



## ANNUAL REPORT



PEOPLE, PERSEVERANCE, PERFORMANCE

PRESTIGE HOLDINGS LTD.





# PRESTIGE HOLDINGS LTD.







**PRESTIGE HOLDINGS LTD.**  
*A Restaurant Management Company*

**People**♥

**Perseverance**♥

**Performance**♥



# Notice of Annual Meeting

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**NOTICE IS HEREBY GIVEN** that the **ANNUAL MEETING OF SHAREHOLDERS OF PRESTIGE HOLDINGS LIMITED (“the Company”)** will be held at No. 22 London Street, Port of Spain on **Thursday 27 April 2023** at 10:00 a.m for the following purposes:

**ORDINARY BUSINESS:**

1. To receive and consider the Audited Consolidated Financial Statements of the Company for the year ended 30 November 2022 together with the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of twenty (20) cents per common share.
3. To re-elect Mr. Martin de Gannes a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
4. To re-elect Ms. Neil Poon Tip a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of her election until the close of the third Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
5. To re-appoint the incumbent Auditors and authorise the Directors to fix their remuneration and expenses for the ensuing year.
6. To transact any other ordinary business of the Company.



Dated: 10 March 2023.  
By Order of the Board  
Marlon Danglade  
Company Secretary  
Nos. 47-49 Sackville Street,  
Port of Spain,  
Trinidad, West Indies.



# Notice of Annual Meeting (Continued)

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## **Notes:**

### **1. ANNUAL REPORT**

The electronic version of the 2022 Annual Report can be accessed via <http://www.phl-tt.com>

### **2. MEETING REQUIREMENTS**

Shareholders are asked to observe the following requirements of the By-Laws of the Company for attendance and voting at the Annual Meeting.

#### **Persons Entitled to Notice**

In accordance with Section 110(2) of the Companies Act Chap. 81:01 the Record Date for the determination of Shareholders who are entitled to receive Notice of the Annual Meeting is on 6 April 2023. Only Shareholders who were on record as at the close of business on 6 April 2023 are therefore entitled to receive Notice of the Annual Meeting.

#### **Proxies**

Shareholders of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend and vote instead of them. A proxy need not also be a Shareholder.

Shareholders who return completed proxy forms are not precluded, if subsequently they so wish, from attending the live webcast instead of their proxies and voting via that medium.

Any Shareholder who wishes to appoint a proxy may also visit the website <http://www.phl-tt.com> to download a proxy form.

#### **Representatives of Corporations**

A Shareholder who is a body corporate or association is entitled to attend and vote by a duly authorised Representative who need not himself be a Shareholder. Such appointment must be by resolution of the Board of Directors.

#### **Delivery to the Company**

Any instrument appointing a proxy (including an instrument evidencing the authority pursuant to which it is executed) or evidencing the authority of the Representative of a Shareholder who is a body corporate or association, must be completed and deposited with the Company Secretary at the Company's Registered Office located at 47-49 Sackville Street not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the time for holding the meeting.

#### **Proof of Identity**

Shareholders are also reminded that the By-Laws provide that the Directors may require that any Shareholder, proxy, or duly authorised representative, provide satisfactory proof of his/her identity before being admitted to the meeting.

### **3. DIRECTORS' CONTRACTS**

There were no service contracts entered into between the Company (or any of its subsidiaries) and any of their respective Directors for the year ended 30 November 2022.

# Corporate Information

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## BOARD OF DIRECTORS

Christian E. Mouttet	<b>Chairman</b>
Simon Hardy	<b>Chief Executive Officer</b>
Angela Lee Loy	<b>Director</b>
Kurt A. A. Miller	<b>Director</b>
Martin de Gannes	<b>Director</b>
Rene de Gannes	<b>Director</b>
Neil Poon Tip	<b>Director</b>

## COMPANY SECRETARY & REGISTERED OFFICE

Marlon Danglade  
47–49 Sackville Street  
Port of Spain

## BANKERS

Scotiabank Trinidad and Tobago Limited  
Scotia Centre  
56–58 Richmond Street  
Port of Spain

First Citizens Bank Limited  
Corporate Banking Unit  
9 Queen's Park East  
Port of Spain

Republic Bank Limited  
Corporate Business Centre North  
1st Floor, Republic Promenade Centre  
72 Independence Square  
Port of Spain

## ATTORNEYS AT LAW

Fitzwilliam Stone, Furness-Smith and Morgan  
48–50 Sackville Street  
Port of Spain

## AUDITORS

PricewaterhouseCoopers  
Chartered Accountants  
11–13 Victoria Avenue  
Port of Spain

## REGISTRAR & TRANSFER AGENT

Trinidad and Tobago Central Depository Limited  
10th Floor, Nicholas Towers  
63 Independence Square  
Port of Spain

## BOARD COMMITTEE

### CORPORATE GOVERNANCE AND NOMINATION

Kurt A. A. Miller	<b>Chairman</b>
Christian E. Mouttet	
Neil Poon Tip	

### AUDIT

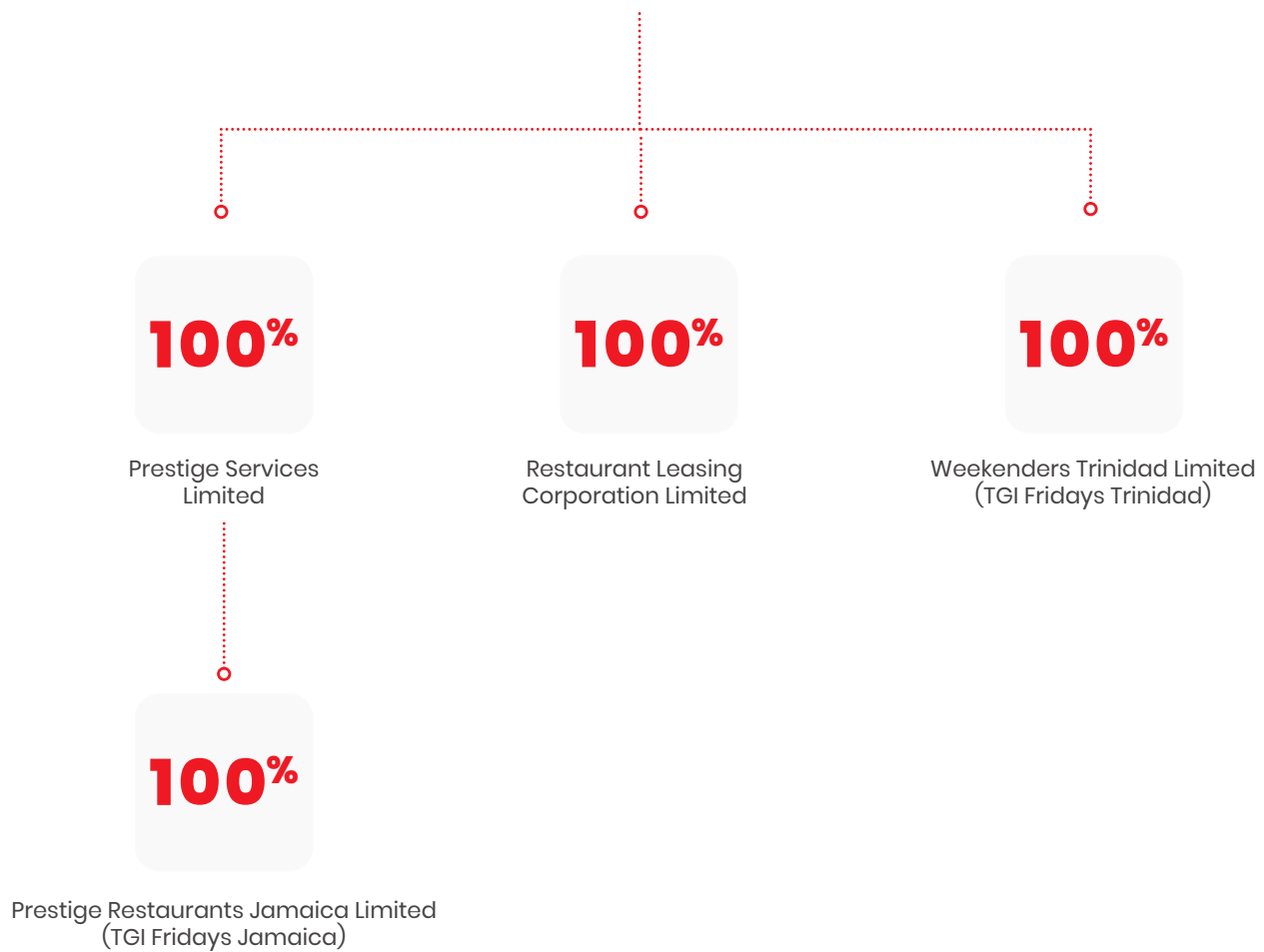
Angela Lee Loy	<b>Chairman</b>
Kurt A. A. Miller	
Rene de Gannes	

### HUMAN RESOURCE AND COMPENSATION

Martin de Gannes	<b>Chairman</b>
Christian E. Mouttet	
Neil Poon Tip	

# PRESTIGE HOLDINGS LTD.

*A Restaurant Management Company*





# Chairman's



Prestige Holdings Ltd.



10.328 views

PHL\_tt Chairman, Christian E. Mouttet gives his report for the PHL Annual Report, #PHL #Starbucks #Subway #KFC #TGIFridays #PizzaHut #Trinidad&Tobago 🇳🇶

View all 328 comments

6 DAYS AGO

## To Our Shareholders, Employees, Customers and Partners

*The financial year 2022 was one of significant recovery for Prestige Holdings, compared to the two previous years, when the COVID-19 pandemic had a severe negative impact on our business. There has been significant effort and progress towards returning our business operations to pre-pandemic levels, and overall our Group has emerged stronger, more adaptive and well positioned for future growth.*

*For the fiscal year 2022, Group revenue increased by 55% to \$1.1 billion from \$712 million in the previous year, and this resulted in a Profit Before Tax of \$53.7 million compared to a Loss Before Tax of \$31.7 million in 2021. During the period, our Group generated \$165 million in Operating Cash Flow, repaid \$38.3 million in debt, which reduced our total borrowings to \$55.7 million and we ended the year with \$95 million in cash. At year end we operated 129 restaurants with one new restaurant opening, one closure and no remodels or relocations during the period.*

# Report 2022

## Operations

All of our brands posted significant operational and financial improvements when compared to the two previous, COVID-19 impacted, years. The Group's overall profitability at \$54 million, was comparable to 2019, the last full year in which there were no COVID-19 restrictions. Throughout 2022, we continued to build on the innovation and progress that has been made in our digital, delivery and drive-thru channels and expect that these platforms will continue to drive growth going forward.

