



TPS EASTERN AFRICA PLC

AUDITED RESULTS AND SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2021

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 2021

CONSOLIDATED SUMMARISED STATEMENT OF PROFIT OR LOSS

	Year ended	
	31-Dec-21 Shs'000	31-Dec-20 Shs'000
Revenue from contracts with customers	<u>3,287,798</u>	<u>2,034,160</u>
Profit / (loss) before depreciation, finance income / (costs), results of associates and income tax credit / (expense)	284,513	(437,785)
Finance costs	(325,002)	(586,137)
Depreciation on right of use asset	(44,531)	(43,919)
Depreciation on property and equipment	(577,742)	(496,064)
Share of loss of associates	(41,225)	(95,004)
Loss before income tax	<u>(703,987)</u>	<u>(1,658,909)</u>
Income tax credit	71,046	448,902
Loss for the year	<u>(632,941)</u>	<u>(1,210,007)</u>
Attributable to:		
Equity holders of the Company	(618,670)	(1,150,491)
Non-controlling interest	(14,271)	(59,516)
	<u>(632,941)</u>	<u>(1,210,007)</u>
Earnings per share attributable to the equity holders of the Company - basic and diluted (Shs per share)	(3.40)	(6.32)
Weighted average number of shares ('000)	<u>182,174</u>	<u>182,174</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	31-Dec-21	31-Dec-20
	Shs'000	Shs'000
Loss for the year	(632,941)	(1,210,007)
Other comprehensive (loss) / income:		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences, net of tax	68,714	317,390
Revaluation on land and buildings	-	(67,577)
Deferred tax on revaluation	-	20,273
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	68,714	270,086
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Total comprehensive loss for the year	(564,227)	(939,921)
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Attributable to:		
Equity holders of the Company	(549,956)	(857,503)
Non-controlling interest	(14,271)	(82,418)
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Total comprehensive loss for the year	(564,227)	(939,921)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Capital and reserves attributable to the Company's equity holders	2021 Shs'000	2020 Shs'000
Share capital	182,174	182,174
Share premium	4,392,668	4,392,668
Revaluation reserve	2,314,606	2,332,251
Translation reserve	(829,534)	(898,248)
Retained earnings	897,958	1,498,983
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	6,957,872	7,507,828
Non-controlling interest	<hr/>	<hr/>
	739,219	753,490
Total equity	<hr/>	<hr/>
	7,697,091	8,261,318
Non-current liabilities		
Borrowings	5,591,952	4,963,551
Deferred income tax liability	1,334,937	1,438,446
Lease liability	243,917	369,950
Retirement benefit obligations	39,767	44,158
	<hr/>	<hr/>
Total non-current liabilities	<hr/>	<hr/>
	7,210,573	6,816,105
Total equity and non-current liabilities	<hr/>	<hr/>
	14,907,664	15,077,423
Non-current assets		
Property and equipment	13,012,786	13,369,879
Intangible assets	1,271,952	1,271,952
Right of use asset	318,271	345,293
Investment in associates	785,605	826,830
Deferred income tax asset	11,188	8,991
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	15,399,802	15,822,945
Current assets		
Inventories	411,965	422,090
Receivables and prepayments	1,093,954	738,092
Current income tax	212,852	201,373
Cash and cash equivalents	310,805	122,711
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	2,029,576	1,484,266
Current liabilities		
Trade and other payables	1,884,648	1,420,403
Borrowings	602,540	766,048
Lease liability	30,517	43,337
Current income tax	4,009	-
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	2,521,714	2,229,788
Net current liabilities	<hr/>	<hr/>
	(492,138)	(745,523)
Net assets	<hr/>	<hr/>
	14,907,664	15,077,423

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital Shs'000	Share premium Shs'000	Revaluation reserve Shs'000	Translation reserve Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Non-controlling interest Shs'000	Total Shs'000
At start of year	182,174	4,392,668	2,389,133	(1,215,638)	2,616,994	-	835,908	9,201,239
Comprehensive (loss)/ income for the year								
Loss for the year	-	-	-	-	(1,150,491)	-	(59,516)	(1,210,007)
Other comprehensive (loss)/ income:								
Currency translation differences	-	-	-	317,390	-	-	-	317,390
Revaluation during the year	-	-	(34,860)	-	-	-	(32,717)	(67,577)
Deferred tax on revaluation	-	-	10,458	-	-	-	9,815	20,273
Transfer of excess depreciation to retained earnings	-	-	(46,400)	-	46,400	-	-	-
Deferred tax on transfer	-	-	13,920	-	(13,920)	-	-	-
Total other comprehensive (loss)/ income	-	-	(56,882)	317,390	32,480	-	(22,902)	270,086
Total comprehensive (loss)/ income for the year	-	-	(56,882)	317,390	(1,118,011)	-	(82,418)	(939,921)
Transactions with owners								
Dividends:	-	-	-	-	-	-	-	-
- final for 2019 paid	-	-	-	-	-	-	-	-
At end of year	182,174	4,392,668	2,332,251	(898,248)	1,498,983	-	753,490	8,261,318

	Share capital Shs'000	Share premium Shs'000	Revaluation reserve Shs'000	Translation reserve Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Non-controlling interest Shs'000	Total 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
Comprehensive (loss)/ income for the year								
Loss for the year	-	-	-	-	(618,670)	-	(14,271)	(632,941)
Other comprehensive (loss)/ income:								
Currency translation differences	-	-	-	68,714	-	-	-	68,714
Revaluation during the year	-	-	-	-	-	-	-	-
Deferred tax on revaluation	-	-	-	-	-	-	-	-
Transfer of excess depreciation to retained earnings	-	-	(25,207)	-	25,207	-	-	-
Deferred 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	(601,025)	-	(14,271)	(564,227)
Transactions with owners								
Dividends:								
- final for 2020 paid	-	-	-	-	-	-	-	-
At end of year	182,174	4,392,668	2,314,606	(829,534)	897,958	-	739,219	7,697,091

