

EXPRESS CATERING LIMITED

Third Quarter 2021 Interim report to our shareholders

The Directors of Express Catering Limited (ECL) are pleased to present the Third Quarter report on the operations of the company. While the world is not yet free of the COVID-19 virus, most countries have reduced the range and number of COVID-19 protocols, with some eliminating them totally. In Jamaica, social gatherings are allowed with reduced restrictions and the curtailment of operating hours for businesses has ceased.

Total passengers accessing the departure lounge of the Sangster International Airport during the Quarter was just over four hundred and thirty-two thousand or almost 3 times the amount for the similar period in the previous year. Revenue for the period was US\$3.48 million, a similar three-fold increase over the revenue for the similar period in the prior year. We are very encouraged by the continuous increase over prior year totals, even though the Omicron variant did impact the recovery momentum in January and February of 2022.

Net profit for the Quarter returned US\$120,249. This is compared to a net loss of US\$786,000 for the similar period in the prior year. This resulted in an EPS of 0.0073 US Cents per share for the period. The company has been experiencing higher input costs (ranging from ingredients to utilities) that are associated with the logistical challenges caused by the COVID-19 pandemic and the recently started war in Ukraine. We hope these will be done away with soon.

For the nine months year-to-date review, the passenger count and revenue recovery took on a similar pattern to that for the Quarter. Passenger count was 1.21million, compared to just over 318,000 for the similar period in the prior year. This was a more than three-fold increase. Revenue was US\$9.61million, compared to US\$2.27million for the similar period in the prior year.

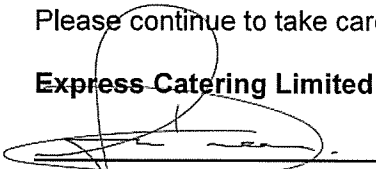
Net profit earned for the nine months was US\$364,507. This resulted in EPS of 0.022 US Cents per share. Like the third Quarter period, the nine months period was affected by continued price increases associated with the severe supply chain challenges due to the Covid-19 pandemic and the recent Ukraine war. The similar nine months in the prior year returned a net loss of US\$2.44 million.

Construction work on the revamped post-security food and beverage lounge at the airport is ongoing. US\$828,327 has been spent on the project for the nine months to date with just under US\$617,000 of this total being expensed in the current Quarter. There has been a soft transitioning into the new food court with some Concepts opening in March 2022. Work on relocating the other Concepts is ongoing. Supply chain issues associated with COVID-19 has also negatively affected the progress of this project. Work on the second phase has already commenced and is scheduled for completion by the close of calendar 2022.

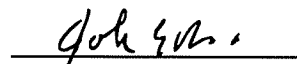
We are now nearing the end of the traditional winter tourist season for 2021/22. This past March, which traditionally is the month with the highest number of stop-over visitors, gave us a favourable reflection of the past. There were good stop-over numbers associated with Spring Break as well as the traditional travelers. The consensus is that the easing of the COVID-19 restrictions has certainly contributed to the recovery effort, which is in full gear. The CDC has also recently reduced the Covid-19 warnings on travel to Jamaica. The outlook from all the major tourism stakeholders is for continued recovery for the rest of calendar 2022, with the expectation that, by the close of the year, we will be back to pre-COVID-19 travel numbers.

Please continue to take care of yourselves and your loved ones and keep safe.

Express Catering Limited



Ian Dear
CEO/Director




John Byles
Director

Express Catering Limited
Unaudited Financial Statements

Statement of Financial Position
as at February 28, 2022

	Unaudited February 28, 2022 US\$	Audited May 31, 2021 US\$
Assets		
Non-current assets		
Property, plant and equipment	4,426,575	3,933,553
Right-of-use-assets	24,627,070	26,215,975
Other intangible assets	829,435	940,556
	<u>29,883,081</u>	<u>31,090,084</u>
Current assets		
Trade and other receivables	232,744	190,194
Inventories	471,787	463,782
Owing by related companies	9,362,048	7,638,784
Cash and bank balance	124,903	424,365
	<u>10,191,482</u>	<u>8,717,125</u>
Total assets	<u>40,074,562</u>	<u>39,807,209</u>
Equity and Liabilities		
Capital and reserves attributable to the company's owners		
Share capital	73,861	73,861
Capital reserves	43,490	43,490
Retained profits	2,488,480	2,123,973
Total equity	<u>2,605,831</u>	<u>2,241,324</u>
Liabilities		
Non-current liabilities		
Deferred tax liability	89,150	89,150
Long term loans	8,279,832	8,036,324
Lease obligation	23,229,695	24,628,804
	<u>31,598,677</u>	<u>32,754,278</u>
Current liabilities		
Short Term Loans		
Current portion of lease obligation	1,923,153	1,923,153
Trade and other payables	3,946,901	2,821,072
Bank overdrafts	-	67,382
	<u>5,870,054</u>	<u>4,811,607</u>
Total liabilities	<u>37,468,731</u>	<u>37,565,885</u>
Total equity and liabilities	<u>40,074,562</u>	<u>39,807,209</u>