The most significant challenge that our industry is currently experiencing is high, and in some cases increasing, food, packaging and operating costs, and the global supply chain disruptions that have caused this are expected to persist for some time. These increases have been material to our business and we are working closely with our local and foreign suppliers in order to minimize their impact to our business and our customers.

## Looking Forward

As mentioned earlier, 2022 was a recovery year for our business after two very difficult pandemic impacted years. In 2023, we expect to build on the progress made in the last year and also restart our new store and remodeling investment programme. Already in 2023, we have opened two new Starbucks restaurants at Brentwood and Aranguez, and will open a third in O'Meara in March. In April 2023, we will open our first Starbucks restaurant in Guyana at the Amazonia mall. Additional new stores in Trinidad are also planned during the financial year.

## Looking Forward

The Board approved a final dividend of 20 cents (2021 – 0 cents) per common share, which, with shareholders' approval, will bring the total dividends payable for the financial year 2022 to 32 cents (2021 – 0 cents), the same as in 2019. The final dividend will be paid on 15 May, 2023 to shareholders whose names appear on the Register of Members on 13 April, 2023.

## Acknowledgements

I wish to thank and recognize all of our dedicated and hardworking employees who have been so instrumental in navigating the Group through the difficulties in recent years and the improvements experienced in 2022. The CEO, Brand VPs and management team have been proactive in managing ongoing supply chain and operational challenges, demonstrated great resilience and team work, and have provided leadership at every level in the organization. A very special thank you to all of our customers for remaining loyal to our brands, and for keeping us "in their hearts and minds for every eating experience". Lastly, I wish to thank my fellow directors for their wisdom and counsel and for the support provided to management during the year.



Christian E. Mouttet  
Chairman  
27 February 2022

# Board of Directors



*Christian E.  
Mouttet*



*Martin de  
Gannes*



*Angela Lee  
Loy*



# PRESTIGE HOLDINGS LTD.

*A Restaurant Management Company*



Simon  
Hardy

Neil Poon  
Tip

Kurt A. A.  
Miller

Rene de  
Gannes

# Board of Directors

## Professional biography

Christian E. Mouttet



### **B. A., Chairman**

Mr. Mouttet is the Chairman and CEO of Victor E. Mouttet Limited and Chairman of Agostini's Limited. He holds a Bachelor of Arts degree with a double major in business administration and political science from Wagner College, New York.

Simon Hardy



### **B. Eng. (Hons.), F.C.A., C.A., Chief Executive Officer**

Mr. Hardy gained his formal education in the United Kingdom, having graduated with a bachelor's degree (Honours) in mechanical engineering from the University of Bristol. He then pursued a career in accountancy, qualifying as a Chartered Accountant and earning his certification in corporate treasury management in 2001 and 2003 respectively. Mr. Hardy is also a Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to returning to Trinidad, Mr. Hardy worked in internal audit with a major international company in the United Kingdom, where he engaged with senior managers in trade, finance and operations. He also worked in India conducting risk assessments, examining service level agreements and ensuring good corporate governance.

Upon his return to Trinidad, Mr. Hardy joined a locally owned hospitality business in 2007 as the Group Chief Financial Officer. Within two years, he was promoted to the position of Chief Operating Officer, a position which he held until he joined Prestige Holdings in 2014.

Angela Lee Loy



### **F.C.C.A., C.A., Director**

Ms. Lee Loy is the Chairman of Aegis Business Solutions Limited, outsourcing and advisory services; Partner of Aegis & Co, external audit company; and Chairman of recruitment agency, Eve Anderson Recruitment Limited and Caribbean Resourcing Solutions Limited as well as Chairman of CyberEye Limited, a cyber security company. She is a Fellow of the Association of Chartered Certified Accountants (UK). She was a former partner responsible for the provision of Assurance and Business Advisory Services with PricewaterhouseCoopers.

Ms. Lee Loy is a non-executive director and Chairman/member of the audit committee for a number of public and private companies. She is a past President of Trinidad and Tobago Coalition Services Association (TTCSI) and within the NGO sector; she is also Chairman of Social Justice Foundation and Music Literacy Trust and Director on The Mercy Foundation, a division of Living Waters.

She was the first female President of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) and the Institute of Chartered Accountants of the Caribbean (ICAC) and the Chairman of the National AIDS Coordinating Committee (NACC).

Martin De Gannes



### **B.Sc., M.Sc., FICB, Director**

*Mr. de Gannes joined the Board after holding several executive human resource leadership positions in both local and global companies within Trinidad and Tobago over the past 35 years.*

*A former first-place winner of the Open National Scholarship in Modern Studies from St. Mary's College, his qualifications include a B.Sc., (Economics) and an M.Sc., (Industrial Relations) from The London School of Economics and Political Science, as well as a Fellow of the Institute of Canadian Bankers FICB (with Honours). He has also had the benefit of training in management development from Harvard Business School and dispute resolution training from the University of Windsor, Canada. Mr de Gannes is a Board member of the Immortelle Vocational Centre, a member of the Registration, Recognition and Certification Board of T&T and a member of the Salaries Review Commission.*

Rene De Gannes



### **B.Sc. (Hons), Director**

*Mr. de Gannes is the General Manager, Kiss Baking Company Limited. A graduate of The University of the West Indies (B.Sc. Honours, Economics) in 1987, Mr. de Gannes has enjoyed success in the world of marketing communications and distribution and brings to the table a variety of leadership skills developed at both local and multinational organizations. He is also an avid sports enthusiast and serves as a member of the Fatima Old Boys Association.*

Kurt A. A. Miller



### **LL.B. (Hons), Director**

*Mr. Miller is the Managing Partner and Head of the Commercial Department of Fitzwilliam, Stone, Furness-Smith & Morgan. He joined the firm in 1986 and has been a partner since 1992. His areas of specialty are finance, banking, and corporate/commercial transactions. He has acted and continues to act for a broad range of local and international clients in the areas of commercial transactions, structured credit transactions, leverage lending transactions, sovereign and commercial bond issues, mergers and acquisitions, securitisation transactions and aviation transactions.*

*Mr. Miller is a graduate of the University of the West Indies (LL.B. Hons, 1984) and the Norman Manley Law School, Jamaica (Legal Education Certificate, 1986). He was admitted to practice in 1986 in Trinidad and Tobago, in 1991 in Jamaica and in 2021 in Guyana. He has consistently been recognised as a leader in Chambers Global, World's Leading Lawyers for Business since 2004.*

Neil Poon Tip



### **B. Com., Director**

*A graduate of St. Mary's University, Halifax, Canada with a Bachelor of Commerce degree with a major in marketing, Mr. Poon Tip holds several leadership positions within the food and beverage industry in Trinidad and Tobago. He is the Managing Director of Universal Foods Limited and is a Director of Associated Brands (Investments) Limited, as well as a number of family owned businesses. He is also a Director of Consolidated Biscuits Limited, Malta.*

*Mr. Poon Tip has served on a number of local public and private sector boards and is a past president of the Trinidad and Tobago Manufacturers Association (TTMA) and past vice president of the Trinidad and Tobago Chamber of Industry and Commerce (TTCIC).*



# Executive Team



*Johann  
Mendoza*

*Keri  
Hosein-Khan*

*Roger  
Rambharose*

*Simon  
Hardy*

# PRESTIGE HOLDINGS LTD.

*A Restaurant Management Company*



*Anthony  
Martins*

*Wendy  
Joseph*

*Jim Leung  
Chee*

*Mark  
Beepath*

# Executive Team

## Professional biography

Simon Hardy



### **B.Eng. (Hons.), F.C.A., C.A., Chief Executive Officer**

Mr. Hardy gained his formal education in the United Kingdom, having graduated with a bachelor's degree (Honours) in mechanical engineering from the University of Bristol. He then pursued a career in accountancy, qualifying as a Chartered Accountant and earning his certification in corporate treasury management in 2001 and 2003 respectively. Mr. Hardy is also a Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to returning to Trinidad, Mr. Hardy worked in internal audit with a major international company in the United Kingdom, where he engaged with senior managers in trade, finance and operations. He also worked in India conducting risk assessments, examining service level agreements and ensuring good corporate governance.

Upon his return to Trinidad, Mr. Hardy joined a locally owned hospitality business in 2007 as the Group Chief Financial Officer. Within two years, he was promoted to the position of Chief Operating Officer, a position which he held until he joined Prestige Holdings in 2014.

Anthony Martins



### **Vice President, Market Development**

Mr. Martins joined Prestige Holdings Ltd. in 1978 as a Shift Supervisor at KFC St. James, our very first restaurant in Trinidad. Since then, he has held several positions including Area Manager, Research and Development Manager and Quality Assurance Manager. In 1991, he was promoted to Business Development Manager. This significant portfolio provided him with in-depth knowledge and experience in market mapping, market segmentation and site selection using world class methodologies.

Mr. Martins has attended extensive overseas training programmes covering operations, business development, quality assurance and research.

Keri Hosein-Khan



### **B.Sc. Economics & Business Management, Vice President, Starbucks and TGI Fridays**

Ms. Hosein-Khan joined Prestige Holdings Limited as Internal Audit Manager in 2007 from EY – Risk Advisory Services team where she performed business process reviews and improvements, internal audits and forensic engagements across a multitude of industries both locally and regionally spanning the energy sector to the financial services sector.

As Internal Audit Manager, she held oversight responsibilities for the improvement of risk management, governance and control systems. She was responsible for reporting on internal control performance and continuous evaluations and improvements to drive operational and financial efficiency across the Company's restaurants and restaurant support centre. Over her career, she has honed her skills at profit and loss management, process efficiency optimisation and building people capabilities.

