

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 2020

| CONSOLIDATED SUMMARISED STATEMENT OF PROFIT OR LOSS | | |
|---|--------------------|------------------|
| | Year ended | |
| | 31-Dec-20 | 31-Dec-19 |
| | Shs'000 | Shs'000 |
| Revenue from contracts with customers | 2,034,160 | 6,823,159 |
| (Loss) / profit before depreciation, finance income (costs), results of associates and income tax credit / (expense) | (437,785) | 1,017,126 |
| Finance costs* | (586,137) | (177,835) |
| Depreciation on right of use asset | (43,919) | (40,906) |
| Depreciation on property and equipment | (496,064) | (447,422) |
| Share of loss of associates | (95,004) | (29,013) |
| (Loss) / profit before income tax | (1,658,909) | 321,950 |
| Income tax credit / (expense) | 448,902 | (140,203) |
| (Loss) / profit for the year | (1,210,007) | 181,747 |
| Attributable to: | | |
| Equity holders of the Company | (1,150,491) | 148,109 |
| Non-controlling interest | (59,516) | 33,638 |
| | (1,210,007) | 181,747 |
| Earnings per share attributable to the equity holders of the Company | | |
| - basic and diluted (\$hs per share) | (6.32) | 0.81 |
| Weighted average number of shares ('000) | 182,174 | 182,174 |

* The finance costs include unrealised exchange loss on foreign currency loans of Shs. 313M compared to unrealised exchange gain of Shs. 32M in the prior year.

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | | |
|---|--------------------|-----------------|
| | Year ended | |
| | 31-Dec-20 | 31-Dec-19 |
| | Shs'000 | Shs'000 |
| (Loss) / profit for the year | (1,210,007) | 181,747 |
| Other comprehensive (loss) / income: Items that may be subsequently reclassified to profit or loss | | |
| Currency translation differences | 317,390 | (54,321) |
| Revaluation on land and buildings | (67,577) | - |
| Deferred tax on revaluation | 20,273 | - |
| | 270,086 | (54,321) |
| Total comprehensive (loss) / income for the year | (939,921) | 127,426 |
| Attributable to: | | |
| Equity holders of the Company | (857,503) | 93,788 |
| Non-controlling interest | (82,418) | 33,638 |
| Total comprehensive (loss) / income for the year | (939,921) | 127,426 |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER | | |
|--|-------------------|-------------------|
| | 2020 | 2019 |
| | Shs'000 | Shs'000 |
| Capital and reserves attributable to the Company's equity holders | | |
| Share capital | 182,174 | 182,174 |
| Share premium | 4,392,668 | 4,392,668 |
| Revaluation reserve | 2,332,251 | 2,389,133 |
| Translation reserve | (898,249) | (1,215,638) |
| Retained earnings | 1,699,983 | 2,616,994 |
| | 7,507,828 | 8,365,331 |
| Non-controlling interest | 753,490 | 835,908 |
| Total equity | 8,261,318 | 9,201,239 |
| Non-current liabilities | | |
| Borrowings | 4,963,551 | 3,587,202 |
| Deferred income tax liability | 1,438,446 | 1,842,764 |
| Lease liability | 369,950 | 425,495 |
| Retirement benefit obligations | 44,158 | 41,983 |
| Total non-current liabilities | 6,816,105 | 5,897,444 |
| Total equity and non-current liabilities | 15,077,423 | 15,098,683 |
| Non-current assets | | |
| Property and equipment | 13,369,879 | 13,448,262 |
| Intangible assets | 1,271,952 | 1,271,952 |
| Right of use asset | 345,293 | 421,560 |
| Investment in associates | 826,830 | 921,834 |
| Deferred income tax asset | 8,991 | 2,699 |
| | 15,822,945 | 16,066,307 |
| Current assets | | |
| Inventories | 422,090 | 459,983 |
| Receivables and prepayments | 738,092 | 1,139,680 |
| Current income tax | 201,372 | 172,929 |
| Cash and cash equivalents | 122,711 | 147,560 |
| | 1,484,265 | 1,920,152 |
| Current liabilities | | |
| Trade and other payables | 1,420,403 | 1,926,286 |
| Borrowings | 509,740 | 647,520 |
| Lease liability | 43,337 | 12,091 |
| Bank overdraft | 256,307 | 300,304 |
| Current income tax | - | 1,575 |
| | 2,229,787 | 2,887,776 |
| Net current liabilities | (745,522) | (967,624) |
| Net assets | 15,077,423 | 15,098,683 |

| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | | | | | | | |
|---|----------------|------------------|----------------------|----------------------|-------------------|--------------------|--------------------------|
| | Share capital | Share premium | Revaluation reserves | Translation reserves | Retained earnings | Proposed dividends | Non-controlling interest |
| | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
| Year ended 31 December 2019 | | | | | | | |
| At start of year | 182,174 | 4,392,668 | 2,423,447 | (1,161,317) | 2,434,571 | 63,761 | 802,270 |
| Comprehensive (loss) / income for the year | - | - | - | - | 148,109 | - | 33,638 |
| Profit for the year | - | - | - | - | 148,109 | - | 33,638 |
| Other comprehensive (loss) / income: | | | | | | | |
| Currency translation differences | - | - | - | (54,321) | - | - | - |
| Transfer of excess depreciation to retained earnings | - | - | (49,020) | - | 49,020 | - | - |
| Deferred income tax on transfer | - | - | 14,706 | - | - | - | - |
| | - | - | (34,314) | (54,321) | 34,314 | - | - |
| Total other comprehensive (loss) / income | - | - | (34,314) | (54,321) | 34,314 | - | - |
| Total comprehensive (loss) / income for the year | - | - | (34,314) | (54,321) | 182,423 | - | 33,638 |
| Transactions with owners | | | | | | | |
| Dividends: | | | | | | | |
| - final for 2018 paid | - | - | - | - | - | (63,761) | - |
| | - | - | - | - | - | (63,761) | - |
| At end of year | 182,174 | 4,392,668 | 2,389,133 | (1,215,638) | 2,616,994 | - | 835,908 |

| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | | | | | | | |
|---|----------------|------------------|----------------------|----------------------|-------------------|--------------------|--------------------------|
| | Share capital | Share premium | Revaluation reserves | Translation reserves | Retained earnings | Proposed dividends | Non-controlling interest |
| | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
| Year ended 31 December 2020 | | | | | | | |
| At start of year | 182,174 | 4,392,668 | 2,389,133 | (1,215,638) | 2,616,994 | - | 835,908 |
| Comprehensive loss for the year | - | - | - | - | (1,150,491) | - | (59,516) |
| Loss for the year | - | - | - | - | (1,150,491) | - | (59,516) |
| Other comprehensive loss: | | | | | | | |
| Currency translation differences | - | - | 317,390 | - | - | - | - |
| Revaluation during the year | - | - | (34,860) | - | - | - | (32,717) |
| Deferred income tax on revaluation | - | - | 10,458 | - | - | - | 9,815 |
| Transfer of excess depreciation to retained earnings | - | - | (46,400) | - | 46,400 | - | - |
| Deferred income tax on transfer | - | - | 13,920 | - | (13,920) | - | - |
| Total other comprehensive (loss) / income | - | - | (56,882) | 317,390 | 32,480 | - | (22,902) |
| Total comprehensive (loss) / income for the year | - | - | (56,882) | 317,390 | (1,118,011) | - | (82,418) |
| 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 |

| SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS | | |
|--|------------------|------------------|
| | Year ended | |
| | 31-Dec-20 | 31-Dec-19 |
| | Shs'000 | Shs'000 |
| Net cash (utilised in) / generated from operating activities | (799,718) | 1,159,138 |
| Net cash (utilised in) investing activities | (146,248) | (658,817) |
| Net cash generated from / (utilised in) financing activities | 717,661 | (529,949) |
| Decrease in cash and cash equivalents | (228,305) | (29,625) |
| Movement in cash and cash equivalents | | |
| At start of year | (152,735) | (180,563) |
| Decrease in cash and cash equivalents | (228,305) | (29,625) |
| Effects of currency translation differences | 247,444 | 57,453 |
| At end of period | (133,596) | (152,735) |

COMMENTARY

The year 2020 has been one of the most difficult years that the global hospitality industry has ever experienced, and unlike past challenges faced by the East African tourism industry, such as terrorist attacks and political disruptions, the magnitude of the Covid-19 pandemic was not foreseen and has resulted in a devastating impact due to the uncertainty in its evolving nature.

Regrettably, as the pandemic took hold and intensified globally, the Company (TPS Eastern Africa PLC/the Company/the Group) like all players in the hospitality sector, faced serious disruption and the Company braced itself for an unexpectedly difficult year 2020. Serena properties experienced material cancellations related to the pandemic due to flight cancellations from source markets, emerging global public health policies disrupting international travel, precautionary actions undertaken by the respective East African Government Authorities; and the mass lockdown of travel amongst regional and international corporate and leisure travellers.

