

EXPRESS CATERING LIMITED

Third Quarter 2023 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 for Fiscal 2023.

Revenue for the Quarter at US\$6.04 million, is the highest quarterly revenue recorded since inception. This is particularly gratifying given that we are still in recovery mode from the effects of the Covid-19 pandemic. Passenger count for the Quarter was 639,274, resulting in a spend per passenger rate of US\$9.44. The revenue for the similar period in the prior year was \$3.48 million. This was earned from 432,169 passengers for a spend per passenger rate of US\$8.05. The spend rate per passenger increase over the prior year was 17.35%; we are delighted that this important KPI continues to improve as it is highlighting the efforts that are being made to convert more passengers to customers.

Net profit for the Quarter returned US\$1.15 million, the highest quarterly net profit since inception. The expansion activities, though not complete, have begun to produce the expected results. This resulted in an Earnings per Share (EPS) of 0.07 US Cents. This is compared to a net profit of US\$120,248 and EPS of 0.007 US Cents per share in the similar period in the prior year.

The results for the 9 months of the year to date are similarly encouraging. Revenue earned was US\$15.15 million from 1.75 million passengers. This resulted in a spend rate per passenger of US\$8.65. The revenue for the similar 9 months in the prior year was US\$9.61 million at a spend per passenger rate of US\$7.92. Passenger totals for the year to date have now surpassed the totals for the same period in 2019 by 2.6%. 2019 was the period with the highest passenger counts pre-Covid-19.

Net profit for the 9 months to February 2023 was US\$1.93 million. This resulted in EPS of 0.118 US Cents per share. Earnings for the similar period in the prior year was \$364,507 for an EPS of 0.022 US Cents.

The revision of selling prices to counter the increase in raw materials costs has delivered the expected positive result. For the 3rd Quarter, there was a more than 2 percentage points improvement in Cost of Sales (COS) ratio to 33.27%. At the close of the 2nd Quarter the year to date COS rate was 35.7%. The company continues to pursue all measures that will provide more improvements in the COS ratio and improve the efficiency of the general and administrative expenditures.

The completion of the food court expansion continues at a brisk pace. An additional US\$895,000 was expended during the Quarter to take the total investment in Fixed Assets to US\$2.19 million for the nine months of the year to date. More than 95% of this sum was spent on the food court expansion project. The recently opened Guitar Bar, which was created to be the centerpiece of the new food court, has been getting rave reviews. Work also continues on the Bob Marley One Love experience; the contract with VW, brand owners of the iconic VW Bus that was Bob Marley's mode of transport in the early years, was recently signed in preparation for going live.

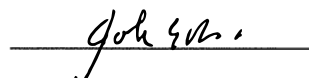
The winter tourist season to date has been one of the better ones on record and the company looks forward to the continued momentum into the mid-season of May to July.

The Directors are appreciative of the continued support from all our shareholders and stakeholders.

Express Catering Limited




Ian Dear
CEO/Director


John Byles
Director

Express Catering Limited
Unaudited Financial Statements

Statement of Financial Position
as at February 28, 2023

	Unaudited February 28, 2023 US\$	Audited May 31, 2022 US\$
Assets		
Non-current assets		
Property, plant and equipment	6,008,889	4,123,769
Right-of-use-assets	22,413,260	24,031,310
Other intangible assets	682,690	792,122
	<u>29,104,840</u>	<u>28,947,201</u>
Current assets		
Trade and other receivables	532,800	308,545
Inventories	404,401	302,581
Owing by related companies	12,399,845	10,659,707
Income tax recoverable	(2)	-
Cash and bank balance	83,156	276,254
	<u>13,420,200</u>	<u>11,547,087</u>
Total assets	<u>42,525,040</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	5,147,245	3,220,776
Total equity	<u>5,264,596</u>	<u>3,338,127</u>
Liabilities		
Non-current liabilities		
Deferred tax liability	89,150	89,150
Long term loans	9,389,139	8,362,630
Lease obligation	21,251,379	22,651,761
	<u>30,729,668</u>	<u>31,103,541</u>
Current liabilities		
Current portion of lease obligation	1,984,707	1,984,707
Trade and other payables	4,546,070	3,881,765
Bank overdrafts	-	186,148
	<u>6,530,777</u>	<u>6,052,620</u>
Total liabilities	<u>37,260,445</u>	<u>37,156,161</u>
Total equity and liabilities	<u>42,525,040</u>	<u>40,494,288</u>


Director

Director..... 