She holds a bachelor's degree in economics and business from the University of the West Indies and during her career, she has completed several programmes in the areas of risk management, contract and procurement fraud and leadership and emotional intelligence.



Roger Rambharose



**B.Sc. (Hons.), F.C.C.A., Vice President, KFC and Pizza Hut**

Roger has over 12 years' senior functional experience both locally and internationally in finance, supply chain management, purchasing, sales and marketing across several industries. Prior to joining PHL, he held the post of Commercial Director of Unicomer (Trinidad) Ltd. and, before that, he was a senior executive at Kimberly Clark. He holds a bachelor's degree (Honours) in management from the University of the West Indies with specializations in economics and finance. Roger is also Fellow of the Association of Chartered Certified Accountants of the United Kingdom (FCCA). Roger has also been elected and serving as the 1st Vice President of the Caribbean and Latin America Franchise Association (CARIBLA).

Jim Leung Chee



**B.Sc. Industrial Engineering; MBA Business Administration, Vice President, Operations**

Mr. Leung Chee has over 20 years' experience in the areas of Supply Chain, Procurement and Engineering-planning. Prior to joining Prestige Holdings Limited, Mr. Leung Chee held a number of executive and senior management positions with several multinational and large local companies in various industries such as Energy – upstream, power and petrochemicals, Telecommunications and FMCG – beverages.

Mr. Leung Chee has made several innovative contributions in the fields of Supply Chain and Technology. Among those contributions are the innovation, development and monetization of an e-tender application software system. He has also appeared on several media programs and public forums speaking on technology in the procurement process.

Currently, Mr. Leung-Chee holds a B.Sc. in Industrial Engineering from UWI, an Executive MBA from the Arthur Lok Jack Graduate School of Business and has been trained as a Certified Quality Manager (CQM) from ASQ.

Johann Mendoza



**M.B.A., B.B.A., Vice President Subway**

Mr. Mendoza possesses a wide range of management experience in manufacturing, warehousing and operations, all based in the food and beverage industry, both at home and abroad. He started supervising production at one of the largest bottling plants in New York, USA as Production Supervisor.

On his return to Trinidad, his experience earned him an opportunity with a major manufacturing retail Company in the Caribbean as Production Supervisor, where he spent almost 7 years, holding positions such as Warehouse Manager and Production Manager. He was also integral in implementing the Enterprise Resource Planning solution currently being used there.

Mr. Mendoza joined Prestige Holdings Limited as Operations Manager (Subway) in January 2020, overseeing the restaurant operations of all locations in Trinidad and Tobago, and closely managing the unprecedented shutdowns and startups during the COVID-19 pandemic.

He holds a Bachelor's degree in Business Management with a minor in Hospitality Management from Monroe College, New York and an MBA in Operations Management from University of Toledo, Ohio.

# Executive Team

## Professional biography (Cont'd)

Wendy Joseph



### *Vice President, Human Resources*

Wendy Joseph has over 25 years' progressive experience in the field of Human Resource Management, Change Management and Customer Service – most of which are at a Senior Management/Executive Level. Her experience spans public and private sector firms in various industries – locally, regionally and internationally – including Retail, Healthcare, Financial Services, Energy & Gas and Information Technology and Food Service.

Wendy is the holder of a Bachelor's Degree in Management Studies (Upper 2nd Class Honours) and a Master's in Business Administration specialising in Human Resources Management. She is a Prosci Certified Change Practitioner, a Certified Customer Service Trainer (CCST) and a Certified Customer Service Leader (CCSL) with the Service Quality Institute (USA).

Wendy's passion for people spans all aspects of her life. She is dedicated wife and mother, loves a good laugh, steel pan and craft.

Mark Beepath



### *B.Sc. Economics, Chief Financial Officer*

Mr. Beepath has over 25 years' experience in the FMCG Industry working with multinational firms based in the Caribbean and North America. Prior to moving to Prestige Holdings he served most recently as Regional Financial Controller for the Caribbean for a major packaging manufacturer in the region. He has also held senior Finance roles based in the Caribbean and North America with one of the regions leading FMCG companies.

Mr. Beepath holds a B.sc. in Economics and is also ACCA qualified.

Vision Statement ♥

*To be in the hearts  
and minds of  
our customers  
for every eating  
experience.*





# Report of the Audit Committee

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The Group Audit Committee assists the Board in fulfilling its responsibility to oversee Management's implementation of financial reporting and risk management processes as set out in the Audit Committee Terms of Reference. In performing its work, the Committee considers the following: -

- Reliability and integrity of the accounting principles and practices.
- Internal audit functions.
- Risk management functions.
- Qualifications, independence and performance of the external auditors.
- The effectiveness of the system of controls and procedures.
- Compliance with legal and regulatory requirements.

The Committee has reviewed and discussed the quarterly unaudited results, the annual audited financial statements and the audit plan with the company's management and the external auditors.

The Committee met four (4) times for the year 2022.

The Audit Committee

Angela Lee Loy, Chairman

Kurt A. A. Miller

Rene de Gannes

# Report of the Human Resource and Compensation Committee

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The Human Resource and Compensation Committee comprises three non-executive directors of the Company.

This Committee supports the Board of Directors in matters of human resource policies and practices, including executive compensation structure and incentive programmes, monthly rated employees' salary levels/compensation programmes, changes to the executive organizational structure, executive medical examinations, and board compensation.

During the year, the Committee held three meetings and dealt with the following matters:

- Award of 2021 performance bonuses based on achievement of individual and Company's objectives for that year
- Approval of adjustments to management and general compensation for 2022
- Review of profit performance bonus structure for 2023

Human Resource and Compensation Committee

Martin de Gannes, Chairman

Neil Poon Tip

Christian E. Mouttet

# Report of the Corporate Governance and Nomination Committee

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The Corporate Governance and Nomination Committee comprises three non-executive directors of the Company.

This Committee supports the Board of Directors in matters of corporate governance, including evaluations of the Board and individual directors, nomination of directors, mandates for sub-committees of the Board, structure and membership, code of ethics and conflicts of interest, performance evaluation of the Chief Executive Officer and executive succession planning.

During the year, the Committee held two meetings to evaluate the performance of the Board and dealt with the following matters:

- succession planning
- term limits for directors
- recruitment of new directors
- board evaluations
- corporate governance
- 3-year strategic plan
- internal audit function

The Committee completed evaluations of the Board.

The Company is in compliance with the Trinidad and Tobago Corporate Governance Code.

Corporate Governance and Nomination Committee

Kurt A. A. Miller, Chairman

Christian E. Mouttet

Neil Poon Tip



# Report of Directors

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The Directors are pleased to present their report for the year ended 30 November 2022.

## 1. CONSOLIDATED FINANCIAL RESULTS AND DIVIDENDS

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Profits attributable to shareholders	35,474,346
Interim net dividends paid for 2022 (paid 12 cents per common share)	<u>(7,330,393)</u>
Retained profit for the year	28,143,953
Retained profits brought forward from prior year	<u>218,731,710</u>
Retained profits at end of year	<u>246,875,663</u>

## 2. DIVIDENDS

On 28 June 2022, an interim dividend of 12 cents per common share was paid to shareholders. On 27 February 2023, the Board of Directors recommended a final dividend of 20 cents per common share for the shareholders' approval at the Annual Meeting, which will bring the total dividends payable for the financial year 2022 to 32 cents. The final dividend will be paid on 15 May 2023 to shareholders whose names appear on the Register of Members on 13 April 2023.

## 3. DIRECTORS

The Directors as of 30 November 2022 were as follows:-

Christian E. Mouttet, Angela Lee Loy, Martin de Gannes, Kurt Miller, Rene de Gannes, Neil Poon Tip and Simon Hardy.

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the terms of office of Martin de Gannes and Neil Poon Tip expire at the close of the Annual Meeting to be held on Thursday 27 April 2023. Mr. de Gannes and Mr. Poon Tip, being eligible, offer themselves for re-election as Directors for the term from the date of their election until the close of the third Annual Meeting following their election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

## 4. AUDITORS

The retiring auditors, Messrs. PricewaterhouseCoopers, have expressed their willingness to be re-appointed and are eligible for appointment as auditors of the Company.

# Report of Directors

## 5. BENEFICIAL INTERESTS OF DIRECTORS, SENIOR OFFICERS AND THEIR CONNECTED PERSONS AND A LIST OF SUBSTANTIAL OR LARGEST INTERESTS.

In accordance with the requirements of our listing agreement with The Trinidad and Tobago Stock Exchange Limited ("the TTSE") and Rule 601 of the Rules of the TTSE, we record hereunder details of the beneficial interest of each Director and Senior Officer together with their connected persons in the share capital of the Company as at the end of the Company's financial year 30 November 2022.

### DIRECTORS

Directors	Beneficial Interest	Options Granted Under Share Option Plan	No. of Shares Held by Connected Persons
Christian E. Mouttet	Nil	Nil	42,685,422
Angela Lee Loy	Nil	Nil	Nil
Simon Hardy	Nil	Nil	Nil
Kurt Miller	40,000	Nil	Nil
Martin de Gannes	Nil	Nil	Nil
Rene de Gannes	Nil	Nil	Nil
Neil Poon Tip	Nil	Nil	Nil

There are no other interests held by the Directors.

### SENIOR OFFICERS

Senior Officer	Beneficial Interest	Options Granted Under Share Option Plan	No. of Shares Held by Connected Persons
Marlon Danglade	Nil	Nil	Nil
Anthony Martins	79,996	Nil	Nil
Wendy Joseph	Nil	Nil	Nil
Jim Leung Chee	Nil	Nil	Nil
Johann Mendoza	Nil	Nil	Nil
Kerri Hosein-Khan	Nil	Nil	Nil

# Report of Directors

## **SUBSTANTIAL INTEREST/LARGEST HOLDERS**

In accordance with the requirements of our listing agreement with the TTSE and Rule 601 of the Rules of the TTSE, we list below those persons holding the ten (10) largest blocks of shares legally and beneficially in the Company as at the end of the Company's financial year 30 November 2022.

