

ENDEAVOUR HOLDINGS LIMITED

Chairman's Report

Fellow shareholders, I am very pleased to report to you our most recent results for our nine months ended 31 January 2023.

The post-acquisition Statement of Comprehensive Income and Statement of Financial Position of Endeavour POS Properties Limited (EHLPOS) (formerly Massy Properties (Trinidad) Limited) have been consolidated into EHL's books as at 8 July 2022 and is reported in our financial statements.

EHL's Profit after tax increased by \$50.3M from \$21.4M in January 2022 to \$71.7M in January 2023. This includes a gain of \$43.8M which was recognised on the acquisition of EHLPOS.

Operational profit excluding the acquisition gain is \$27.9M increasing by \$ 6.5M as compared to January 2022.

Revenue from contracts with customers increased by \$3.7M from \$59.9M as at January 2022 to \$63.6M as at January 2023 due to the inclusion of revenue from EHLPOS.

Rental expenses decreased by \$6.7M from \$24.1M as at January 2022 to \$17.4M as at January 2023. This decrease is primarily credited to the reduction in rental discounts (primarily made available by the Company to tenants during the Covid-19 pandemic) from \$8.9M as at January 2022 to \$1.1M as at January 2023.

Administrative fees increased by \$3.6M from \$1.2M in January 2022 to \$4.8M in January 2023 because of increased management and legal fees combined with EHLPOS expenses. There was an increase in operating expenses by \$427K from \$217K in January 2022 to \$644K in 2023.

The Company's Corporation Tax rate, Business Levy and Green Fund Levy are at zero percent (0%) due to amendments under the Finance Act 2020 granted to listed SMEs and 30% for the subsidiary company.

The net profit of the newly acquired subsidiary for July 2022 to January 2023 was \$3.9M.

The increase in Investment Properties of \$106M as at January 2023 represents the EHLPOS properties at \$90M, fair value adjustment made in the April 2022 year-end financials of \$12.2M and in addition building improvements at Price Plaza.

Trade and Other Receivables remained at the \$12M level.

Trade and Other Payables increased by \$911K from January 2022, due to the inclusion of EHLPOS trade and other payables.

Borrowings increased by \$16.8M, which reflects the net result of principal repayments of \$28M and the related party loan of \$45M for the acquisition of EHLPOS.

Dividends of 40 cents per common share were declared on 30 November 2022 and paid in December 2022.

The Board and Management are pleased with this continued improvement in the Company's performance during the period under review.

In looking forward, the Company expects to refinance its bond balloon payment at the end of March 2023, funding for which has already been secured by the Company and CinemaOne Ltd's Multi Cineplex is expected to open in Price Plaza North in May 2023.



John Aboud
Chairman
13 March 2023

Endeavour Holdings Limited
Statement of Financial Position
(Expressed in Trinidad and Tobago Dollars)

