

HOTELEST LIMITED AND ITS SUBSIDIARIES

Abridged interim unaudited financial statements for the period ended June 30, 2023

STATEMENT OF PROFIT OR LOSS					COMMENTS
THE GROUP - (MUR'000)	6 months to		3 months to		
	Jun-23 Unaudited	Jun-22 Unaudited	Jun-23 Unaudited	Jun-22 Unaudited	Dec-22 Audited
Revenue	2,969,064	2,495,064	1,177,919	1,050,173	5,091,004
Earnings before interest, taxation, depreciation and amortisation	953,198	738,471	174,758	146,631	1,522,354
Allowance charged on expected credit losses	-	-	3,611	3,770	(22,732)
Depreciation and amortisation	(327,217)	(315,105)	(164,434)	(156,533)	(638,064)
Operating profit/(loss)	625,981	423,366	13,935	(6,132)	861,558
Finance income	13,409	4,998	6,594	1,104	14,610
Finance costs	(377,196)	(295,445)	(190,017)	(142,051)	(640,545)
Loss on deemed disposal of investment in associates	(12,075)	-	(12,075)	-	-
Share of results of associates	90,962	64,624	13,390	3,752	150,616
Profit/(loss) before taxation	341,081	197,543	(168,173)	(143,327)	386,239
Income tax expense	(45,407)	(20,846)	(8,449)	(6,275)	(141,539)
Profit/(loss) for the period	295,674	176,697	(176,622)	(149,602)	244,700
Attributable to:					
Owners of the parent	141,001	86,313	(93,369)	(76,966)	111,899
Non-controlling interests	154,673	90,384	(83,253)	(72,636)	132,801
	295,674	176,697	(176,622)	(149,602)	244,700
Basic and diluted earnings/(loss) per share (MUR)	2.52	1.54	(1.67)	(1.38)	2.00

1. Principal activity
The only activity of Hotelest Limited is to hold 51% of the share capital of Constance Hotels Services Limited (CHSL).

2. Consolidation and Accounting Standards
The abridged financial statements for the six months and quarter ended 30 June 2023 are unaudited. The accounting policies and standards used in the preparation of these abridged unaudited financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2022.

3. General Comments
The growth of tourist arrivals for the second quarter 2023 followed that of the first quarter in all of CHSL's main destinations, allowing Mauritius and Seychelles to close the gap with 2019 arrivals. Thus, the second quarter 2023 saw growth of 30.6%, 8.9% and 7.4% for Mauritius, Maldives and Seychelles respectively when compared to that of 2022.

4. Results
The performance of CHSL for the semester of 2023 was good overall. The combined Owned and Managed hotels' occupancy reached 79.9% (June 2022: 70.5%) with an improved RevPAR and TRevPAR of MUR 14,909 (June 2022: MUR 12,412) and MUR 24,534 (June 2022: MUR 21,193) respectively. Group revenue totalled MUR 2,969 million (June 2022: MUR 2,495 million) generating an improved EBITDA of MUR 953 million (June 2022: MUR 738 million), resulting from high occupancies in Mauritius mainly and favourable exchange rates. Despite a significant drop in Group borrowings from MUR 5.7 billion to MUR 4.7 billion since June 2022, finance costs for the period remained higher than last year's first semester, at MUR 377 million (June 2022: MUR 295 million) as a result of the successive interest rate hike decisions since June 2022. Share of profit from associates, arising mainly from positive contributions from CHSL's operations in the Seychelles and Madagascar, amounted to MUR 91 million (June 2022: MUR 65 million). The net effect is nevertheless reduced by MUR 12 million following the deemed disposal of an investment in associates. After accounting for taxation of MUR 45 million (June 2022: MUR 21 million), the Group profit for the first semester 2023 was MUR 296 million (June 2022: MUR 177 million).

5. Outlook
Tourism continues to face some challenges due to geopolitical tensions, high worldwide inflation and increase in interest rates. Nonetheless, tourist arrivals continue to grow further and we foresee a strong year for CHSL's hotels in Mauritius, Seychelles and Madagascar. CHSL's performance in the Maldives will remain subdued as fierce competition and slow recovery of the Asian source market have an impact on occupancy. With bookings in hand for the rest of 2023 and provided that there is no deterioration in the economic conditions, we should post good results for the year 2023.

By order of the Board
ECS Secretaries Ltd
Secretary
14 August 2023

The statement of direct and indirect interests of insiders pursuant to rule 8(2)(m) of the Securities (Disclosure obligations of Reporting Issuers) Rules 2007 is available free of charge upon request from the Company Secretary, ECS Secretaries Ltd, 3rd Floor, Labama House, 35 Sir William Newton Street, Port Louis. The financial statements are issued pursuant to DEM Listing Rule 17 and Securities Act 2005. The Board of Hotelest Limited accepts full responsibility for the accuracy of these financial statements. Copies of these abridged unaudited financial statements are available to the public free of charge at 3rd floor, Labama House, 35 Sir William Newton Street, Port Louis, Mauritius.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
THE GROUP - (MUR'000)	6 months to		3 months to	
	Jun-23 Unaudited	Jun-22 Unaudited	Jun-23 Unaudited	Jun-22 Unaudited
Profit/(loss) for the period	295,674	176,697	(176,622)	(149,602)
Other comprehensive income for the period	169,376	(69,353)	(21,775)	(106,112)
Total comprehensive income for the period	465,050	107,344	(198,397)	(255,714)
Attributable to:				
Owners of the parent	226,838	50,743	(104,424)	(131,055)
Non-controlling interests	238,212	56,601	(93,973)	(124,659)
	465,050	107,344	(198,397)	(255,714)