<b>Shareholder</b>	<b>Legal Interest</b>	<b>Beneficial Interest</b>
Victor E. Mouttet Limited	Nil	33,085,422
GNM Properties Limited	Nil	7,200,000
JMM Properties Limited	Nil	2,400,000
Employees Profit Sharing & Share Ownership Plan	Nil	1,216,595
Joseph P. Esau	Nil	1,200,000
Guardian Life of the Caribbean Limited	Nil	1,105,065
RBC Trust (Trinidad and Tobago) Limited – T964	Nil	1,083,852
Pelican Investments Limited	Nil	1,000,000
Scotiabank Trinidad and Tobago Limited Pension Fund Plan	Nil	742,270
RBC Trust (Trinidad and Tobago) Limited – T585	Nil	605,574

## **6. DISCLOSURE OF INTEREST OF DIRECTORS AND OFFICERS IN ANY MATERIAL CONTRACT**

No director or officer of the Company is an officer or director of any company or has a material interest in any company which is a party to a material contract or proposed material contract with the Company.

The Directors wish to express their appreciation to the management and staff for the work done during the year and look forward to another exciting year.

By Order of the Board  
Dated 10 March 2023



CHRISTIAN E. MOUTTET



MARLON DANGLADE











# Management Discussion and Analysis

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2022 was a year of recovery and return to growth for Prestige Holdings. After a two year period of varying levels of Government-mandated COVID-19 operating restrictions in the restaurant industry, the Government gradually phased these out in the first few months of the fiscal year, and our restaurants were, once again, able to operate at full capacity. With the cessation of the operating restrictions, after a little initial trepidation, our customers returned in full force to our restaurants and we were delighted to be able to serve them. This gave a much needed injection to our business, particularly for a brand like TGI Fridays™, which relies predominantly on in-restaurant dining for revenues. The scale of the impact that this had on our overall business can clearly be seen in our financial results. The clearest illustration of the positive impact of being able to operate at full capacity again is shown in the fact that we turned from a Loss Before Tax of \$31.7 million in 2021 to a Profit Before Tax of \$53.7 million in 2022, a positive swing in our results of \$85.4 million.

The positive impact of our industry returning to normal operations has been tempered by the significant increases in our food and packaging input costs that we have experienced in 2022, and continue to experience. The scale and frequency of these increases are unprecedented and have impacted across the range of our food and packaging items. This has caused margin pressure on our business and we do not see much easing of these pressures in the near term.

The removal of the COVID-19 operating restrictions in our industry, together with a general feeling in society that the risks of COVID-19 were receding, have caused a change in our customers' purchasing behaviours. During the previous two years, with the COVID-19 operating restrictions impacting on the restaurant industry, as well as the general pervasive sense of caution in society, our business, like many others in the restaurant industry, pivoted to serving our customers via various "out of restaurant" models, and our drive-thru, delivery, curb-side and in-store pick up channels became predominant. However, our industry thrives on human connection and being able to connect over food is a powerful force. With the ability, once again, to experience in-restaurant dining, our customers relished being able to reconnect with each other in-restaurant and were choosing this over the "out of restaurant" experience. We have observed a proportional increase in revenues from our in-restaurant dining channel, with a commensurate reduction in revenues from our "out of restaurant" channels. However, customers have now become accustomed to these more convenience-focused "out of restaurant" channels, and whilst they have reduced from the peak seen during the heights of the COVID-19 period, they are still higher than they were pre-pandemic. We continue to drive innovation and focus on ways to make it easier for our customers to access our brands.

It is a testament to the strength of our business, our brands and our people, that we were still able to invest in new store development and opened one new Starbucks at Piarco International



# Management Discussion and Analysis (Cont'd)

Airport as well as completed a major remodel of our TGI Fridays™ restaurant in Kingston, Jamaica. Now that business has returned to normal, we will be recommencing our store development programme, with major remodels and building of new stores. In addition, in 2022, we were awarded the licence to operate the Starbucks brand in Guyana, and we are excited about the opportunity to bring the best in restaurant design and coffee experience to Guyana.

I want to take this opportunity to recognise the perseverance of the entire Prestige Holdings family during this year of recovery. The challenges, both personal and in our business, over the last two years have been profound. Yet when the opportunities presented, the Prestige team fully grasped them and were instrumental in driving the return to growth. It is only through their efforts that we are able to get through the previous two years and were able to succeed in 2022. Thank you for your support.

## FINANCIAL PERFORMANCE

### Highlights

- Revenue for 2022 was \$1,105 million, representing an increase of \$393 million or 55 % over 2021 (\$712 million). Revenue was generated from an average number of 129 restaurants (2021: 129 restaurants). During the year, we opened one Starbucks store and closed one Subway restaurant.

Senior Officer	FY 2022 \$'000	FY 2021 \$'000	\$ Change \$'000	% Change
First Quarter	246,378	235,191	11,187	5%
Second Quarter	264,687	157,515	107,172	68%
Third Quarter	299,290	97,808	201,482	206%
Fourth Quarter	294,762	221,594	73,168	33%
<b>Annual Revenue</b>	<b>1,105,117</b>	<b>712,108</b>	<b>393,009</b>	<b>55%</b>

Against the prior year the company delivered strong revenue growth with the removal of COVID restrictions which had adversely impacted 2021 results.

This impact was most pronounced in the second and third quarters where restaurants in Trinidad and Tobago were closed for 80 days from 30 April 2021 to 18 July 2021. There were restrictions still

# Management Discussion and Analysis (Cont'd)

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in place during the fourth quarter of 2021 with some easing of measures seen in the latter part of November 2021.

- Operating profit before finance costs was \$72.5 million compared to an operating loss in 2021 of \$12.2 million (an increase of \$84.7 million).
- Finance costs decreased by \$0.68 million primarily driven by a reduction in interest paid on borrowings.
- Interest cover (EBITDA / Interest Expense) improved to 7.9 against 3.5 in 2021.
- Return on capital employed increased from (2.2%) to 12.4%.
- Return on invested capital increased from (1.8%) to 8.6%.
- Earnings per share (EPS) increased from (46.4 cents) to 57.9 cents.
- Net debt-to-equity ratio inclusive of IFRS 16 impact was 47:53 (2021: 55:45). Excluding the IFRS 16 impact the company closed the year in a net cash position (2021: 13:87).
- Cash generated from operations increased from \$51 million in 2021 to \$163 million.
- The Group reinvested \$17.7 million in capital expenditure in 2022, compared with \$21.8 million in 2021.

## Trinidad and Tobago Operations

The restaurants' contribution (excluding administrative and finance costs) from our Trinidad and Tobago operations increased by 177% as compared to the prior year with the removal of COVID-19 restrictions. This increase was attributable to the following:

- Revenue increased by 55% (or \$388 million) which was marginally offset by increased food costs driven by higher commodity prices;
- Labour costs increased by 33% (or \$33.7 million) driven by the full reopening of restaurant operations;
- Other restaurants' operating expenses also increased by 21% (or \$21.3 million), driven by the regularisation of restaurant operations;

# Management Discussion and Analysis (Cont'd)

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Administrative expenses increased by 17% (or \$11.2 million) when compared with the previous year. Some of the key drivers to this movement included:

- an increase in employee expenses driven primarily by the reopening of full operations vs. the prior year where there were reduced salaries paid to administrative staff during the closure of the business;
- Increased travel with the lifting of restrictions;
- an increase in the green fund levy charges due to our increased sales.

## Overseas Operations — TGI Fridays™ Jamaica

The operation generated a pre-tax profit of \$0.3 million (2021: loss of \$0.5 million). This improvement was driven mainly by increased revenue which grew by 47% over the prior year.

## Capital Expenditure (including intangible assets)

Capital expenditure (net of proceeds on disposal of assets) for the year totalled \$18.8 million (2021: \$22.2 million). In the year the majority of expenditure was spent on the new Starbucks store opened in Trinidad and on the enhancement of our TGI Fridays location in Jamaica. In addition, expenditure was also incurred on improving warehousing facilities, investment in restaurants' kitchens and on image enhancements of existing stores.

## Share Price

The Company's share price as at the close of trading on 30 November 2022 was \$6.25, showing a decrease of \$0.79 from 30 November 2021. As at 27 February 2023, the Company's share price increased to \$6.89.

## Our People

2022 was a year of recovery whilst navigating the uncertainty of our future with the COVID-19 pandemic. We leaned into the resilience of our people and the commitment of our management as we re-entered the market in full focused on "Recapturing our Growth". We focused heavily on re-entry, staffing, leadership capability and bench planning, quality, health and safety and the onboarding of our new VP – Human Resources.



## Management Discussion and Analysis (Cont'd)

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On re-entry, our employees showed up – not just in quantity, but in commitment to serve. The gaps in-store were quickly filled and the stores made ready to serve the public through all channels once again. Retraining in product knowledge ensured the maintenance of product quality and delivery to standard. Employee turnover also remained low and the retention rate of employees over one year increased.

Through the continued use of our digital platforms and the ability to host in person sessions, we were able to achieve 100% development of our leaders across all brands and were featured globally by Yum international for our execution in 2022. Our onboarding and training continued virtually and via our Learning Management Systems we were able to train and develop all employees on a continuous basis.

During the periods of lockdown, the focus was on survival. As we journeyed through 2022, we focused on growth and developing our leaders for succession. Through our Career Advancement Program (CAP) and succession planning processes, we were able to assess and promote over 100 persons across all brands and have talent available on the “bench” ready for their next challenge.

Recognizing the challenges posed by the return to work and children returning to school, store management worked closely with staff on flexible schedules, and we maintained a hybrid work schedule at the Restaurant Support Center (RSC). Additionally, the Company embarked upon a “Back to School” initiative whereby all staff with children meeting the eligibility criteria, at the primary and secondary levels, across all brands, and at the RSC, were assisted with back-to-school expenses.