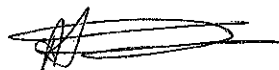
| | UNAUDITED Consolidated * | UNAUDITED Unconsolidated | AUDITED Unconsolidated |
|---|-----------------------------|-----------------------------|---------------------------|
| | As At 31 January 2023 | As At 31 January 2022 | As At 30 April 2022 |
| Notes | \$ | \$ | \$ |
| Assets | | | |
| Non-Current Assets | | | |
| Investment properties | 917,598,022 | 811,200,000 | 823,400,000 |
| Property, plant and equipment | <u>2,615,423</u> | <u>1,843,176</u> | <u>1,795,296</u> |
| | <u>920,213,445</u> | <u>813,043,176</u> | <u>825,195,296</u> |
| Current Assets | | | |
| Trade and other receivables | 11,915,551 | 12,100,838 | 14,119,297 |
| Loan to related parties | 1,450,611 | - | - |
| Taxation recoverable | 780,444 | 471,538 | 470,914 |
| Cash and cash equivalents | <u>34,181,391</u> | <u>53,186,127</u> | <u>29,693,978</u> |
| | <u>48,327,997</u> | <u>65,758,503</u> | <u>44,284,189</u> |
| Total Assets | <u>968,541,442</u> | <u>878,801,679</u> | <u>869,479,485</u> |
| Equity and Liabilities | | | |
| <i>Equity attributable to equity holders of the company</i> | | | |
| Share capital | 43,058,438 | 43,058,438 | 43,058,438 |
| Maintenance reserve fund | 5,349,964 | 4,973,168 | 5,067,463 |
| Retained earnings | <u>590,167,580</u> | <u>523,074,679</u> | <u>531,633,209</u> |
| Total Equity | <u>638,575,982</u> | <u>571,106,285</u> | <u>579,759,110</u> |
| Non-Current Liabilities | | | |
| Deferred income tax liability | 57,926,611 | 53,902,368 | 54,413,048 |
| Borrowings | <u>75,194,475</u> | <u>214,125,851</u> | <u>89,241,168</u> |
| | <u>133,121,086</u> | <u>268,028,219</u> | <u>143,654,216</u> |
| Current Liabilities | | | |
| Loan from related party | 4 | 45,000,000 | - |
| Due to related parties | | 1,076,132 | 579,158 |
| Borrowings | | 139,230,769 | 28,461,538 |
| Trade and other payables | | 11,537,473 | 10,626,479 |
| Taxation payable | | - | - |
| Bank overdraft | | - | 508,882 |
| | | <u>196,844,374</u> | <u>39,667,175</u> |
| Total Equity and Liabilities | <u>968,541,442</u> | <u>878,801,679</u> | <u>869,479,485</u> |

* The 100% acquisition of Massy Properties (Trinidad) Limited was completed on 8 July 2022 and has been consolidated in these financial statements.



Director

Date: 13 March 2023



Director

Endeavour Holdings Limited
Statement of Comprehensive Income
(Expressed in Trinidad and Tobago Dollars)

| | UNAUDITED Consolidated * Nine Months Ended 31 January 2023 \$ | UNAUDITED Unconsolidated Nine Months Ended 31 January 2022 \$ | AUDITED Unconsolidated Year Ended 30 April 2022 \$ |
|---|---|---|---|
| Revenue from contracts with customers | 63,566,311 | 59,889,490 | 78,788,311 |
| Rental Expenses | <u>(17,423,323)</u> | <u>(24,120,253)</u> | <u>(29,979,685)</u> |
| Net Rental Income | <u>46,142,988</u> | <u>35,769,237</u> | <u>48,808,626</u> |
| Other Income | | | |
| Fair value adjustment on investment properties | - | - | 12,200,000 |
| Gain on acquisition of subsidiary - (Note 3 (b)) | 43,724,135 | - | - |
| Other income | <u>280,485</u> | <u>161,815</u> | <u>420,978</u> |
| | <u>44,004,620</u> | <u>161,815</u> | <u>12,620,978</u> |
| Expenses | | | |
| Administrative | (4,780,845) | (1,221,737) | (2,010,344) |
| Operating | <u>(644,264)</u> | <u>(217,203)</u> | <u>927,295</u> |
| | <u>(5,425,109)</u> | <u>(1,438,940)</u> | <u>(1,083,049)</u> |
| Operating Profit | 84,722,499 | 34,492,112 | 60,346,555 |
| Finance costs | <u>(11,914,375)</u> | <u>(11,557,834)</u> | <u>(15,188,019)</u> |
| Profit before income tax | <u>72,808,124</u> | <u>22,934,278</u> | <u>45,158,536</u> |
| Taxation | | | |
| Current | 260,132 | - | - |
| Deferred taxation | <u>(1,378,837)</u> | <u>(1,532,041)</u> | <u>(2,042,721)</u> |
| | <u>(1,118,705)</u> | <u>(1,532,041)</u> | <u>(2,042,721)</u> |
| Profit for the period | 71,689,419 | 21,402,237 | 43,115,815 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the period | <u><u>71,689,419</u></u> | <u><u>21,402,237</u></u> | <u><u>43,115,815</u></u> |
| Earnings per share | | | |
| Basic earnings per share including fair value adjustment on investment properties and gain on acquisition of subsidiary | <u>\$ 2.18</u> | <u>\$ 0.65</u> | <u>\$ 1.31</u> |
| Basic earnings per share excluding fair value adjustment on investment properties and gain on acquisition of subsidiary | <u>\$ 0.85</u> | <u>\$ 0.65</u> | <u>\$ 0.94</u> |

