

AUDITED RESULTS AND SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2022

The Board of Directors of TPS Eastern Africa PLC is pleased to announce the audited results and summary financial statements for the year ended 31st December 2022

CONSOLIDATED SUMMARISED STATEMENT OF PROFIT OR LOSS

	Year ended	
	31-Dec-22	31-Dec-21 Restated
	Shs'000	Shs'000
Revenue from contracts with customers	6,944,306	3,287,798
Profit before depreciation, finance income / (costs), results of associates and income tax credit / (expense)	1,845,283	284,513
Finance costs	(274,503)	(283,283)
Unrealised exchange loss	(312,148)	(41,719)
Depreciation on right of use asset	(40,102)	(44,531)
Depreciation on property and equipment	(574,158)	(586,611)
Share of profit / (loss) of associates	33,513	(41,225)
Profit / (Loss) before income tax	677,885	(712,856)
Income tax (charge) / credit	(298,190)	73,707
Profit / (Loss) for the year	379,695	(639,149)
Attributable to:		
Equity holders of the Company	337,587	(624,878)
Non-controlling interest	42,108	(14,271)
	379,695	(639,149)
Earnings per share attributable to the equity holders of the Company - basic and diluted (Shs per share)	1.45	(3.43)
Weighted average number of shares ('000)	232,413	182,174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	31-Dec-22	31-Dec-21 Restated
	Shs'000	Shs'000
Profit / (Loss) for the year	379,695	(639,149)
Other comprehensive income: Items that may be subsequently reclassified to profit or loss		
Currency translation differences, net of tax	(82,525)	68,714
Actuarial losses	(17,711)	-
Deferred tax on actuarial losses	5,313	-
	(94,923)	68,714
Total comprehensive profit / (loss) for the year	284,772	(570,435)
Attributable to:		
Equity holders of the Company	242,664	(556,164)
Non-controlling interest	42,108	(14,271)
Total comprehensive profit / (loss) for the year	284,772	(570,435)

The comparative figures in the financial statements have been restated to correct an understatement of accumulated depreciation arising from incorrect classification of certain items of furniture and fittings.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Capital and reserves attributable to the Company's equity holders	2022	2021	1 January 2021
	Shs'000	Restated Shs'000	Restated Shs'000
Share capital	282,651	182,174	182,174
Share premium	6,001,741	4,392,668	4,392,668
Revaluation reserve	2,282,094	2,314,606	2,332,251
Translation reserve	(912,059)	(829,534)	(898,248)
Retained earnings	1,206,461	848,760	1,456,000
	8,860,888	6,908,674	7,464,845
Non-controlling interest	781,327	739,219	753,490
Total equity	9,642,215	7,647,893	8,218,335
Non-current liabilities			
Borrowings	3,604,701	5,591,952	4,963,551
Deferred income tax liability	1,528,772	1,313,855	1,420,025
Lease liability	292,178	243,917	369,950
Retirement benefit obligations	94,227	39,767	44,158
Total non-current liabilities	5,519,878	7,189,491	6,797,684
Total equity and non-current liabilities	15,162,093	14,837,384	15,016,019
Non-current assets			
Property and equipment	12,696,055	12,942,513	13,308,475
Intangible assets	1,271,952	1,271,952	1,271,952
Right of use asset	387,431	318,271	345,293
Investment in associates	819,118	785,605	828,830
Deferred income tax asset	10,903	11,188	8,991
	15,185,459	15,329,529	15,761,541
Current assets			
Inventories	477,013	411,965	422,090
Receivables and prepayments	1,162,974	1,093,954	738,092
Current income tax	221,346	212,845	201,373
Cash and cash equivalents	660,846	310,805	122,711
	2,522,179	2,029,569	1,484,266
Current liabilities			
Trade and other payables	1,713,203	1,884,648	1,420,403
Borrowings	727,195	602,540	766,048
Lease liability	105,147	30,517	43,337
Current income tax	-	4,009	-
	2,545,545	2,521,714	2,229,788
Net current liabilities	(23,366)	(492,145)	(745,522)
Net assets	15,162,093	14,837,384	15,016,019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserves	Translation reserves	Retained earnings	Proposed dividends	Non-controlling interest	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2022								
At start of year	182,174	4,392,668	2,314,606	(829,534)	848,760	-	739,219	7,647,893
Comprehensive (loss) / income for the year								
Profit for the year	-	-	-	-	337,587	-	42,108	379,695
Other comprehensive (loss) / income:								
Currency translation differences	-	-	-	(82,525)	-	-	-	(82,525)
Actuarial losses	-	-	(17,711)	-	-	-	-	(17,711)
Deferred tax on actuarial losses	-	-	5,313	-	-	-	-	5,313
Transfer of excess depreciation to retained earnings	-	-	(28,734)	-	28,734	-	-	-
Deferred income tax on transfer	-	-	8,620	-	(8,620)	-	-	-
Total other comprehensive (loss) / income	-	-	(32,512)	(82,525)	20,114	-	-	(94,923)
Total comprehensive income / (loss) for the year	-	-	(32,512)	(82,525)	357,701	-	42,108	284,772
Transactions with owners								
Issue of shares	100,477	1,609,073	-	-	-	-	-	-
Dividends: - final for 2021 paid - proposed for 2022	-	-	-	-	-	-	-	-
	100,477	1,609,073	-	-	-	-	-	1,709,550
At end of year	282,651	6,001,741	2,282,094	(912,059)	1,206,461	-	781,327	9,642,215