Express Catering Limited
Unaudited Financial Statements

**Statement of Comprehensive Income
for the Period Ended February 28, 2023**

	9 Months YTD February 28, 2023	Q3 February 28, 2023	9 Months YTD February 28, 2022	Q3 February 28, 2022	Audited May 31, 2022
	US\$	US\$	US\$	US\$	US\$
Revenue	15,153,418	6,036,497	9,610,522	3,480,161	14,241,229
Cost of sales	(5,263,251)	(2,008,501)	(3,276,063)	(1,233,969)	(5,002,167)
Gross profit	9,890,167	4,027,995	6,334,459	2,246,192	9,239,062
Other operating income/(expense)	19,755	5,114	(11,548)	3,780	-
Administrative expenses	(4,069,401)	(1,586,370)	(3,077,692)	(989,608)	(4,018,997)
Promotional expenses	(207,100)	(17,098)	(2,010)	(672)	(4,858)
Depreciation and amortisation	(2,035,331)	(678,444)	(2,035,331)	(678,444)	(2,780,369)
Operating profit for the YTD	3,598,090	1,751,198	1,207,878	581,248	2,434,838
Rent concessions	-	-	715,199	72,733	715,199
Finance costs	6 (1,657,643)	(613,930)	(1,556,751)	(533,250)	(2,065,844)
Finance income	292	139	615	99	4,551
Foreign exchange (losses)/ gains	(14,269)	9,413	(2,434)	(582)	8,059
Net Profit, being Total Comprehensive Income for the Year	1,926,469	1,146,820	364,507	120,248	1,096,803
Earnings per share - US Cents	0.118	0.070	0.022	0.007	0.067

Express Catering Limited
Unaudited Financial Statements

Statement of Cash Flow
as at February 28, 2023

	9 Months to February 28, 2023 US \$	9 Months to February 28, 2022 US \$
Cash flows from operating activities:		
Net Profit	1,926,469	364,507
Adjustments for:		
Depreciation and amortisation	2,035,331	2,035,331
Other income - RoU concession	-	(715,199)
Interest income	(292)	-
Interest expense	1,657,643	1,556,751
	5,619,152	3,241,390
Increase in trade and other receivables	(226,732)	(49,625)
Increase in owing by related companies	(1,689,153)	(1,716,035)
Increase in inventories	(101,832)	(8,005)
Increase in trade and other payables	1,150,564	797,306
	4,752,000	2,265,031
Interest paid	(1,160,890)	(986,952)
Net cash provided by operating activities	3,591,110	1,278,079
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,192,970)	(828,327)
Interest income	292	-
Net cash used in investing activities	(2,192,679)	(828,327)
Cash flows from financing activities		
Loan proceeds, net of repayments	-	-
Lease repayment	(1,400,382)	(683,909)
Net cash used in financing activities	(1,400,382)	(683,909)
Decrease in cash and cash equivalents	(1,950)	(234,157)
Effects of exchange rate changes on cash and cash equivalents	(4,999)	2,077
Cash and cash equivalents at beginning of year	90,106	356,983
Cash and cash equivalents at February 28, 2023	83,156	124,903

Express Catering Limited
Unaudited Financial Statements

Statement of Changes in Equity
as at February 28, 2023

	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 9 months to February 28, 2023				
Dividends	-	-	-	-
Profit for the 9 months to February 28, 2023 being total Comprehensive Income	-	-	1,926,469	1,926,469
Balance at February 28, 2023	73,861	43,490	5,147,245	5,264,596

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

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:

	9 Months YTD February 28, 2023 US\$	Q3 February 28, 2023 US\$	9 Months YTD February 28, 2022 US\$	Q3 February 28, 2022 US\$	Audited May 31, 2022 US\$
Interest on property lease (IFRS 16)	744,005	240,656	793,629	258,993	1,008,326
Overdraft and loan interest	913,639	373,274	763,122	274,257	1,057,518
Total	1,657,643	613,930	1,556,751	533,250	2,065,844