



# TPS EASTERN AFRICA PLC

## AUDITED RESULTS AND SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

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 2023

### CONSOLIDATED SUMMARISED STATEMENT OF PROFIT OR LOSS

	Year ended	
	31-Dec-23 Shs'000	31-Dec-22 Shs'000
<b>Revenue from contracts with customers</b>	<b>9,684,612</b>	<b>6,944,306</b>
<b>Profit before depreciation, finance income / (costs), results of associates and income tax expense</b>	<b>2,731,895</b>	<b>1,845,283</b>
Finance costs	(1,123,054)	(586,651)
Depreciation on right of use asset	(39,330)	(40,102)
Depreciation on property and equipment	(518,783)	(574,158)
Share of profits of associates	22,955	33,513
<b>Profit before income tax</b>	<b>1,073,683</b>	<b>677,885</b>
Income tax expense	(202,816)	(298,190)
<b>Profit for the year</b>	<b>870,867</b>	<b>379,695</b>
<b>Attributable to:</b>		
Equity holders of the Company	816,591	337,587
Non-controlling interest	54,276	42,108
	<b>870,867</b>	<b>379,695</b>
<b>Earnings per share attributable to the equity holders of the Company</b>		
- basic and diluted (Shs per share)	2.89	1.45
Weighted average number of shares ('000)	282,651	232,413

### CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended	
	31-Dec-23 Shs'000	31-Dec-22 Shs'000
<b>Profit for the year</b>	<b>870,867</b>	<b>379,695</b>
<b>Other comprehensive (loss) / income: Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences, net of tax	835,109	(82,525)
<b>Items that will not be subsequently reclassified to profit or loss:</b>		
Actuarial gains/(losses)	17,976	(17,711)
Deferred tax on actuarial (gains)/ losses	(5,393)	5,313
	<b>847,692</b>	<b>(94,923)</b>
<b>Total comprehensive profit for the year</b>	<b>1,718,559</b>	<b>284,772</b>
<b>Attributable to:</b>		
Equity holders of the Company	1,664,283	242,664
Non-controlling interest	54,276	42,108
<b>Total comprehensive profit for the year</b>	<b>1,718,559</b>	<b>284,772</b>