STATEMENT OF FINANCIAL POSITION				
THE GROUP - (MUR'000)	6 months to		3 months to	
	Jun-23 Unaudited	Jun-22 Unaudited	Jun-23 Unaudited	Jun-22 Unaudited
Assets				
Non-Current Assets				
Property, plant and equipment	8,314,754	8,164,728	8,164,728	8,314,067
Rights-of-use assets	4,252,854	4,266,525	4,266,525	4,146,020
Intangible assets	6,568	6,531	6,531	8,184
Investments in associates	1,936,573	2,006,481	2,006,481	2,099,623
Deferred tax assets	97,657	113,002	113,002	97,629
	14,608,406	14,557,267	14,557,267	14,665,523
Current Assets				
	1,548,284	1,326,472	1,326,472	1,745,942
Total Assets	16,156,690	15,883,739	15,883,739	16,411,465
Equity and Liabilities				
Owners' interest	2,481,674	2,146,982	2,146,982	2,263,315
Convertible bonds	961,715	646,980	646,980	961,715
Non-controlling interests	2,360,731	2,038,026	2,038,026	2,151,538
Total equity	5,804,120	4,831,988	4,831,988	5,376,568
Non-Current Liabilities				
Borrowings	4,152,724	5,421,026	5,421,026	4,922,619
Lease liabilities	4,148,808	4,015,988	4,015,988	4,014,561
Deferred tax liabilities	95,016	23,789	23,789	92,418
Employee benefit obligations	507,756	390,826	390,826	507,757
	8,904,304	9,851,629	9,851,629	9,537,355
Current Liabilities				
	1,448,266	1,200,122	1,200,122	1,497,542
Total Liabilities	10,352,570	11,051,751	11,051,751	11,034,897
Total Equity and Liabilities	16,156,690	15,883,739	15,883,739	16,411,465
Net Asset Value per share (MUR)	44.38	38.39	38.39	40.47

STATEMENT OF CASH FLOW				
THE GROUP - (MUR'000)	6 months to		12 months to	
	Jun-23 Unaudited	Jun-22 Unaudited	Jun-23 Unaudited	Dec-22 Audited
Net cash generated from operating activities	544,279	500,014	500,014	1,286,948
Net cash generated from/(used in) investing activities	360,053	(42,060)	(42,060)	(199,263)
Net cash used in financing activities	(1,179,559)	(133,641)	(133,641)	(507,027)
(Decrease)/increase in cash and cash equivalents	(275,227)	324,313	324,313	580,658
Foreign exchange difference	32,123	12,137	12,137	4,488
Cash and cash equivalents at beginning of the period	341,449	(243,697)	(243,697)	(243,697)
Cash and cash equivalents at end of the period	98,345	92,753	92,753	341,449

STATEMENT OF CHANGES IN EQUITY							
THE GROUP - (MUR'000)	Attributable to owners of the parent				Convertible bonds	Non-controlling interests	Total equity
	Stated capital	Revaluation and other reserves	Retained earnings	Owners' interest			
At January 1, 2023	1,102,001	1,913,079	(751,765)	2,263,315	961,715	2,151,538	5,376,568
Total comprehensive income for the period	-	85,837	141,001	226,838	-	238,212	465,050
Interest on convertible bonds	-	-	(8,479)	(8,479)	-	(8,577)	(17,056)
Dividends	-	-	-	-	-	(20,442)	(20,442)
Balance at June 30, 2023	1,102,001	1,998,916	(619,243)	2,481,674	961,715	2,360,731	5,804,120
At January 1, 2022	1,102,001	1,851,250	(851,250)	2,102,001	646,980	2,006,807	4,755,788
Total comprehensive income for the period	-	(35,570)	86,313	50,743	-	56,601	107,344
Interest on convertible bonds	-	-	(5,762)	(5,762)	-	(5,751)	(11,513)
Dividends	-	-	-	-	-	(19,631)	(19,631)
Balance at June 30, 2022	1,102,001	1,815,680	(770,699)	2,146,982	646,980	2,038,026	4,831,988
At January 1, 2022	1,102,001	1,851,250	(851,250)	2,102,001	646,980	2,006,807	4,755,788
Profit for the year	-	-	111,899	111,899	-	132,801	244,700
Other comprehensive income for the year	-	61,829	-	61,829	-	59,594	121,423
Issue of convertible bonds, net of transaction costs	-	-	-	-	314,735	-	314,735
Interest on convertible bonds	-	-	(12,414)	(12,414)	-	(12,422)	(24,836)
Dividends	-	-	-	-	-	(35,242)	(35,242)
At December 31, 2022	1,102,001	1,913,079	(751,765)	2,263,315	961,715	2,151,538	5,376,568

GEOGRAPHICAL INFORMATION						
THE GROUP - (MUR'000)	6 months to Jun-23			6 months to Jun-22		
	Mauritius	Maldives	Total	Mauritius	Maldives	Total
Revenue	1,779,829	1,189,235	2,969,064	1,317,730	1,177,334	2,495,064
Operating profit	472,209	153,772	625,981	246,949	176,417	423,366