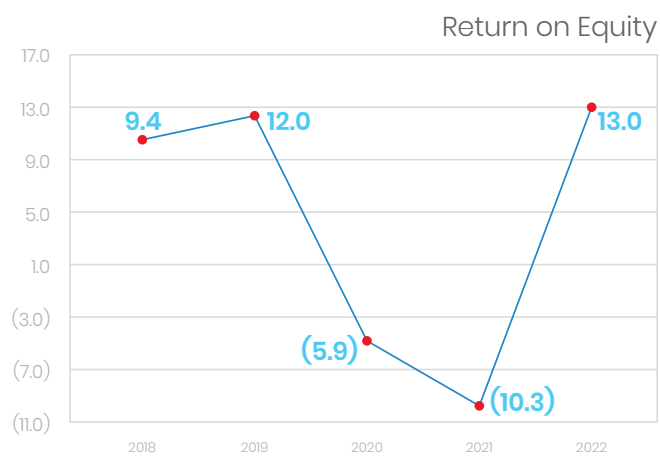
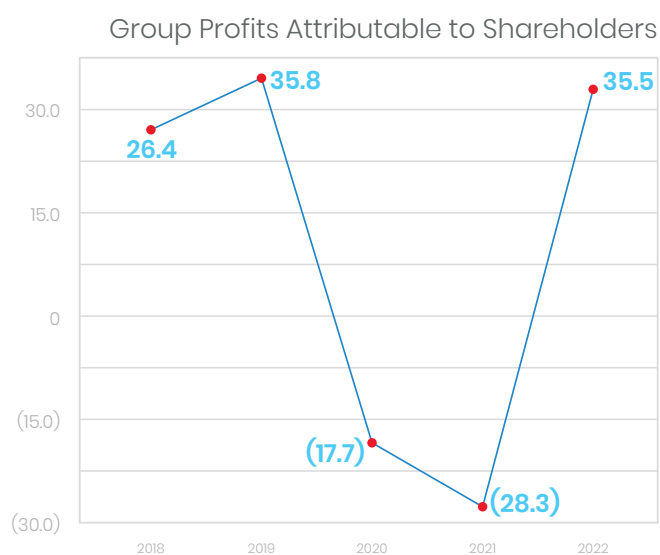
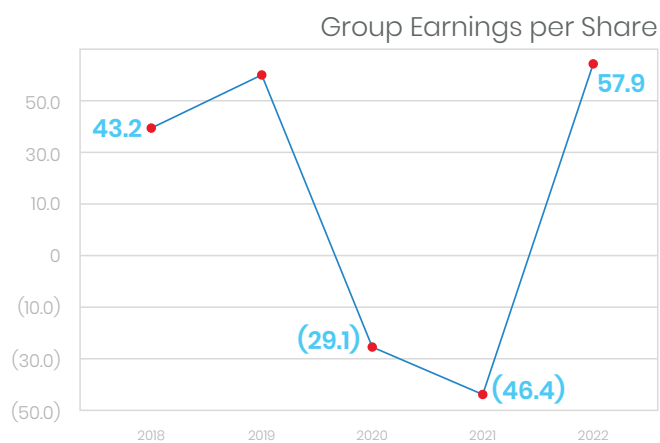
With the reopening of our stores, we retained our focus on keeping both our employees and our customers safe. As such, the Company took a decision to continue the mask wearing mandate although the Government had removed its public mandate. This was well received and embraced by both customers and staff.

In June 2022, we bade farewell to Ms. Angela Sobrian who held the position of Vice President, Human Resources for twenty-four (24) years. She has been ably replaced by Mrs. Wendy Joseph who has already built effective relationships at all levels of the organization and has a clear vision for people and culture in the future.

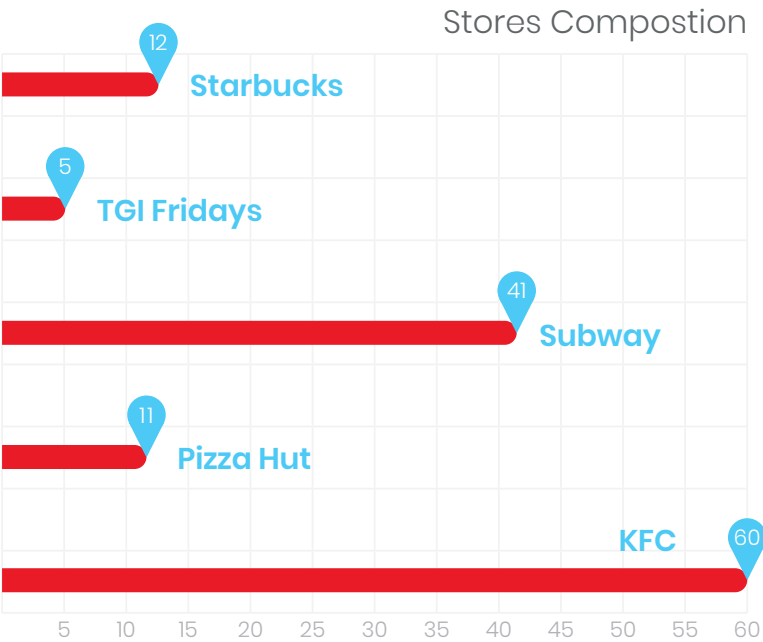
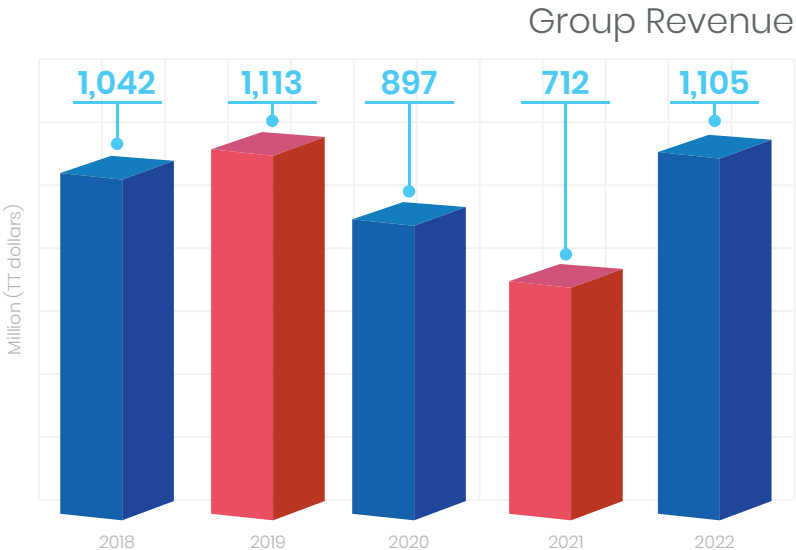
This year has been one of significant growth and change. To our valued employees, who demonstrated their commitment, resilience and support throughout the year, we appreciate you, we value you and are grateful for your contributions to our success in 2022. We shall continue along the path of growth as we invest in our people, our systems and processes and our brands.

# Management Discussion and Analysis (Cont'd)

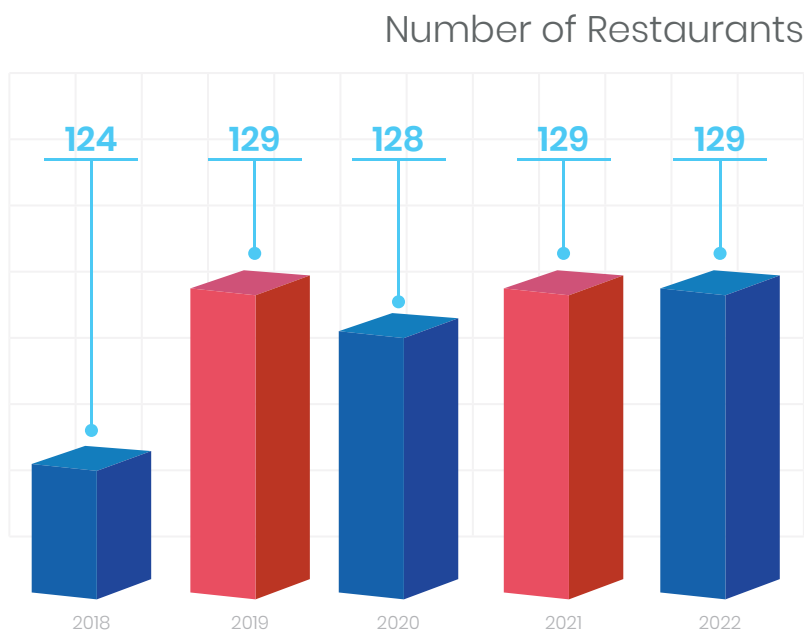
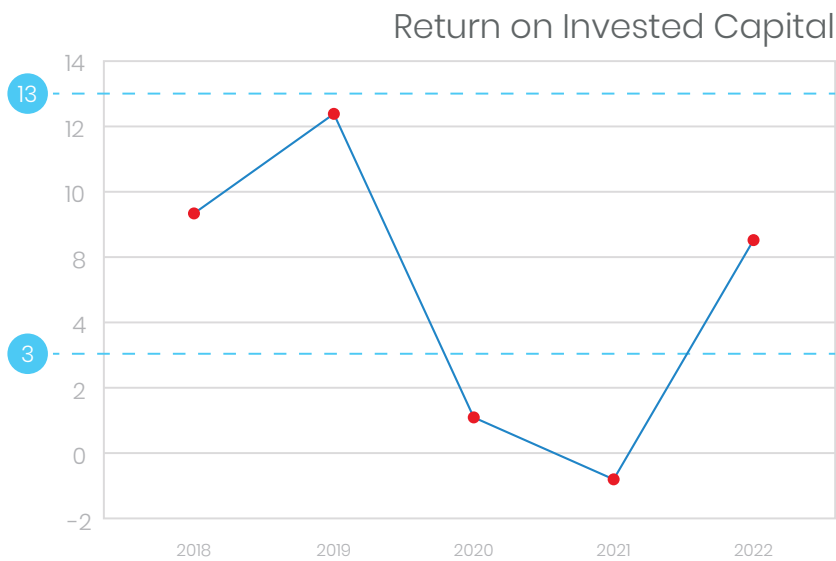
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# Management Discussion and Analysis (Cont'd)



# Management Discussion and Analysis (Cont'd)









*A menu strategy based on the creation of abundance and an emphasis on creating high level consumer convenience led to exponential growth for the brand. By enabling multi-channel access (WhatsApp, web and app) to our products via a single connected platform in addition to existing channels, we gave consumers control of their ordering experience, earning us YUM's recognition as the Top Digital Franchisee in Latin America and the Caribbean.*



While the first quarter of 2022 showed marginal gains over prior year, the true post-COVID recovery kicked off in April with the opening up of the dine-in channel. This improvement was exponential as consumers resumed life outside the walls of their homes. These results were achieved by continuous honing of our omni-channel retail strategy. At the core of this approach is the emphasis on creating a high level of convenience for the consumer by enabling multi-channel access to our products via one connected platform.

