

UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2023

The Board of Directors of TPS Eastern Africa PLC is pleased to announce the unaudited results and summary financial statements for the six months ended 30th June 2023

| CONSOLIDATED SUMMARISED INCOME STATEMENT | | | CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | | | | | | | |
|---|--|-------------------------|---|---------------|---------------|---------------------|---------------------|-------------------|--------------------------|------------|
| | | Six months to 30-Jun-23 | Six months to 30-Jun-22 | Share Capital | Share Premium | Revaluation Reserve | Translation Reserve | Retained earnings | Non-controlling interest | Total |
| | | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
| Revenue from contracts with customers | | 3,759,960 | 2,593,289 | 182,174 | 4,392,668 | 2,314,606 | (829,534) | 897,958 | 739,219 | 7,697,091 |
| Profit before unrealised exchange loss, interest, depreciation, results of associates and taxation | | 794,511 | 509,520 | | | | | (52,351) | 28,866 | (23,485) |
| Unrealised exchange loss on foreign currency loans | | (361,823) | (118,849) | | | | | | | |
| Net interest cost | | (201,963) | (124,235) | | | | | | | |
| Depreciation | | (278,734) | (295,950) | | | | | | | |
| Share of results of associates | | 10,895 | 7,456 | | | | (256,709) | | | (256,709) |
| Loss before income tax | | (37,114) | (22,058) | | | | | | | |
| Income tax credit / (charge) | | 6,887 | (1,427) | | | | | | | |
| Loss after taxation | | (30,227) | (23,485) | | | | | | | |
| Attributable to: | | | | | | | | | | |
| Equity holders of the Company | | (52,236) | (52,351) | | | | | | | |
| Non-controlling interest | | 22,009 | 28,866 | | | | | | | |
| | | (30,227) | (23,485) | | | | | | | |
| Loss per share attributable to the equity holders of the Company - basic (Shs. per share) | | (0.18) | (0.19) | | | | | | | |
| Weighted average number of shares ('000's) | | 282,651 | 282,651 | | | | | | | |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | | | | | | | | | | |
| | | Six months to 30-Jun-23 | Six months to 30-Jun-22 | | | | | | | |
| | | Shs'000 | Shs'000 | | | | | | | |
| Loss after taxation | | (30,227) | (23,485) | | | | | | | |
| Other comprehensive income: Items not of tax | | | | | | | | | | |
| Currency translation differences | | 470,897 | (256,709) | | | | 470,897 | | | 470,897 |
| Total comprehensive income / (loss) | | 440,670 | (280,194) | | | | 470,897 | (52,236) | 22,009 | 440,670 |
| Attributable to: | | | | | | | | | | |
| Equity holders of the Company | | 418,661 | (309,060) | | | | (441,162) | 1,154,230 | 803,336 | 10,082,892 |
| Non-controlling interest | | 22,009 | 28,866 | | | | | | | |
| | | 440,670 | (280,194) | | | | | | | |
| SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | | | | | | | | | |
| | | 30-Jun-23 | 30-Jun-22 | | | | | | | |
| | | Shs'000 | Shs'000 | | | | | | | |
| EQUITY | | | | | | | | | | |
| Share capital (Inclusive of share premium) | | 6,284,393 | 6,284,392 | | | | | | | |
| Other reserves | | 1,840,933 | 1,228,363 | | | | | | | |
| Minority interest | | 803,336 | 768,085 | | | | | | | |
| Retained earnings | | 1,154,230 | 845,607 | | | | | | 575,510 | 93,235 |
| Total equity | | 10,082,892 | 9,126,447 | | | | | | 39,153 | (17,279) |
| REPRESENTED BY | | | | | | | | | (91,933) | (69,009) |
| Non-current liabilities | | 5,658,006 | 5,844,471 | | | | | | | |
| Total equity and non-current liabilities | | 15,740,898 | 14,970,918 | | | | | | 522,730 | 6,946 |
| Non-current assets | | 15,639,268 | 15,187,507 | | | | | | | |
| Current assets | | | | | | | | | | |
| Inventories | | 523,087 | 416,564 | | | | | | | |
| Trade and other receivables | | 1,427,056 | 1,111,563 | | | | | | | |
| Current income tax | | 245,503 | 254,412 | | | | | | | |
| Bank and cash balance | | 614,607 | 184,412 | | | | | | | |
| | | 2,810,253 | 1,966,951 | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Trade and other payables | | (1,819,276) | (1,553,610) | | | | | | | |
| Borrowings | | (789,546) | (442,887) | | | | | | | |
| Current income tax | | (7,925) | (9,577) | | | | | | | |
| Bank overdraft | | (91,877) | (177,466) | | | | | | | |
| | | (2,708,623) | (2,183,540) | | | | | | | |
| Net Current Assets/ (Liabilities) | | 101,630 | (216,589) | | | | | | | |
| Net Assets | | 15,740,898 | 14,970,918 | | | | | | | |

Commentary

As expected, during the first half of year 2023 market sentiment continued to indicate a consistent return of confidence from the foreign leisure and corporate market segments across the Serena Hotels portfolio within the East African region. In addition, during the period under review TPS Eastern Africa PLC (TPSEAP/the Company/the Group) recorded an encouraging growth momentum in business levels from the regional corporate and domestic market segments for leisure, corporate travel, and events.

The Group's financial performance for the first half of 2023 demonstrates a significant business improvement compared to the same period in 2022. For the six-months to 30 June 2023, TPS Eastern Africa PLC recorded a 45% increase in turnover compared to previous year to stand at KShs. 3.8 billion [2022: KShs. 2.6 billion], and 'Profit before unrealised exchange loss, interest, depreciation, results of associates and taxation' recorded a 56% growth compared to previous year, to stand at KShs. 795 million [2022: Profit of KShs. 510 million]. The weakening of the Kenya Shilling against the US Dollar resulted in relatively higher debt interest cost and non-cash unrealised exchange losses on the Company's US Dollar denominated debt compared to the corresponding period last year. For the comfort of our shareholders and other stakeholders, it should be noted that the Company generates adequate revenues in US Dollars to cover the US Dollar loan commitments falling due in 2023.

During the period under review, the Company navigated through challenges related to political demonstrations in Kenya, inflationary pressures, rising energy costs including the macroeconomic environment that covers other economic, health, climate change and

geopolitical challenges. Cost efficiency, supply chain logistics and cashflow management will continue to remain critical factors and are reviewed in a pro-active manner.

Given the seasonal nature of the tourism industry in East Africa and the uncertainty arising from the challenges mentioned above amongst others, the financial performance of TPSEAP for the first half of year 2023 should not be taken as a basis to extrapolate a full year's forecast.

Materialization of business from traditional and emerging international source markets has been encouraging with increasing interest in selling destination East Africa. With current business on the books, both Serena Kenya and Serena Tanzania are expected to exceed pre-pandemic performance levels during the Safari peak season from June to October 2023, certainly, to the extent that the current booking trends for the year 2023 materialize. The Serena city hotels portfolio will continue to secure high profile events and diplomatic delegations, further reinforcing the regional rebound in performance, a growth trajectory we expect to continue in 2023 and beyond.

In line with the Company's policy, the Board of Directors does not recommend the declaration of an interim dividend.

By Order of the Board

Dominic Ng'ang'a
Company Secretary

August 29, 2023
Nairobi