Director 


Director

**Statement of Comprehensive Income
for the Period Ended February 28, 2022**

		9 Months YTD February 28, 2022	Q3 February 28, 2022	9 Months YTD February 28, 2021	Q3 February 28, 2021	Audited May 31, 2021
	Notes	US\$	US\$	US\$	US\$	US\$
Revenue		9,610,522	3,480,161	2,270,411	1,077,899	4,412,511
Cost of sales		(3,276,063)	(1,233,969)	(569,933)	(268,228)	(1,526,305)
Gross profit		6,334,459	2,246,192	1,700,478	809,671	2,886,206
Other operating income/(expense)		(11,548)	3,780	-	(2,024)	-
Administrative expenses		(3,077,692)	(989,608)	(1,110,825)	(318,804)	(2,005,997)
Promotional expenses		(2,010)	(672)	(14,023)	(10,209)	(13,996)
Depreciation and amortisation		(2,035,331)	(678,444)	(1,783,324)	(657,055)	(2,410,656)
Operating profit (Loss) for the YTD		1,207,879	581,249	(1,207,694)	(178,421)	(1,544,443)
Rent concessions		715,199	72,733	-	-	1,791,536
Finance costs	6	(1,556,751)	(533,250)	(1,239,453)	(610,652)	(1,925,082)
Finance income		615	99	-	-	2,855
Foreign exchange adjustment Gain/(Loss)		(2,434)	(582)	5,756	2,790	(59,378)
Total comprehensive Profit/Loss Before Tax for the YTD		364,507	120,249	(2,441,391)	(786,283)	(1,734,512)
Income tax credit/(expense)		-	-	-	-	-
Profit for the year		364,507	120,249	(2,441,391)	(786,283)	(1,734,512)
Earnings per share - US Cents		0.0223	0.0073	(0.1491)	(0.0480)	(0.1059)

Express Catering Limited
Unaudited Financial Statements

Statement of Cash Flow
as at February 28, 2022

	9 Months to February 28, 2022	9 Months to February 28, 2021
	US \$	US \$
Cash flows from operating activities:		
Profit before tax	364,507	(2,441,391)
Adjustments for:		
Depreciation and amortisation	2,035,331	1,783,324
Other income - RoU concession	(715,199)	-
Interest expense	1,556,751	1,239,453
	3,240,775	581,386
(Increase)/Decrease in Receivable/Prepayments/Deposits	(49,625)	(66,439)
(Increase)/Decrease in owing by related companies	(1,716,035)	(3,809,828)
(Increase)/Decrease in inventories	(8,005)	(272,914)
Increase/(Decrease) in trade and other payables	797,306	145,842
	2,264,417	(3,421,953)
Cash (used in)/generated from operations	2,264,417	(3,421,953)
Interest paid	(986,952)	(566,480)
Net cash (used in)/provided by operating activities	1,277,465	(3,988,433)
Cash flows from investing activities		
Purchase of fixed assets	(828,327)	(171,175)
Net cash used in investing activities	(827,713)	(171,175)
Cash flows from financing activities		
Loan Proceeds, net of repayments	-	4,500,000
Net Addition (Pay down) to Lease	(683,909)	(471,995)
Net cash provided by/(used in) financing activities	(683,909)	4,028,005
Increase in cash and cash equivalents	(234,157)	(131,603)
equivalents	2,077	-
Cash and cash equivalents at beginning of year	356,983	175,276
Cash and cash equivalents at February 28, 2022	124,903	43,673

Express Catering Limited
Unaudited Financial Statements

Statement of Changes in Equity
as at February 28, 2022

	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Totals US\$
Balance at May 31, 2021	73,861	43,490	2,123,973	2,241,324
Changes in equity 9 months to February 28, 2022				
Dividends	-	-	-	-
Profit for the 9 months to February 28, 2022 being total Comprehensive Income	-	-	364,507	364,507
Balance at February 28, 2022	73,861	43,490	2,488,480	2,605,831