Acknowledging consumers' demand for taking control of their ordering experience, KFC continued to drive customers to all its convenience channels such as WhatsApp, web and app ordering. To further enhance customer experience, QR code mini kiosks were launched in 5 key stores, offering customers the opportunity to skip the line in store and send their order directly to the kitchen. Online sales grew to 20% of total sales by the end of 2022, earning KFC Trinidad and Tobago recognition by YUM Brands as the Top Digital Franchisee in Latin America and the Caribbean, for highest conversion rates and digital sales growth. Our digital success was largely driven by the execution of targeted high value app and online exclusive offers coupled with the continued promotion of our loyalty program via the app. This channel continues to attract persons who want to access our products in a more convenient manner.

Our menu mix was crafted using a pricing strategy which was focused on creating abundance and value for the customer. With the continuation of our high end Mega Meals and Terrific Tuesdays which offers 50% more chicken with each Mega Meal, we saw positive customer reaction to this









offer. Our low end deals such as our Munch Pack, Supa Deal and Big Deal continue to recuperate over 2021 and with the working population back in full force, this band of deals accounts for a significant share of menu mix. Innovative promotions such as Sandwich Wednesdays contributed to this category's consistent growth above pre-COVID levels. From a product innovation perspective, the chili lemon chicken flavour was launched as a limited time offer in 2022 and was well received by consumers. The star of the 2022 limited time offers, however was the Double Stacked Zinger which met our customers' demand for value and great taste.

From a CSR perspective, we celebrated our 60th Independence by giving back to the nation in the form of back to school support for the children of both customers and our own team members. In November 2022, several residential areas of Trinidad were flooded and many of our citizens were marooned without food or aid. The KFC family quickly mobilised to package and personally distribute hundreds of meals to affected areas.

In addition, KFC Trinidad & Tobago was one of the only markets globally to achieve 100% achievement on external audits for Brand Standards and Food Safety for 2022.

At KFC we continue to be committed to continuously innovate and focus on delivering shareholder value and also on our promise to ensure that our customers taste happiness in every meal we serve.











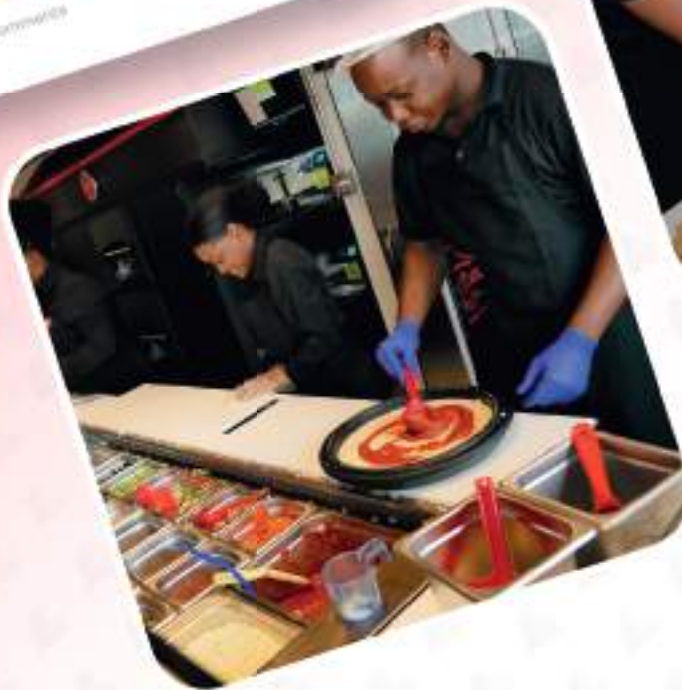












# Pizza Hut

*Parang! 'All You Can Eat' bringing families together! A laser focus on innovation—spicy tuna pizza for Lent, Italian sausage pizza, the new Italians pizza, the trick or treat stuffed crust, the chocolate hazelnut and peanut butter calzones, the long awaited stuffed breadsticks along with flash sales promotions and fully E-commerce website and app—that's part of how we were able to turn it around at Pizza Hut.*





In 2022, Pizza Hut sought to drive sales to recoup the losses incurred during the various lockdown periods faced by the industry in 2021. Operationally we tightened control processes to reduce wastage and worked assiduously to reduce the impact on our Food & Paper (F&P) costs caused by inflation as well as making adjustments to our menu portfolio.

In April 2022, the restrictions on dine-in were finally lifted and we used an intentional strategy to rebuild consumer engagement with the dining-in segment. This execution ran the full gamut of in store promotions and activations, ranging from time sensitive offers such as Pasta BOGO Days, Happy Hour Days and Karaoke competitions to an Italian-themed Summer event series which culminated in a sweepstakes for a trip for 2 to Italy. The Lunch Break product was designed to lift sales during the pre and post lunch (11:00 a.m. – 2:00 p.m.) dayparts. This achieved its goal without cannibalizing the sales of a key menu mix player—the iDeal pizza.

Tactical use of customer favorites like salads and stuffed breadsticks were exclusively deployed in dine-in locations to drive traffic to this channel. As part of our overall brand identity of creating special shared moments for our customers, we closed off the calendar year with the return of live Parang bands in stores.

Given our commitment to bringing families and loved ones together, we launched 'All You Can Eat' at dine-in restaurants on Sundays from 11:00 a.m. – 4:00 p.m., featuring some of our customers' favorite pizzas such as Santa Fe, pepperoni, veggie and plain cheese. These combined efforts led to significant increases in dine-in sales.

Marketing was laser focused on innovations, keeping customers tuned in for limited time offers and driving digital sales, building on the high







performance of digital in 2021. The product innovations launched were designed to further cement the brand in consumers' minds and hearts, as one that brings them together with their loved ones around a shared meal. Such items were spicy tuna pizza for Lent, loaded Italian sausage pizza, the new Italians pizza, the trick or treat stuffed crust and the chocolate hazelnut and peanut butter calzones. We also introduced the long awaited stuffed breadsticks to satisfy consumer demand. Flash sale promotions such as Carnival weekend, SEA, Independence Day, Republic Day, Black Friday, Divali and World Cup promotions kept customers engaged with the brand and boosted sales for all these culturally significant occasions.

The brand targeted the GenZ and millennial segments by launching a fully E-commerce website and app using a strong campaign that led to high app downloads and associated sales thereon. Exclusive online offers like the \$89 deal and the Fastastic deal drove record levels of online sales. The combination of marketing efforts and operational structure drove an upward climb in the health of the business. The brand accomplished a 46% increase in sales over the prior year. This represented a mere 9% gap between 2022 and pre-COVID numbers. Pizza Hut Trinidad & Tobago was also recognized by YUM brands as the top "Omni Channel" franchisee in Latin American and Iberia.

We continue to prioritize excellence in customer service through our recruitment efforts targeted at placing the best people in our consumer facing roles. We remain focused on creating shareholder value by building a team that is dedicated to ensuring that our customers taste happiness every day.







# TGI Fridays

*A story of recovery at home and abroad in our Jamaica operation... As restrictions lifted, we lifted the spirits of our guests by evolving our restaurant experiences and giving them more reasons to celebrate... menu engineering, exciting promotions and a safe, friendly space. We also invested in the development of our TGIF team and drove convenience in tandem with digital, off-premises and direct marketing.*



2022 was certainly a year of recovery for the TGI Fridays™ brand. As restrictions finally lifted, so too, did we lift the spirits of our guest, by evolving our restaurant experiences and giving our guest more reasons to celebrate.

Our wealth of experience in the casual dining industry and our understanding of what guests in our market craved, was perhaps our secret weapon. We focused heavily on menu engineering and launched various promotions such as our Sizzling Skillets and Remixed and Remastered menu to bring people together to socialize and celebrate in a safe and friendly environment.

We celebrated events such as Valentine's Day, Mothers' Day, Fathers' Day and World Cup and raised a glass in celebration of old favorites like Restaurant Week and the 24 Days of Fridays Christmas Campaign. We sang our hearts out as we welcomed back our Fridays guests and once again celebrated birthdays, anniversaries and not to mention life.

Investing in our team members and raising the bar with a focus on service execution continued to be a priority during the year. We hosted seminars, including Fridays Hospitality, Best Corner Bar in Town (Bar training) and The Perfect Fridays™ experience in preparation for operational excellence, as we welcomed new and familiar guests back through our doors.

Building on our transformative success with convenience platforms, we continued with off-premises marketing programs such as Any 2 Entrees and Feast for Two, which continued to outrank other offerings in popularity on our E-commerce platform. We also strengthened our digital marketing strategy through guest engagement via SMS, email blast and social media.









With our direct marketing efforts and crafty tactics, we positioned the brand competitively and reached new audiences through partnerships with digital marketers and social media influencers.

In the final quarter of 2022, we celebrated BIG as we re-imaged our Jamaica Restaurant after several years of serving our guests in the Kingston community. This re-opening was a huge success as our restaurant reviews flooded the Jamaican media publications, and our restaurant photos showcased on social media platforms with key influencers in the market. The additional marketing initiatives certainly boosted our performance and many guests including local celebrities flocked to our restaurant to experience the NEW Fridays™.

As we venture into a new year, we remain optimistic that the best is yet to come... .

With our brand operations focused on improving and transforming our guest experience and our marketing offerings targeted on menu innovation and the best food and drinks around town, we look forward to creating those memorable feelings.







