

EXPRESS CATERING LIMITED

First Quarter 2023 Interim report to our shareholders

The Directors of Express Catering Limited (ECL) are pleased to present the First Quarter report on the operations of the company for fiscal 2023.

Total passengers accessing the departure lounge of the Sangster International Airport during the Quarter was just below Six Hundred and Twenty-three Thousand, or 37.44% higher than the similar period last year when just over Four Hundred and Thirty-Two Thousand passenger entered the departure lounge. This produced revenue of US\$4.91 million compared to US\$3.48 million in the similar period last year. We are very encouraged by the continuous increase over prior year totals and expect this trend to continue for the rest of fiscal 2023.

Net profit for the Quarter returned US\$652,841 for an EPS of 0.040 US Cents per share. This is compared to a net profit of US\$565,068 and EPS of 0.035 US Cents per share in the similar period in the prior year.

The company continues to be challenged by the increase in input costs due to logistical challenges caused by the COVID-19 pandemic as well as the ongoing war in Ukraine. We have initiated cost containment measures where possible. Major suppliers have been engaged for longer-term contractual prices for key ingredients as well as exploring more price-effective alternatives.

Construction work on the revamped post-security food and beverage lounge at the airport is ongoing. An additional US\$298,424 was spent on the project during the Quarter. There was 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 continue to negatively affect the progress of this project, however, work on the second phase is in progress and is scheduled for completion by the close of calendar 2022.

The upcoming winter season promises to be the biggest since COVID-19. We plan to welcome it with the full roll-out of the rest of Concepts – Bob Marley One Love, Freshens and Bento Sushi.

We remain optimistic about Jamaica's buoyant tourism stop-over arrivals surpassing 2019 totals.

Express Catering Limited



Ian Bear
CEO/Director



John Byles
Director

Express Catering Limited
Unaudited Financial Statements

Statement of Financial Position
as at August 31, 2022

	Unaudited August 31, 2022 US\$	Audited May 31, 2022 US\$
Assets		
Non-current assets		
Property, plant and equipment	4,358,139	4,123,769
Right-of-use-assets	23,520,165	24,031,310
Other intangible assets	756,095	792,122
	<u>28,634,399</u>	<u>28,947,201</u>
Current assets		
Trade and other receivables	396,462	308,545
Inventories	412,850	302,581
Owing by related companies	11,666,148	10,659,707
Income tax recoverable	93	-
Cash and bank balance	111,514	276,254
	<u>12,587,068</u>	<u>11,547,087</u>
Total assets	<u>41,221,467</u>	<u>40,494,288</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	3,873,617	3,220,776
Total equity	<u>3,990,968</u>	<u>3,338,127</u>
Liabilities		
Non-current liabilities		
Deferred tax liability	89,150	89,150
Long term loans	8,446,257	8,362,630
Lease obligation	22,221,891	22,651,761
	<u>30,757,298</u>	<u>31,103,541</u>
Current liabilities		
Current portion of lease obligation	1,984,707	1,984,707
Trade and other payables	4,488,494	3,881,765
Bank overdrafts	-	186,148
	<u>6,473,201</u>	<u>6,052,620</u>
Total liabilities	<u>37,230,498</u>	<u>37,156,161</u>
Total equity and liabilities	<u>41,221,467</u>	<u>40,494,288</u>

Director

Director *John S. ...*

**Statement of Comprehensive Income
for the Period Ended August 31, 2022**

	Q1 August 31, 2022	Q1 August 31, 2021	Audited May 31, 2022
	US\$	US\$	US\$
Revenue	4,911,992	3,638,934	14,241,229
Cost of sales	(1,744,217)	(1,242,257)	(5,002,167)
Gross profit	3,167,775	2,396,677	9,239,062
Other operating income	7,044	4,953	-
Administrative expenses	(1,234,409)	(993,374)	(4,018,997)
Promotional expenses	(71,631)	(1,314)	(4,858)
Depreciation and amortisation	(678,444)	(678,444)	(2,780,369)
Operating profit for the YTD	1,190,335	728,498	2,434,838
Rent concessions	-	351,544	715,199
Finance costs	(522,130)	(514,646)	(2,065,844)
Finance income	100		4,551
Foreign exchange adjustment Gain/(Loss)	(15,464)	(328)	8,059
Profit for the YTD being total comprehensive income for the YTD	652,841	565,068	1,096,803
Earnings per share - US Cents	0.040	0.035	0.067