Clearly the operating environment throughout this pandemic has required from both the Board and Management, an unwavering and diligent crisis management approach, so that market, customer and employee centred decisions could be made and optimised to the extent possible. Consequently, given the immediate and material downturn in our business levels and government restrictions (which continue to evolve in 2021), tough decisions were implemented during the year 2020 resulting in: temporary closure of the Serena properties from April to June 2020, and thereby, enforced reduction in operating costs (such as payroll cost reductions and review of supplier contracts) and keeping on hold non-essential capital investments in order to prudently manage cash flows. Fortunately, announcements by the East African Governments on the gradual re-opening of economies resulted in tactical re-opening of most Serena properties, albeit on a scaled down operating basis from July 2020. Bookings have been at very short lead times and rates are well below market norms as supply of rooms available exceeds demand.

In September 2020, Serena's regional footprint and brand was established in the Democratic Republic of Congo through the award of a Management Contract in year 2018 that resulted in the opening of Goma Serena Hotel and the product has been well received in the market.

Against this unprecedented backdrop of the global health crisis, TPS Eastern Africa PLC achieved a turnover of KShS. 2.0 billion (2019: KShS. 6.8 billion), and 'loss before depreciation, finance costs, results of associates and income tax credit' of KShS. 438 million, down 143% (2019: Profit of KShS. 1 billion) for the year 2020. Whilst necessary and difficult measures were taken to reduce fixed and operating costs it was not sufficient to cover the material loss revenues, thereby adversely impacting cash flows. Consequently, the Group through the vital support from its senior lenders managed to defer debt repayments whilst entering into additional credit facilities in order to support operations under the exceptionally difficult circumstances.

The major challenge continues to be not being able to predict the immediate, short and mid-term business outlook as the situation keeps evolving (e.g. our experiencing of the second and third waves of the pandemic, as well as the new Covid-19 variants in our source markets), resulting in changes in restrictions being announced with shorter notice and/or without notice by governments within the Eastern Africa region and the source markets as well as by airlines. This continuing uncertainty makes forecasting exceptionally difficult. On a positive note, reports indicate that, as testing capacity and technology improve and the vaccinated population increases in the East African countries and our source markets,

the possibilities of re-opening the air space and removing quarantine measures are being considered by various authorities in all jurisdictions.

Barring any major challenges, our suppliers of business are reasonably confident that traveller demand will rise once the infection curve flattens following the global vaccine roll-out. Given the pent-up demand in regional and international travel, we should expect a turnaround in our performance, perhaps from the third or fourth quarter of the year 2021. The corporate market is expected to pick up earlier than the leisure market as various business sectors become more active. Whilst the situation in terms of business is dire and we are a long way off from pre-pandemic levels, Management believe our resilient and diversified business model will deliver meaningful improvement in portfolio performance over time, and passionately grow our market share once again in the future's 'new normal', whilst ensuring that cash flows are sensitively managed and preserved across the Group.

Prior to re-opening the Serena properties from July 2020, our rigorous hygiene and safety protocols have been enhanced with the appropriate recommendations and compliance measures as prescribed by the Ministries of Health across the East African region; and the World Health Organization to minimise the attendant Covid-19 health-related risks to our staff and guests.

Our prayers and thoughts go out to all those who have been affected by this unprecedented Covid-19 pandemic. We would also like to extend our heartfelt gratitude and admiration to the healthcare workers; research scientists; local communities; governments of Eastern Africa, the rest of Africa and indeed internationally for working on the front line to contain this pandemic. We have tried to play our modest part during these exceptional times, to the extent possible, by providing meals to some of the frontline staff and food donations towards various pandemic response programs.

The Board and Management would like to recognise with gratitude, the vital support, confidence, loyalty and trust that Serena Hotels have continued to receive from its shareholders, staff, customers, various regulatory authorities and other stakeholders within the industry and other related ancillary services for their sacrifices during this exceptionally challenging period. Without that loyalty and self-sacrifice, our situation would have been difficult indeed.

The Company is bracing itself for another difficult year 2021, and to this effect, the Board of Directors do not recommend the payment of a dividend for year 2020.

Following receipt of the 'No Objection' from Capital Markets Authority, notice is hereby given that the Annual General Meeting of the Company will be held on Monday, June 28, 2021, at 11.00 a.m. via electronic communication due to the ongoing Covid-19 pandemic.

By Order of the Board

Dominic Ng'ang'a
Company Secretary
May 25, 2021
Nairobi



The above results are an extract from the Group's audited financial statements for the year ended December 31, 2020.