* The 100% acquisition of Massy Properties (Trinidad) Limited was completed on 8 July 2022 and has been consolidated in these financial statements.

Endeavour Holdings Limited
Statement of Changes in Equity
(Expressed in Trinidad and Tobago Dollars)

| | Share Capital \$ | Maintenance Reserves \$ | Retained Earnings \$ | Total Equity \$ |
|---|------------------------|-------------------------------|----------------------------|-----------------------|
| Period ended 31 January 2022 | | | | |
| Balance At 1 May 2021 | 43,058,438 | 4,690,285 | 501,672,442 | 549,421,165 |
| Total comprehensive Income for the period | | | | |
| Profit for the period | - | - | 21,402,237 | 21,402,237 |
| Transfer to maintenance reserve | - | 282,883 | | 282,883 |
| Balance At 31 January 2022 | <u>43,058,438</u> | <u>4,973,168</u> | <u>523,074,679</u> | <u>571,106,285</u> |
| Year ended 30 April 2022 | | | | |
| Balance At 1 May 2021 | 43,058,438 | 4,690,285 | 501,672,442 | 549,421,165 |
| Total comprehensive Income for the year | | | | |
| Profit for the year | - | - | 43,115,815 | 43,115,815 |
| Transfer to maintenance reserve | - | 377,178 | - | 377,178 |
| Transactions with owners in their capacity as owners | | | | |
| Dividends for the period | - | - | (13,155,048) | (13,155,048) |
| Balance At 30 April 2022 | <u>43,058,438</u> | <u>5,067,463</u> | <u>531,633,209</u> | <u>579,759,110</u> |
| Period ended 31 January 2023 | | | | |
| Balance At 1 May 2022 | 43,058,438 | 5,067,463 | 531,633,209 | 579,759,110 |
| Total comprehensive Income for the period | | | | |
| Profit for the period | - | - | 71,689,419 | 71,689,419 |
| Transfer to maintenance reserve | - | 282,501 | - | 282,501 |
| Transactions with owners in their capacity as owners | | | | |
| Dividends for the period | - | - | (13,155,048) | (13,155,048) |
| Balance At 31 January 2023 | <u>43,058,438</u> | <u>5,349,964</u> | <u>590,167,580</u> | <u>638,575,982</u> |

Endeavour Holdings Limited
Cashflow Statement
(Expressed in Trinidad and Tobago Dollars)