Express Catering Limited
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Statement of Cash Flow
as at August 31, 2022

	3 Months to August 31, 2022	3 Months to August 31, 2021
	US \$	US \$
Cash flows from operating activities:		
Profit before tax	652,841	565,068
Adjustments for:		
Depreciation and amortisation	678,444	678,444
Other income - RoU concession	-	(351,544)
Interest expense	522,130	514,646
	1,853,315	1,406,614
Increase in Receivable/Prepayments/Deposits	(90,490)	(132,821)
Increase in owing by related companies	(1,022,430)	(1,153,944)
Increase in inventories	(110,281)	(14,377)
Increase in trade and other payables	463,454	573,611
	1,093,569	679,083
Interest paid	(293,616)	(434,282)
Net cash provided by operating activities	799,952	244,801
Cash flows from investing activities		
Purchase of fixed assets	(298,424)	(4,299)
Net cash used in investing activities	(298,324)	(4,299)
Cash flows from financing activities		
Loan Proceeds, net of repayments	-	-
Net Pay down of Lease	(475,222)	(110,586)
Net cash used in financing activities	(475,222)	(110,586)
Increase in cash and cash equivalents	26,406	129,916
Effects of exchange rate changes on cash and cash equivalents	(4,998)	-
Cash and cash equivalents at beginning of year	90,106	356,983
Cash and cash equivalents at August 31, 2022	111,514	486,899

Express Catering Limited
Unaudited Financial Statements

Statement of Changes in Equity
as at August 31, 2022

	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Totals US\$
Balance at May 31, 2022	73,861	43,490	3,220,776	3,338,127
Changes in equity 3 months to August 31, 2022				
Dividends	-	-	-	-
Profit for the 3 months to August 31, 2022 being total Comprehensive Income	-	-	652,841	652,841
Balance at August 31, 2022	73,861	43,490	3,873,617	3,990,968

Statement of Changes in Equity
as at August 31, 2021

	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 3 months to August 31, 2021				
Dividends	-	-	-	-
Profit for the 3 months to August 31, 2021 being total Comprehensive Income	-	-	565,068	565,068
Balance at August 31, 2021	73,861	43,490	2,689,041	2,806,392

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, 2022.

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.

6 Finance Costs

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

	Q1 August 31, 2022	Q1 August 31, 2021	Q1 August 31, 2022
	US\$	US\$	US\$
Interest on property lease (IFRS 16)	255,375	269,365	1,008,326
Overdraft and loan interest	266,755	245,281	1,057,518
Total	522,130	514,646	2,065,844

EXPRESS CATERING LIMITED

Top Ten ShareHoldings

As at August 31, 2022

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,070,221,961	65.357%
HARRIAT P MARAGH	KINGSTON	186,293,705	11.377%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.102%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	31,470,790	1.922%
SAGICOR POOLED EQUITY FUND	KINGSTON	12,500,000	0.763%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	10,741,577	0.656%
JCSD TRUSTEE SERVICE LIMITED - SIGMA EQUITY	KINGSTON	10,500,000	0.641%
JMMB SECURITIES LIMITED - HOUSE ACCOUNT #2	KINGSTON	8,600,000	0.525%
KONRAD BERRY	KINGSTON	6,822,776	0.417%
MCG EMPLOYEES TRUST	MONTEGO BAY	6,018,100	0.368%
		1,524,958,247	93.127%

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

Total Number of Stock Holders - 1943

Directors ShareHoldings

As at August 31, 2022

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.000%
TANIA WALDRON-GOODEN	164,466	-	164,466	0.010%
IAN B. DEAR	-	1,070,221,961	1,070,221,961	65.357%
JOHN G. BYLES	-	-	-	0.000%
ROLAND P CLARKE	4,332,453	-	4,332,453	0.265%
	4,496,919	1,070,221,961	1,074,718,880	65.632%

Senior Managers ShareHoldings

As at August 31, 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%