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2023 Shs'000	2022 Shs'000
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	282,651	282,651
Share premium	6,001,741	6,001,741
Revaluation reserve	2,266,195	2,282,094
Translation reserve	(76,950)	(912,059)
Retained earnings	2,051,534	1,206,461
	10,525,171	8,860,888
<b>Non-controlling interest</b>	<b>835,603</b>	<b>781,327</b>
<b>Total equity</b>	<b>11,360,774</b>	<b>9,642,215</b>
<b>Represented by:</b>		
<b>Non-current liabilities</b>		
Borrowings	3,563,042	3,604,701
Deferred income tax liability	1,807,479	1,528,772
Lease liability	219,729	292,178
Retirement benefit obligations	98,116	94,227
	<b>5,688,366</b>	<b>5,519,878</b>
<b>Non-current assets</b>		
Land and buildings property and equipment	13,702,533	12,696,055
Intangible assets	1,271,952	1,271,952
Right of use asset	353,355	387,431
Investment in associates	842,073	819,118
Deferred income tax asset	7,393	10,903
	<b>16,177,306</b>	<b>15,185,459</b>
<b>Current assets</b>		
Inventories	574,904	477,013
Receivables and prepayments	1,405,622	1,162,974
Current income tax	269,653	221,346
Financial assets	596,293	-
Cash and cash equivalents	848,304	660,846
	<b>3,694,776</b>	<b>2,522,179</b>
<b>Non-current liabilities</b>		
Borrowings	3,563,042	3,604,701
Deferred income tax liability	1,807,479	1,528,772
Lease liability	219,729	292,178
Retirement benefit obligations	98,116	94,227
	<b>5,688,366</b>	<b>5,519,878</b>
<b>Current liabilities</b>		
Trade and other payables	2,133,165	1,713,203
Borrowings	569,589	727,195
Lease liability	120,188	105,147
	<b>2,822,942</b>	<b>2,545,545</b>
<b>Net current assets/(liabilities)</b>	<b>871,834</b>	<b>(23,366)</b>
<b>Net assets</b>	<b>11,360,774</b>	<b>9,642,215</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserve	Translation reserve	Retained earnings	Proposed dividends	Non-controlling interest	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>Year ended 31 December 2022</b>								
<b>At start of year -</b>	182,174	4,392,668	2,314,606	(829,534)	848,760	-	739,219	7,647,893
<b>Comprehensive (loss)/ income for the year</b>								
Loss 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 tax on transfer	-	-	8,620	-	(8,620)	-	-	-
Total other comprehensive (loss)/ income	-	-	(32,512)	(82,525)	20,114	-	-	(94,923)
<b>Total comprehensive (loss)/ income for the year</b>	-	-	(32,512)	(82,525)	357,701	-	42,108	284,772
<b>Transactions with owners</b>								
Issue of shares	100,477	1,609,073	-	-	-	-	-	1,709,550
Dividends:								
- final for 2021 paid	-	-	-	-	-	-	-	-
- proposed for 2022	-	-	-	-	-	-	-	-
	100,477	1,609,073	-	-	-	-	-	1,709,550
<b>At end of year</b>	<b>282,651</b>	<b>6,001,741</b>	<b>2,282,094</b>	<b>(912,059)</b>	<b>1,206,461</b>	<b>-</b>	<b>781,327</b>	<b>9,642,215</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Revaluation reserve</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Proposed dividends</b>	<b>Non-controlling interest</b>	<b>Total</b>
	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>
<b>Year ended 31 December 2023</b>								
<b>At start of year</b>	282,651	6,001,741	2,282,094	(912,059)	1,206,461	-	781,327	9,642,215
<b>Comprehensive (loss)/ income for the year</b>								
Profit for the year	-	-	-	-	816,591	-	54,276	870,867
Other comprehensive (loss)/ income:								
Currency translation differences	-	-	-	835,109	-	-	-	835,109
Actuarial gains	-	-	17,976	-	-	-	-	17,976
Deferred tax on actuarial gains	-	-	(5,393)	-	-	-	-	(5,393)
Transfer of excess depreciation to retained earnings	-	-	(40,688)	-	40,688	-	-	-
Deferred tax on transfer	-	-	12,206	-	(12,206)	-	-	-
Total other comprehensive (loss)/ income	-	-	(15,899)	835,109	28,482	-	-	847,692
<b>Total comprehensive (loss)/ income for the year</b>	-	-	(15,899)	835,109	845,073	-	54,276	1,718,559
<b>Transactions with owners</b>								
Issue of shares	-	-	-	-	-	-	-	-
Dividends:								
- final for 2022 paid	-	-	-	-	-	-	-	-
- proposed for 2023	-	-	-	-	-	-	-	-
<b>At end of year</b>	<b>282,651</b>	<b>6,001,741</b>	<b>2,266,195</b>	<b>(76,950)</b>	<b>2,051,534</b>	<b>-</b>	<b>835,603</b>	<b>11,360,774</b>

### SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended	
	31-Dec-23 Shs'000	31-Dec-22 Shs'000
Net cash generated from operating activities	2,306,121	1,343,705
Net cash utilised in investing activities	(1,068,884)	(277,558)
Net cash utilised in financing activities	(1,097,434)	(590,537)
	<b>139,803</b>	<b>475,610</b>
<b>Increase in cash and cash equivalents</b>		
At start of year	575,293	93,234
Increase in cash and cash equivalents	139,803	475,610
Effects of currency translation differences	77,428	6,449
<b>At end of year</b>	<b>792,524</b>	<b>575,293</b>

### Commentary

In 2023, resilience, adaptability, and unwavering commitment were evident as TPS Eastern Africa PLC (TPSEAP/the Company/the Group), with its portfolio of 22 Hotels, Resorts, Safari Lodges, and Camps within the Eastern Africa Region, not only endured but also regained its footing. As anticipated, market sentiment remained buoyant throughout 2023, signalling a consistent return of confidence in the foreign leisure and corporate market segments. This was further complemented by significant growth in business volumes from both domestic and regional markets spanning leisure, corporate travel, events, and functions. Notably, Serena city hotels continued to be preferred venues for high-profile events and governmental and diplomatic functions. This trend is expected to gain further momentum in 2024.