HAPPY *er*





A photograph of a brick wall with a sign. The sign features the word 'every' in a black, cursive script and the word 'HOUR' in large, white, 3D block letters. Three spotlights are mounted on a track above the wall, casting a warm glow. The sign casts a shadow on the bricks below it.

*every* HOUR











**TGI FRIDAYS**







# SUBWAY®





# Subway

*The Subway Warriors were in full recovery mode in 2022! Specific focus on the new app, an always-on acquisition drive with a reward for new users, E-commerce, digital marketing, email marketing and app notifications for LTOs, promotions and special offers, customised menu options and internal team incentives took brand Subway to the next level and put it on the path to growth.*



The Subway Warriors were in full recovery mode in 2022! As the nation emerged from the challenges faced during the pandemic Team Subway prepared to win over guests and to intentionally seek new business as well as grow frequency of visits via strong campaigns. Campaign execution was also front and centre and was strengthened by a new structure which saw the operations leadership split geographically and led by two operations managers. New channels and the use of digital tools also played a critical role in the rollout and messaging of offerings and guest engagement as the team strove to grow brand awareness, trial and sales for new and existing options.

E-commerce, digital marketing, email marketing and app notifications continued as the primary means of guest engagement and for messaging of LTOs, promotions and special offers aimed at growing transactions. The year started with a specific focus on the new app and an acquisition drive with a reward for new users. Limited-time online offers were executed to complement the always-on acquisition offer to increase trial and acceptance of the app and to expand the online guest base. Special offers and promotions included: Twosday (22-2-22), Fandom Give-A-Ways, SEA, Back To School, Cinco de Mayo, Fri 13th, Mothers' Day, Fathers' Day, Independence Day, Republic Day, Black Friday, Cyber Monday, World Sandwich Day.

As it relates to national campaigns, brand Subway was able to take full advantage of post-pandemic opportunities by developing customised menu options using existing ingredients/options and complementing these with consumer promotions. The Spicy Hawaiian Sub (Sriracha Chicken + Ham + Pine) was introduced as an LTO in July and was coupled with a chance for a guest to win a trip for two to Hawaii! On the heels of





SUBWAY

NOTHING BETTER THAN A  
FOOTLONG

NOTHING  
BETTER  
THAN A  
FOOTLONG

this campaign was the “Nothing Better than a FOOTLONG” execution – a regional campaign which aimed to feature the FOOTLONG as an ICONIC offering and as ultimate value. Several activations, including a tie-in with the Subway Maracas Open Water Swim and a branded FOOTLONG Bus brought this campaign to life and assisted in growing the menu mix for FOOTLONG options. The year ended with another customized offering – Steak Teriyaki. A FRESH take on an existing offering with the brand’s most craveable flavour! This option allowed for the showcasing of variety by featuring a different protein. All in all, the campaigns helped to grow awareness and drive new business to the brand.

National campaigns in 2022 were all complemented by internal team incentives which went a long way in ensuring impactful execution at store level and by extension had a positive effect on store culture and rollout.

On the external front, CSR initiatives were married with the execution of the national campaigns and sponsorships via several partnerships. The Down Syndrome Family Network and the athletes of the Special Olympics of T&T were included in campaign activations and sponsorship executions. Events included Cancer Society Bubbles for Life Walk/Run, Buddy Walk/Run, Diabetes Association 5K, Subway Maracas Open Water Swim and the T&T Football Association Girl’s Play Initiative.

Recovery was definitely at the heart of the 2022 calendar at Subway and the team was well poised to maximize post-pandemic opportunities. With a sound footing we are ready to continue along the growth path and take brand Subway to the next level.

























# Starbucks

*It is a testament to the strength of our business, our brands and our people that we were able to invest in new store development opening our first 24-hour Starbucks at Piarco International Airport making it twelve stores in T&T. We launched Starbucks Nitro Cold Brew (slow-steeped for 20 hours) and were awarded the licence to operate the Starbucks brand in Guyana.*





It's not often that you get a second opportunity to make a first impression but in 2022, Starbucks now meets that occasion every day. We started the year with COVID-19 operating restrictions, then saw the return of full service cafes. This was followed by the opening of our 12th store at the Piarco International Airport, and we get the chance to impress hundreds of passengers coming to our beautiful country as well as having a positive lasting impression when they leave. There is no better way to welcome someone than with a warm Trini smile and their favorite Starbucks beverage. Located under the Aerodrome, this store is our very first 24-hour store and is accessible to both arriving and departing passengers as well as the general public. With customers at our core, this store is beautifully designed to accommodate all of your travelling needs. This store features mobile charging stations to ensure that your device is topped up for your flight and it even offers for sale luggage tags and passport holders just in case you forgot to bring yours from home.

The Piarco store opened in time for us to bid Makada Albert farewell and good luck as she passed through the airport on her way to Costa Rica for the Latin American Regional Barista Championships. After taking the title in Trinidad, our champion Makada is now responsible for passing on her skills in the craft to grow and inspire fellow baristas as we continue to elevate coffee culture in market.

In addition to growing Champion Baristas, in 2022 Starbucks started to help grow something else as well—seedlings. To support the local planting traditions of Corpus Christi, all stores participated in the launch of our seedling planting initiative – one cup at a time. Just before Corpus Christi we gave all of our customers vegetable seedlings for them to start or add to their home gardens. The project was so well received that we repeated







it later in the year to coincide with World Food Day. With each seedling we also gave customers a cup filled with extracted coffee grounds – Grounds for Gardens Program – to help kick start the successful growth of the plant. We distributed over 5,000 vegetable seedlings and look forward to building on this number in the future.

And just like the plants, partners also need a rich, nurturing environment in which to grow and flourish. We call our employees partners because we are all partners in shared success. With everyone on board, we are confident that we will continue to transform, motivate and support the partner experience in an encouraging environment where we all share the same values.

As the year came to close, we still had one more impression that we wanted to make with our customers. After several weeks of operational planning and partner training, in November we launched Starbucks Nitro Cold Brew. This Nitro Cold Brew is bar none and created when our signature Cold Brew (slow-steeped for 20 hours) is infused with nitrogen as it pours from the golden tap that is prominently housed atop our counter. The Nitrogen infusion creates microbubbles, giving the coffee a cascading, frothy texture. As it pours, the beverage is chilled and the result is a velvety-smooth coffee with a subtly sweet flavor and a rich, creamy head of foam.

So whether you are a cold brew enthusiast looking for a new experience, a home gardener in need of coffee grounds for your plants, just longing for a coffee crafted by a Barista Champion or a jet setter getting ready to catch a flight, come visit and give us the opportunity to impress and reconnect with you all over again.





# STAR





# BUCKS













# Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Prestige Holdings Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 November 2022, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act and the Securities Act, 2012; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Chief Executive Officer  
28 February 2023



Chief Financial Officer  
28 February 2023

# Independent auditor's report

To the Shareholders of Prestige Holdings Limited

Report on the audit of the consolidated financial statements

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## Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Prestige Holdings Limited (the Company) and its subsidiaries (together 'the Group') as at 30 November 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

## What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 November 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.











# Independent auditor's report (continued)

## Our audit approach

### Overview



- Overall group materiality: \$2.0M which represents 5% of average profit/loss before income tax for the past five years.
- The Group consists of the Company and four wholly owned subsidiaries operating in Trinidad and Tobago and Jamaica.
- Full scope audits were performed on the Company and one subsidiary which were deemed to be individually financially significant components.
- Audits of certain account balances including right-of-use assets, lease liabilities and property, plant and equipment were performed on two other components.
- Impairment of indefinite life intangible assets for the Subway business.

### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and four wholly owned subsidiaries (Weekenders Trinidad Limited, Restaurants Leasing Corporation Limited, Prestige Services Limited, all registered in Trinidad and Tobago, and Prestige Restaurants Jamaica Limited, registered in Jamaica).

Full scope audits were performed on the Company and Weekenders Trinidad Limited. We also performed audit procedures over the following financial statement line items for the referenced components:

- Prestige Restaurants Jamaica Limited — right-of-use assets and lease liabilities.
- Restaurant Leasing Corporation Limited — property, plant and equipment.

The Prestige Services Limited component was considered financially inconsequential to the Group.

PwC Trinidad and Tobago performed the full scope audits and audit procedures over certain account balances of the other components.

# Independent auditor's report (continued)

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	\$2.0M
<b>How we determined it</b>	5% of average profit/loss before income tax for the past five years
<b>Rationale for the materiality benchmark applied</b>	We chose profit/loss before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds and used average profit/loss before income tax for the past five years due to the exceptional impact of the COVID-19 pandemic on current and prior years' performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$189,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent auditor's report (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of indefinite life intangible assets for the Subway business</i></p>	
<p><i>Refer to notes 2 f., 2 g., 4 a. (i) and 7 to the consolidated financial statements for disclosures of related accounting policies and balances.</i></p>	
<p>Included within the intangible assets balance of \$58.9 million stated on the Group's consolidated statement of financial position is \$40.8 million of indefinite life franchise agreement assets relating to the Subway business.</p>	<p>We considered the method used by management to perform their annual impairment assessment for intangible assets with an indefinite useful life for the Subway CGU and found it to be appropriate based on the requirements of the accounting standards.</p>
<p>Intangible assets with an indefinite useful life are assessed for impairment annually by management or whenever there is an impairment indicator.</p>	<p>We tested management's assumptions used in their impairment testing model for other intangible assets, including the future cash flow projections, discount rates and growth rates applied. The following procedures, amongst others, were performed:</p>
<p>In performing the impairment assessment for the Subway CGU, management determines the recoverable amount using discounted cash flows to determine the value-in-use. This involves subjective judgements in relation to forecasting future cash flows and is sensitive to growth rates and discount rates applied to the future cash flows with the key assumptions being:</p> <ul style="list-style-type: none"> <li>• Revenue growth rates</li> <li>• Average gross margins</li> <li>• Weighted average cost of capital ("WACC")</li> </ul>	<ul style="list-style-type: none"> <li>• obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the recoverable amount of the Subway business;</li> <li>• agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF model;</li> <li>• evaluated management's assumptions as follows: <ul style="list-style-type: none"> <li>➤ <b>Revenue growth rates</b> — evaluated management's assumptions for each of its planned initiatives for the next five years, including considering any contrary evidence around the entity's ability to achieve the forecast growth rates in the current economic environment. The evaluation considered the financial performance subsequent to the release of the remaining COVID-19 measures. We also assessed the historical revenues of similar businesses operated by management in comparable circumstances.</li> </ul> </li> </ul>

