



The Marketplace 67 Constant Spring Rd, Unit 8, Kingston 10, Jamaica W.I.
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Unaudited Financial Statements Three Months Ended March 31, 2021

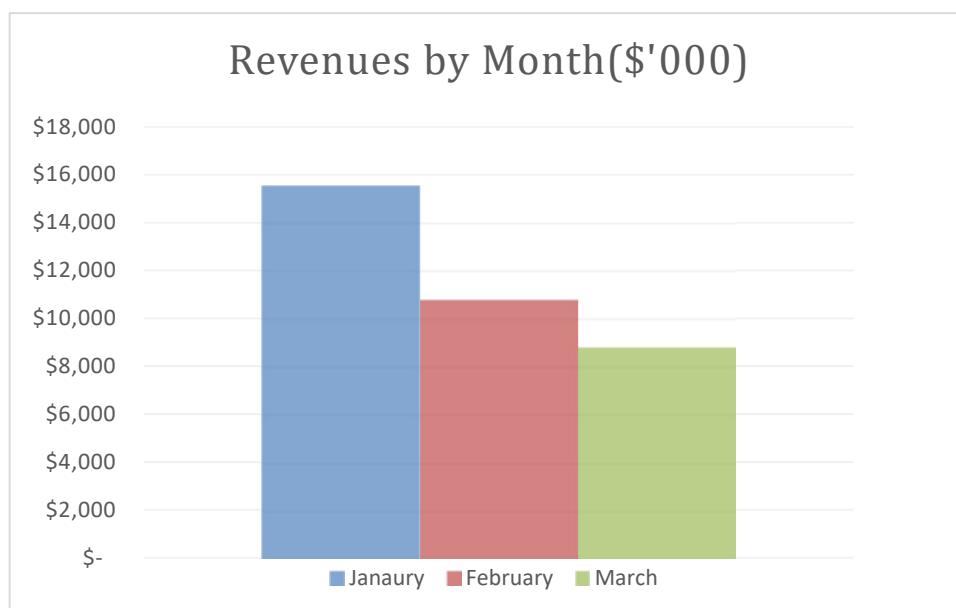
The Board of Directors of K.L.E. Group Limited are pleased to present its unaudited financial statements for the Three months ended March 31, 2021.

Financial Performance

	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
Profits from operations (before finance cost, depreciation and taxation)	(6,645)	(12,811)
Total Comprehensive Income for the period – March 31, 2021	(22,098)	(20,130)

Overview

The company is still severely impacted the prolonged effects of the COVID – 19 Pandemic and the Government of Jamaica containment measures continues have a significant impact on our revenues. Our revenues have a directly relationship with these measures and only when these measures have been relaxed will the business returns to its full revenue making potential.



Directors: David Shirley (Chairman), Gary Matalon, Christopher Dehring, Marlon A. Hill,
Norman Peart, Stephen Shirley, Joseph Bogdanovich, Zuar Jarrett,
Stephen Greig (Company Secretary)



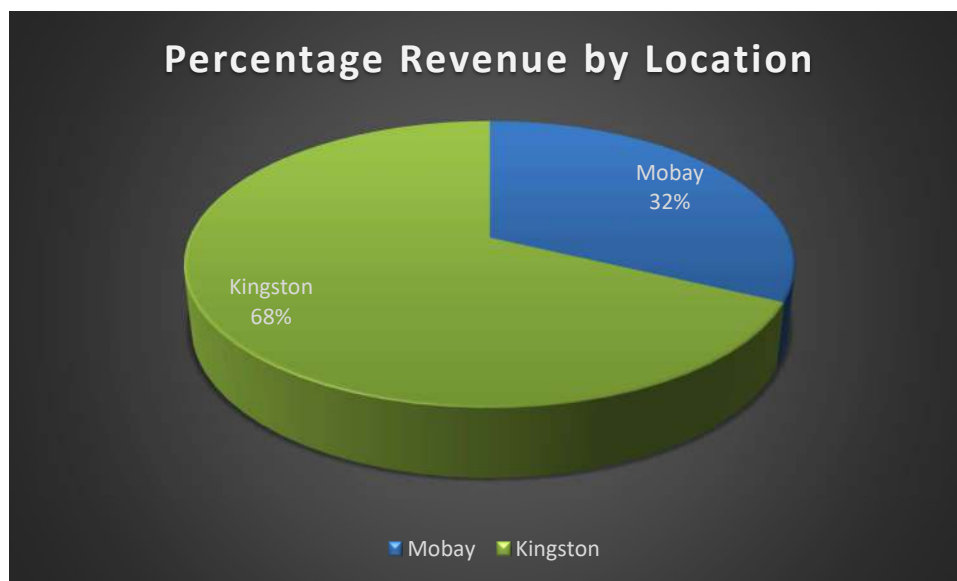
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Total revenue for the first quarter amounted to \$35 million which shows a positive signal in the right direction for the business under the stringent curfew hours imposed. There is a significant reduction when compared with the previous year, the reason for this is related to the fact that the first two months of the prior year the restaurant operated at full capacity without the effects of the Covid 19 Pandemic.