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended	
	31-Dec-21 Shs'000	Restated 31-Dec-20 Shs'000
Net cash generated from / (used in) operating activities	129,484	(457,713)
Net cash utilised in investing activities	(27,627)	(145,939)
Net cash generated from financing activities	129,207	630,026
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Increase in cash and cash equivalents	231,064	26,374
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Movement in cash and cash equivalents		
At start of year	(133,596)	(152,735)
Increase in cash and cash equivalents	231,064	26,374
Effects of currency translation differences	(4,244)	(7,235)
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At end of year	93,234	(133,596)
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Commentary

For the second consecutive year, TPS Eastern Africa PLC (the "Company") and its subsidiaries (together the "Group") passed through a challenging business landscape due to the Coronavirus Disease (Covid-19) pandemic. Fortunately, despite a disrupted start to the year 2021 as a result of the tightened travel restrictions in response to the outbreak of a new Covid-19 variant, the second half of year 2021 witnessed a re-assuring improvement in business trends.

Due to the global distribution of vaccines, travel restrictions and curfews progressively eased from Q3 2021 as Covid-19 related fatalities reduced remarkably. Thus, as the world was headed towards an uneven recovery, the Group was required to demonstrate agility in response to the rapidly changing circumstances on various fronts of the business. This entailed re-strategizing and managing the Group's financial and operational resources to meet region-specific demands as and when their markets gradually opened up for travel. Whilst recovery trajectories within our international source markets vary, all Serena properties have and will continue to rely on the domestic and regional markets that patronized our units for leisure and corporate travel.

During the year 2021, the Group achieved a turnover of KShs. 3.3 billion (2020: KShs. 2.0 billion), and 'Profit before depreciation, finance income/costs, results of associates and taxation' of KShs. 285 million (2020: Loss of KShs. 438 million), an improvement of 165%. The improved performance was attributed to the strength and regional presence of the Serena brand; refining our strategy to anticipate, connect and respond to our customers' expectations whilst driving more resilience towards volatility; ability to carefully mitigate risk; our financial discipline and the sterling efforts of our teams who demonstrated determination and commitment throughout the year. Through the vital support from our senior lenders, the Group managed to defer senior debt repayments in order to support operations under the exceptionally difficult circumstances.

The Company and its subsidiaries contributed to the revenues of the Governments of Kenya, Tanzania and Uganda in 2021. During the year, the Group contributed in aggregate the equivalent of: KShs. 783 million (2020: KShs. 591 million) in direct and indirect taxes as well as KShs. 105 million (2020: KShs. 112 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.

The effects of Covid-19 have not yet fully disappeared and forecasting remains difficult due to the short lead times in booking patterns. Whilst the markets were further disrupted by the Omicron variant which caused increased uncertainty in travel during early 2022, we are pleased to report that business levels during Q1 2022 have been reassuring. As the trends in business performance particularly, in the second half of year 2022 indicate a marked positive trajectory, based on forward bookings the Board and Management are hopeful that the worst is behind us.

Barring any major challenges, our suppliers of business in traditional and emerging source markets have indicated that whilst we are a long way off from pre-pandemic levels, there is increased interest in selling destination East Africa, and the recent exemption by destination Kenya, Tanzania and Uganda for travellers who are fully vaccinated from the requirement of the Polymerase Chain Reaction (PCR) test for Covid-19, has indeed been well received globally.

While the situation remains highly fluid, the economic consequences of the Russia-Ukraine conflict will impact global economies. Energy and commodity prices have surged, adding to inflationary pressures from supply chain disruptions caused by the Covid-19 pandemic. Consequently, going forward, as the Group leverages on its core competencies to secure competitive advantage, the resilience and agility of our business and operating models across our East African portfolio will continue to be key whilst cost efficiency and cash management will remain critical.

The Group will progress essential property maintenance across the Serena portfolio. As recovery gathers pace in year 2022 and beyond, the Group will be ready to resume expansion, by actively pursuing management contracts in strategic locations.

The Group actively 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 meaningful impact in support of: eco-tourism; climate change; water and energy conservation; re-forestation; installation of solar plants; species conservation; respect for local tradition, culture and heritage; education; public health and essentially, community development.

Even as the world evolves to the "new normal" post the pandemic, Serena Hotels will continue with its long tradition of maintaining high standards of hygiene, safety and comfort in our guest rooms, public spaces and back of house operations as, the well-being of our guests, staff and partners remains our top priority.

The Board and Management would like to recognise with gratitude, the vital support, confidence, loyalty and trust that Serena Hotels are receiving from its shareholders, staff, customers, various regulatory authorities and other stakeholders within the industry as well as other related ancillary sectors. We acknowledge their sacrifices during this exceptionally challenging period. Without their loyalty and self-sacrifice, our situation would have been more challenging. We at Serena look forward to their continued support during the year 2022 and beyond.

Dividend

The Board of Directors does not recommend the payment of a dividend for the year ended 31 December 2021. The Company is concentrating its efforts on ensuring the return to profitability by capitalizing on the expected business rebound and continuous implementation of cost savings plans.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on Tuesday, June 28, 2022, at 11.00 a.m. via electronic communication.

By Order of the Board

Dominic Ng'ang'a
Company Secretary

May 11, 2022
Nairobi

The above results are an extract from the Group's audited financial statements for the year ended December 31, 2021.



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