All TPS entities delivered positive EBITDA (Earnings before Interest, Taxation, Depreciation & Amortization) results for the year 2023. TPSEAP achieved a 40% increase in turnover during the year 2023 compared to previous year to stand at Shs. 9.7 billion (2022: Shs. 6.9 billion), and Profit before depreciation, finance income / (costs), results of associates and income tax expense recorded a 49% growth compared to previous year, to stand at Shs. 2.7 billion (2022: Profit of Shs. 1.8 billion). The depreciation of the Kenya Shilling against the US Dollar led to increased interest costs by Shs. 148.2 million and non-cash unrealized exchange losses by Shs. 408.4 million on the Company's US Dollar-denominated debt compared to the same period last year. However, it is important that the Board reassures its shareholders and other stakeholders that the Company's revenue streams in US Dollars are sufficient to discharge our US Dollar loan obligations due in 2024 and beyond, thereby providing a solid foundation for financial stability moving forward.

The Group will continue to navigate a complex landscape in 2024. This includes political uncertainty, security concerns, high interest rates, currency fluctuations, inflation, and increasing energy costs. These challenges are compounded by broader macroeconomic factors encompassing economic instability, health concerns, climate resilience, and evolving geopolitical instability.

Given the encouraging business levels in 2023 and the evolving nature of the challenges outlined above, the Board and Management have maintained a balanced perspective, combining caution with optimism, regarding the Company's potential for the expected growth in 2024. To thrive amidst these complexities, our strategy will continue to encompass a blend of short-term tactical measures and medium-term transformative initiatives. The enhanced efforts will continue to be directed towards: yield optimization, upgrading the technological infrastructure, developing human resource capacity, enhancing guests' facilities and comfort while investing in renovation and refurbishment of various unit's guest rooms and public areas, fostering equitable relationships with suppliers of business to ensure seamless business transactions, re-engineering internal processes to optimize operational efficiency, managing funds prudently and continuously monitoring and refining the business model to align with the evolving business environment. Our aim is to adapt proactively to market changes and maximize on profitability by adopting cost efficient processes.

For over 50 years, Serena Hotels has pioneered responsible business practices. We actively integrate Environmental, Social, Economic, and Governance (ESG) practices into our daily business operations to align with our medium to long-term business strategy. By incorporating the United Nations Sustainable Development Goals, we've been able to

make meaningful impacts across the Eastern Africa region. This includes promoting eco-tourism, addressing climate change, conserving water, and energy, utilizing treated sewage water, participating in reforestation efforts, installing solar energy systems, preserving biodiversity, respecting local traditions, culture, and heritage, supporting education, and contributing to public health initiatives in communities around our operations.

The Company and its subsidiaries contributed to the revenues of the governments of Kenya, Tanzania, and Uganda in 2023. During the year, the Group contributed, in aggregate, the equivalent of Shs. 2.4 billion (2022: Shs. 2.2 billion) in direct and indirect taxes as well as Shs. 469 million (2022: Shs. 374 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 Board and Management express its gratitude to the governments of East Africa for their efforts in supporting the recovery of the tourism sector. Additionally, we wish to acknowledge with deep appreciation the ongoing support, confidence, loyalty, and trust that Serena Hotels has consistently received from its shareholders, associates (staff), customers, regulatory authorities, and other stakeholders.

### Dividend

The Board of Directors does not recommend the payment of a dividend for the year ended 31<sup>st</sup> December 2023. This decision is informed by prioritizing substantial investments now required in product upgrades and improved technology including enhancement of business resilience measures. It is important to appreciate that these investments were put on hold due to the pandemic.

### Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on Thursday, 27<sup>th</sup> June 2024, at 11.00 a.m. via electronic communication.

### By Order of the Board

Dominic Ng'ang'a  
Company Secretary

23<sup>rd</sup> April 2024  
Nairobi

The above results are an extract from the Group's audited financial statements for the year ended 31<sup>st</sup> December 2023.



SERENA HOTELS

SAFARI LODGES AND CAMPS  
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