	Share capital	Share premium	Revaluation reserves	Translation reserves	Retained earnings	Proposed dividends	Non-controlling interest	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2021								
At start of year	182,174	4,392,668	2,332,251	(898,248)	1,498,983	-	753,490	8,261,318
Restatement of Property and equipment Restated 1 January 2021	-	-	-	-	(42,990)	-	-	(42,990)
	182,174	4,392,668	2,332,251	(898,248)	1,455,993	-	753,490	8,218,328
Comprehensive (loss) / income for the year								
Loss for the year	-	-	-	-	(624,878)	-	(14,271)	(639,149)
Other comprehensive (loss) / income:								
Currency translation differences	-	-	-	68,714	-	-	-	68,714
Revaluation during the year	-	-	-	-	-	-	-	-
Deferred tax on restatement	-	-	-	-	-	-	-	-
Transfer of excess depreciation to retained earnings	-	-	(25,207)	-	25,207	-	-	-
Deferred income tax on transfer	-	-	7,562	-	(7,562)	-	-	-
Total other comprehensive (loss) / income	-	-	(17,645)	68,714	17,645	-	-	68,714
Total comprehensive (loss) / income for the year	-	-	(17,645)	68,714	(607,233)	-	(14,271)	(570,435)
Transactions with owners								
Dividends: - final for 2021 paid - proposed for 2022	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
At end of year	182,174	4,392,668	2,314,606	(829,534)	848,760	-	739,219	7,647,893

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended	
	31-Dec-22	31-Dec-21
	Shs'000	Shs'000
Net cash generated from operating activities	1,343,705	129,484
Net cash utilised in investing activities	(277,558)	(27,627)
Net cash (utilised in) / generated from financing activities	(590,537)	129,207
Increase in cash and cash equivalents	475,610	231,064
Movement in cash and cash equivalents		
At start of year	93,234	(133,596)
Increase in cash and cash equivalents	475,610	231,064
Effects of currency translation differences	6,449	(4,234)
At end of year	575,293	93,234

Commentary

TPS Eastern Africa PLC (TPSEAP/the Company/the Group) has remained steadfast and determined in its efforts to 'get back on track' after 30 challenging months from the Covid-19 Pandemic disruptions. Fortunately, despite the turbulent start to the year 2022 given the Omicron Covid-19 variant outbreak, the second half of the year witnessed re-assuring 'green-shoots' of improvement in business enquiries across most of the Group's market segments. The recovery from the foreign corporate and leisure segments complemented the growth trajectory in business levels from the domestic and regional markets that patronised our units for leisure, corporate travel, and events/functions. The Serena city hotels portfolio continued to secure high profile events and diplomatic delegations, further reinforcing the regional rebound in bookings, a trend we expect to continue in 2023, and beyond.

Year 2022 has been a recovery year with the Group doubling its turnover compared to previous year to stand at KShs. 6.9 billion (2021: KShs. 3.3 billion), and 'Profit before unrealised exchange loss, interest, depreciation, results of associates and taxation' at six times that of the previous year to stand at KShs. 1.8 billion (2021: Profit of KShs. 284.5 million), indeed a gratifying performance. The Group continued to implement its innovative, 'pandemic-strengthened' business model, taking a balanced risk management approach with prudent, yet flexible and decisive monitoring of the financial health of the Group. These actions, together with the concerted efforts of our teams who remained determined and committed throughout the year, have to date been delivered without compromising Serena's highest standards of safety, comfort, product, and service across all our operations.

The Company and its subsidiaries contributed to the revenues of the Governments of Kenya, Tanzania, and Uganda in 2022. During the year, the Group contributed in aggregate the equivalent of KShs. 2.2 billion (2021: KShs. 783 million) in direct and indirect taxes as well as KShs. 374 million (2021: KShs. 105 million) in royalties and rents to the revenues of counties and local authorities in the various jurisdictions in which we have a presence within the Eastern Africa region.

As we look ahead, and whilst concerns about the macroeconomic environment that covers economic, health, climate change and geopolitical challenges persists globally and could weigh on the recovery of global tourism in the months ahead, the Group will hopefully return to pre-pandemic performance levels during year 2023; certainly, to the extent that the current booking trends for the year 2023 materialize. The Board and Management therefore remain cautiously confident that the Company is well-positioned for credible growth beyond 2023.

The Group is also progressing its product improvement strategy across the Serena portfolio. As recovery gathers pace in year 2023 and beyond, the Group will continue to pursue management contracts in strategic locations to further complement Serena's established regional brand presence and portfolio in Africa.

The Group adopts Environmental, Social, Economic and Governance practices through daily interactions of its business processes, imperative to achieving our medium to long-term business strategy. Integration of the United Nations Sustainable Development Goals has enabled the Group across the Eastern Africa region to create a meaningful impact in support of: eco-tourism; climate change; water and energy conservation; re-forestation; installation of solar plants; species conservation; respect for local traditions, culture and heritage; education; public health and essentially, community development.

The journey over the last 30 months has undoubtedly demonstrated that Serena Hotels cannot navigate its path to recovery alone. To this end, the Board and Management recognise with gratitude the vital support, confidence, loyalty, and trust that Serena Hotels has received, and continues to receive from its: shareholders, staff, customers, various regulatory authorities; other industry stakeholders as well as other related ancillary sectors. Without such loyalty and self-sacrifice, our situation would have been even more challenging. We look forward to this support continuing during 2023 and beyond.

Dividend

Given the evolving nature of the challenges stated above, the Board of Directors does not recommend the payment of a dividend for the year ended 31 December 2022; and notably whilst the Company concentrates on its strategy to enhance investments in product improvements and business recovery.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on Tuesday, June 27, 2023, at 11.00 a.m. via electronic communication.

By Order of the Board

Dominic Ng'ang'a
Company Secretary

April 26, 2023
Nairobi

The above results are an extract from the Group's audited financial statements for the year ended December 31, 2022.



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