent lower than the previous year following a lower national crop. On 16th per cent above, LifeCo reported a group profit which was 165 per cent above the prior year reported loss. Looking ahead, the company will continue developing innovative products in the market.

Outlook

The macroeconomic landscape remains uncertain as risks to the outlook are heavily skewed towards the downside. The Group will remain poised to actively manage the portfolio in the face of the current market dynamics, leveraging on its strong track record diversified asset base, strong capabilities, and synergistic benefits. The Group's current strategy is centred around growth through investing in capacity for the future and optimising existing assets. It is with this in mind that the Group envisages organic growth through expansion projects in the identified businesses to unlock, commercialise and sustainable portfolio. Portfolio rebalancing is ongoing with the Group pursuing targeted projects in the renewable energy space as well as the processing and manufacturing sectors. The Group is also working on an expansion strategy through mergers and acquisitions move. The Board remains committed to achieving the Group's strategic priorities while navigating the broader market and economic challenges.

By the Order of Board

Mr. Ronald Mwenda, Chairman and Chief Executive Officer

Report of the Independent Auditor on the Summary Consolidated and Separate Financial Statements

To the Members of Press Corporation Plc

Opinion

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2022, and the summary consolidated and separate statements of comprehensive income, revenue, consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from audited consolidated and separate financial statements of Press Corporation Plc for the year ended 31 December 2022. In our opinion, the accompanying summary consolidated and separate financial statements are a fair summary of the audited consolidated and separate financial statements, and on the basis described in the basis of preparation paragraph.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Summary Consolidated and Separate Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the auditor's report thereon do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

The Audited Consolidated and Separate Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 30 June 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements the current year. The Director's Responsibility for the Summary Consolidated and Separate Financial Statements. The Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis described in the basis of preparation paragraph.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are a fair summary of audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 910 (Revised) Elements to Report on Summary Financial Statements. Chartered Accountants, Vilungu Plaza Partner, 30 June 2023