Revenue			
2021	2020	\$ change	% change
\$,000	\$,000	\$,000	%
35,156	72,670	(37,514)	-52%

The below chart shows the company revenue split per location. The Kingston location recorded revenues of \$23.9 million compared to the Montego Bay Location of \$11.3 million. Management is confident that both location will perform better in the second quarter of the financial year.



TAKE OUT, DINE IN AND DELIVERY AGREGATORS

Dine in continues to be the preferred method of eating out for our customers, for the current quarter dine in sales for Kingston amounted to \$18.8 million compared to Take out and order from our delivery aggregators of \$5.1 Million. For the Montego Bay Location dine in sales amounted to \$10 million while Take out amounted to 1.3 million.

The company has its own in house courier (Irie Courier) as well as is in partnership with My QuickPlate, 7Krave and Hugo.

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COST STRATEGIES

KLE will continue to employ cost savings strategies and monitor our Key Performance Indicators to improve efficiencies and achieve profitability. For the first three months of the year our cost of sales amounted to \$10.8 million compared to \$22 million for the first quarter of 2020. This decrease is as a result of the first two months of 2020 operating at maximum capacity. The companies cost of operating is in line with the latest cost strategies and budgets. Cost of sales percentage for the current period was 31% which is in line with budget.

During the first quarter the company had to battle will several prices increase from several of our key suppliers. Some suppliers had multiple increases during the quarter. Also during the quarter, the rate of exchange had a significant impact on our cost strategies and on our vendor prices.

As a response to the rising vendor prices Management did a price revision at the end of January to curtail and to keep our cost in line with budget.

Expenditure

For the three months ended March 31, 2021 operating expenses totaled \$31 million, compared to the prior year amount of \$67 million. The decrease is directly related to the reduction in business due to the Covid 19 Pandemic. Majority of our current admin expenses relates to expenses such as utilities (\$5.4 million), salaries and wages (\$14.3 million) Professional fees (\$1.3 million).

OUTLOOK

The year started out quite well despite the challenges as sales saw a bit of increase from the Christmas period into late January and early February. This however eventually tapered off as the government restrictions continued and got even more stringent.

We remain one of the most heavily impacted industries but have managed to still maintain a level of traffic through delivery services as well as other promotional measures

Management has made an attempt at planning using projections derived from emerging information related to the health and economic crisis we are facing. It would appear that with the expectation of a vaccine and declining cases that the industry may return to some level of normalcy within the near future and we are optimistic that our usual consistent flow of revenue will return.

It goes without saying that the brand remains strong and we are confident that at the end of this pandemic we will emerge on the other side stronger than before, being able to now embrace the new norms and operate optimally as in pre-covid19 times.

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Management does feel the opportunities in the restaurant industry going forward can be great once the model is successfully adjusted to take advantage of the new realities.

In addition to opportunities in the restaurant side of the business, the real estate investment in Oracabessa is progressing nicely. Demand for the Bessa units remains very strong.

As we shift our focus to pivoting to achieve a model which will allow us to continue our path to growth and profitability, we remain on our mission to increase shareholder value. We remain steadfast on this mission and thank our team members, customers, shareholders and all stakeholders for your belief in the company and commitment to making this effort a reality.

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