| | UNAUDITED Consolidated * Nine Months Ended 31 January 2023 \$ | UNAUDITED Unconsolidated Nine Months Ended 31 January 2022 \$ | AUDITED Unconsolidated Year Ended 30 April 2022 \$ |
|---|--|--|---|
| Cash flows from operating activities | | | |
| Profit before income tax | 72,808,124 | 22,934,278 | 45,158,536 |
| <i>Adjustments for:</i> | | | |
| Fair value adjustment on investment properties | - | - | (12,200,000) |
| Finance costs | 11,914,375 | 11,557,834 | 15,188,019 |
| Gain on acquisition of subsidiary | (43,724,135) | - | - |
| Depreciation | 442,743 | 243,115 | 442,750 |
| Operating profit before working capital changes | 41,441,107 | 34,735,227 | 48,589,305 |
| Decrease in inventories | 44,622 | - | |
| Decrease/(increase) in trade and other receivables | 2,601,069 | 849,524 | (1,168,935) |
| Increase/(decrease) in trade and other payables | 928,837 | (1,231,047) | (770,212) |
| (Increase) in due from related party | (30,375) | - | - |
| (Increase) in loan to related party | (1,450,611) | - | - |
| Increase/(decrease) in due to related party | 903,573 | 139,187 | (212,429) |
| Net cash generated from operations | 44,438,222 | 34,492,891 | 46,437,729 |
| Interest paid | (8,909,996) | (6,391,197) | (14,894,412) |
| Tax (paid)/refunded | 260,132 | (452,161) | (451,538) |
| Net cash inflow from operating activities | 35,788,358 | 27,649,533 | 31,091,779 |
| Cashflow from investing activities | | | |
| Purchase of property, plant and equipment | (6,140) | (1,213,081) | (1,364,836) |
| Additions to investment property | (4,198,022) | - | - |
| Purchase of subsidiary | (45,463,718) | - | - |
| Cash used in investing activities | (49,667,880) | (1,213,081) | (1,364,836) |
| Cashflow from financing activities | | | |
| Repayment of borrowings | (14,230,770) | (14,230,768) | (28,461,537) |
| Long term loans received | 45,000,000 | - | - |
| Transfer to maintenance reserve fund | 282,501 | 282,883 | 377,178 |
| Dividend paid | (13,250,657) | - | (13,155,048) |
| Cash provided by financing activities | 17,801,074 | (13,947,885) | (41,239,407) |
| Increase/(Decrease) in cash and cash equivalents | 3,921,552 | 12,488,567 | (11,512,464) |
| Cash and cash equivalents at beginning of the period | 30,259,839 | 40,697,560 | 40,697,560 |
| Cash and cash equivalents at end of the period | 34,181,391 | 53,186,127 | 29,185,096 |

* The 100% acquisition of Massy Properties (Trinidad) Limited was completed on 8 July 2022 and has been consolidated in these financial statements.

Endeavour Holdings Limited

Notes to the summary financial statements for the nine months ended 31 January 2023

The accompanying notes are an integral part of these financial statements.

1) Basis of Accounting

These summary financial statements have been prepared by Management in accordance with International Financial Reporting Standards.

2) Significant Accounting Policies

The principal accounting policies used in the preparation of these summary financial statements are consistent with those used in the preparation and disclosed in the audited financial statements for the year ended 30 April 2022.

3) Acquisition of Subsidiary

(a) This represents the acquisition costs of 100% of the Issued shares of Massy Properties (Trinidad) Limited (MPTL) on 8 July 2022 for \$45M and the excess of the Net Assets at Fair Values below over the acquisition price, in accordance with IFRS 3 Business Combinations.

Recognised amount of MPTL's Identifiable Net Assets at Fair Values as at 8 July 2022

| | | |
|-----------------------------|-----------|----------------------|
| Investment Properties | \$ | 90,000,000.00 |
| Plant and Equipment | \$ | 1,256,730.00 |
| Trade & Other Receivables | \$ | 366,949.00 |
| Inventories | \$ | 44,621.00 |
| Cash and cash equivalents | \$ | 1,074,743.00 |
| Accounts and Other Payables | \$ | (1,420,466.00) |
| Deferred Tax | \$ | (2,134,725.00) |
| NET FAIR VALUE | \$ | 89,187,852.00 |

MPTL has been consolidated in these financial statements at 31 January 2023.

(b) This represents the excess of the Net Assets at Fair Values over the purchase price of the investment in MPTL.

4) Loan from Related Party

This is an unsecured temporary loan in the sum of \$ 45 million plus accrued interest that was granted by a related party to facilitate the purchase of the subsidiary (MPTL) at an interest rate of 6.5% per annum.

This loan was repaid in February 2023 from the proceeds of a long term loan taken out by the subsidiary company.