Statement of Changes in Equity
as at February 28, 2021

	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Totals US\$
Balance at May 31, 2020	73,861	43,490	3,858,485	3,975,836
Changes in equity 9 months to February 28, 2021				
Dividends	-	-	-	-
Profit for the 9 months to February 28, 2021 being total Comprehensive Income	-	-	(2,441,391)	(2,441,391)
Balance at February 28, 2021	73,861	43,490	1,417,094	1,534,445

Express Catering Limited
Unaudited Financial Statements

Notes to the Financial Statements

1. Identification

The company was incorporated under the Laws of Jamaica on June 26, 2001. Its registered office is Unit 16 M19 Southern Cross Boulevard, Montego Freeport, Montego Bay.

Its main activities during the year were the operation of branded sports bars and restaurants at Sangster International Airport, Montego Bay. The company is a subsidiary of Margaritaville St. Lucia Inc, whose ultimate parent is Margaritaville Caribbean Group Ltd., a company registered under the Bahamas IBC Act of 2000.

The company was listed on the Junior Market of the Jamaica Stock Exchange in July 2017.

2. Basis of preparation

(i) Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared under the historical cost convention, except for certain non-financial assets measured at fair value.

(ii) Accounting policies.

There have been no changes in accounting policies since the most recent audited accounts as at May 31, 2021.

3. Reporting Currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of all the group's operating companies.

4. Seasonality of Interim Results

The entire operations of the Group are dependent on the Caribbean tourism market. Despite the fairly stable climate, the Caribbean hotel and resort market shows a significant level of seasonality throughout the year. The seasonality is represented by strong occupancies throughout the winter season, typically between December and May. This is offset by lower occupancies between June and November with particularly low occupancies in the months of September and October.

5 Effects of Covid 19

The spread of the Coronavirus disease (COVID-19) which was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020, has severely impacted many local economies around the globe. In the Caribbean, as in all regions, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. These measures significantly affected the group's operation and resulted in its suspension of operations in March 2020 for three months. Operations resumed in June 2020 and has been continuing since.

At the date of the authorisation of the financial statements, operations continued to be impacted by COVID-19. Management is unable to determine a reliable estimate of the financial impact of COVID-19 events on its profitability and financial position for the subsequent period.

6 Finance Costs

Finance costs includes all interest related expenses which have been included in the statement of profit or loss and comprises:

	9 Months YTD February 28, 2022 US\$	Q3 February 28, 2022 US\$	9 Months YTD February 28, 2021 US\$	Q3 February 28, 2021 US\$	Audited May 31, 2021 US\$
Interest on property lease (IFRS 16)	793,629	258,993	432,830	432,830	1,057,748
Overdraft and loan interest	763,123	274,257	806,623	177,822	867,334
Total	1,556,751	533,250	1,239,453	610,652	1,925,082

EXPRESS CATERING LIMITED

Top Ten ShareHoldings

As at February 28, 2022

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,102,221,961	67.311%
HARRIAT P MARAGH	KINGSTON	186,293,705	11.377%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.102%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	17,715,944	1.082%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	10,741,577	0.656%
SAGICOR POOLED EQUITY FUND	KINGSTON	10,500,000	0.641%
JCSD TRUSTEE SERVICE LIMITED - SIGMA EQUITY	KINGSTON	10,500,000	0.641%
JMMB SECURITIES LIMITED - HOUSE ACCOUNT #2	KINGSTON	8,479,065	0.518%
MCG EMPLOYEES TRUST	MONTEGO BAY	7,088,400	0.433%
KONRAD BERRY	KINGSTON	6,822,776	0.417%
		1,542,152,766	94.177%

Total Ordinary Stock Issued - 1,637,500,000

Total Number of Stock Holders - 1985

Directors ShareHoldings

As at February 28, 2022

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.000%
TANIA WALDRON-GOODEN	164,466	-	164,466	0.010%
IAN B. DEAR	-	1,102,221,961	1,102,221,961	67.311%
JOHN G. BYLES	-	-	-	0.000%
ROLAND P CLARKE	4,332,453	-	4,332,453	0.265%
	4,496,919	1,102,221,961	1,106,718,880	67.586%

Senior Managers ShareHoldings

As at February 28, 2022

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	4,332,453	-	4,332,453	0.265%
MARK SUTHERLAND	2,623,924	-	2,623,924	0.160%
ALTHON THELWELL	1,283,400	-	1,283,400	0.078%
	8,239,777	-	8,239,777	0.503%