# Independent auditor's report (continued)

Key audit matter	How our audit addressed the key audit matter
<p>The Group was impacted by the national measures taken to combat the COVID-19 pandemic which were substantially relaxed in April 2022. These included the reopening of physical schools and removal of “safe-zones”. In addition, the Group was also impacted by the Ukraine/Russia war which gave rise to further price increases and supply chain issues with food supplies. As a result of these developments in the operating environment, management continued to focus on restoring performance to pre-COVID-19 levels and managing costs to ensure targets for the brand are maintained.</p> <p>We focused our attention on this area due to the material nature of the balances and the inherent subjectivity in forecasting future financial performance.</p>	<ul style="list-style-type: none"><li>➤ <b>Average gross margins</b> – compared gross margins to historical and current period results and evaluated the projected gross margins in light of the cost management structures implemented by the Group and in conjunction with the assessment of revenue growth rates outlined above.</li><li>➤ <b>WACC</b> – evaluated certain inputs within the WACC calculation, including the cost of equity, and found them to be reasonable. Developed a range of parameters using available market inputs and performed sensitivity analyses using these parameters to determine the reasonableness of management’s estimate.</li></ul> <p>Further, we:</p> <ul style="list-style-type: none"><li>• considered subsequent events and any associated impact on the brand’s cash flows and forecast; and</li><li>• tested disclosures around sensitivities in key assumptions as contained in Note 4 to the consolidated financial statements.</li></ul> <p>The results of the above audit procedures indicated management’s assessment conclusion was not unreasonable.</p>



# Independent auditor's report (continued)

## Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Independent auditor's report (continued)

## Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



# Independent auditor's report (continued)

## Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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The engagement partner on the audit resulting in this independent auditor's report is Dwayne Rodriguez-Seijas.



Port of Spain  
Trinidad, West Indies  
28 February 2023

# Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

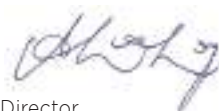
	Notes	2022 \$	As at 30 November 2021 \$
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	5	260,395,517	275,158,534
Right-of-use assets	6	276,771,562	261,874,230
Intangible assets	7	58,892,195	60,069,516
Deferred income tax assets	9	10,435,618	12,258,214
		<u>606,494,892</u>	<u>609,360,494</u>
<i>Current assets</i>			
Inventories	10	84,044,358	49,868,571
Trade and other receivables	11	29,444,573	22,330,101
Due from related parties	18	10,000,000	--
Current income tax assets		6,080,554	6,058,644
Cash and cash equivalents		<u>95,196,121</u>	<u>54,972,655</u>
		224,765,606	133,229,971
Assets classified as held for sale	12	--	5,287,121
		<u>224,765,606</u>	<u>138,517,092</u>
<b>Total assets</b>		<u>831,260,498</u>	<u>747,877,586</u>
<b>Equity and liabilities</b>			
<i>Equity attributable to owners of the parent company</i>			
Share capital	13	23,759,077	23,759,077
Other reserves	14	26,415,331	26,373,501
Retained earnings		<u>246,875,663</u>	<u>218,731,710</u>
		297,050,071	268,864,288
Treasury shares	15	<u>(9,665,267)</u>	<u>(11,340,002)</u>
<b>Total equity</b>		<u>287,384,804</u>	<u>257,524,286</u>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Borrowings	16	33,940,678	55,677,489
Lease liabilities	6	261,760,489	247,373,582
Other payables	17	<u>292,968</u>	<u>714,268</u>
		<u>295,994,135</u>	<u>303,765,339</u>
<i>Current liabilities</i>			
Trade and other payables	17	183,179,572	111,394,651
Borrowings	16	21,820,986	38,414,259
Lease liabilities	6	31,527,737	29,045,515
Due to related parties	18	6,423,193	6,864,592
Current income tax liabilities		<u>4,930,071</u>	<u>868,944</u>
		<u>247,881,559</u>	<u>186,587,961</u>
<b>Total liabilities</b>		<u>543,875,694</u>	<u>490,353,300</u>
<b>Total equity and liabilities</b>		<u>831,260,498</u>	<u>747,877,586</u>

The notes on pages 97 to 141 are an integral part of these consolidated financial statements.

On 28 February 2023, the Board of Directors of Prestige Holdings Limited authorised these consolidated financial statements for issue.



Director



Director



# Consolidated Income Statement

(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 \$	Year ended 30 November 2021 \$
Revenue	19	1,105,117,152	712,108,053
Cost of sales	20, 21	<u>(744,368,712)</u>	<u>(480,914,667)</u>
<b>Gross profit</b>		360,748,440	231,193,386
Other operating expenses	21	(211,860,469)	(177,814,257)
Administrative expenses	21	(78,684,543)	(67,153,668)
Other income	22	<u>2,277,950</u>	<u>1,539,381</u>
<b>Operating profit/(loss)</b>		72,481,378	(12,235,158)
Finance costs	23	<u>(18,792,363)</u>	<u>(19,467,519)</u>
<b>Profit/(loss) before income tax</b>		53,689,015	(31,702,677)
Income tax (expense)/credit	24	<u>(18,214,669)</u>	<u>3,400,986</u>
<b>Profit/(loss) for the year</b>		<u>35,474,346</u>	<u>(28,301,691)</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the parent company		<u>35,474,346</u>	<u>(28,301,691)</u>
<b>Earnings/(loss) per share attributable to the equity holders of the parent company</b>			
— Basic earnings/(loss) per share (exclusive of treasury shares)	25	<u>57.9¢</u>	<u>(46.4¢)</u>
— Diluted earnings/(loss) per share	25	<u>56.8¢</u>	<u>(45.4¢)</u>

The notes on pages 97 to 141 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

		2022 \$	Year ended 30 November 2021 \$
	<b>Note</b>		
<b>Profit/(loss) for the year</b>		35,474,346	(28,301,691)
<b>Other comprehensive income/(loss):</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation differences	14	<u>41,830</u>	<u>(261,573)</u>
<b>Total comprehensive income/(loss) for the year</b>		<u>35,516,176</u>	<u>(28,563,264)</u>
<b>Attributable to:</b>			
Owners of the parent company		<u>35,516,176</u>	<u>(28,563,264)</u>

The notes on pages 97 to 141 are an integral part of these consolidated financial statements.



# Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Note	Share capital \$	Other reserves \$	Retained earnings \$	Total \$	Treasury shares \$	Total equity \$
<b>Balance at 1 December 2021</b>		23,759,077	26,373,501	218,731,710	268,864,288	(11,340,002)	257,524,286
<b>Profit for the year</b>		--	--	35,474,346	35,474,346	--	35,474,346
<b>Other comprehensive income</b>							
Currency translation differences	14	--	41,830	--	41,830	--	41,830
<b>Total comprehensive income for the year</b>		--	41,830	35,474,346	35,516,176	--	35,516,176
<b>Transactions with owners</b>							
Sale of treasury shares		--	--	--	--	1,674,735	1,674,735
Net dividends for 2022							
— Paid – 12 cents per share		--	--	(7,330,393)	(7,330,393)	--	(7,330,393)
<b>Balance at 30 November 2022</b>		23,759,077	26,415,331	246,875,663	297,050,071	(9,665,267)	287,384,804
<b>Balance at 1 December 2020</b>		23,759,077	26,635,074	250,693,242	301,087,393	(11,340,002)	289,747,391
<b>Loss for the year</b>		--	--	(28,301,691)	(28,301,691)	--	(28,301,691)
<b>Other comprehensive loss</b>							
Currency translation differences	14	--	(261,573)	--	(261,573)	--	(261,573)
<b>Total comprehensive loss for the year</b>		--	(261,573)	(28,301,691)	(28,563,264)	--	(28,563,264)
<b>Transactions with owners</b>							
Net dividends for 2020							
— Paid – 6 cents per share		--	--	(3,659,841)	(3,659,841)	--	(3,659,841)
<b>Balance at 30 November 2021</b>		23,759,077	26,373,501	218,731,710	268,864,288	(11,340,002)	257,524,286

The notes on pages 97 to 141 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 \$	Year ended 30 November 2021 \$
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	163,187,063	50,672,176
Interest paid	23	(18,792,363)	(19,467,519)
Income tax paid		(12,347,079)	(2,841,178)
Net cash generated from operating activities		<u>132,047,621</u>	<u>28,363,479</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	7	(1,433,838)	(1,129,056)
Purchase of property, plant and equipment	5	(17,718,158)	(21,822,227)
Proceeds from disposal of property, plant and equipment		<u>332,777</u>	<u>766,819</u>
Net cash used in investing activities		<u>(18,819,219)</u>	<u>(22,184,464)</u>
<b>Cash flows from financing activities</b>			
Proceeds from sale of treasury shares	15	1,674,735	--
Proceeds from borrowings		12,000,000	43,498,600
Repayment of borrowings		(50,330,084)	(33,769,003)
Dividends paid to shareholders		(7,330,393)	(3,659,841)
Payments on lease liabilities		<u>(29,019,194)</u>	<u>(16,988,990)</u>
Net cash used in financing activities		<u>(73,004,936)</u>	<u>(10,919,234)</u>
Net increase/(decrease) in cash and cash equivalents		40,223,466	(4,740,219)
<b>Cash and cash equivalents</b>			
At start of year		<u>54,972,655</u>	<u>59,712,874</u>
At end of year		<u>95,196,121</u>	<u>54,972,655</u>

The notes on pages 97 to 141 are an integral part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 1 General information

Prestige Holdings Limited (Parent Company) was incorporated in the Republic of Trinidad and Tobago on 24 November 1972 under the Companies Ordinance, Ch. 31 No. 1 and was continued under the Companies Act, 1995 on 26 November 1997. The Registered Office of the Parent Company is 47–49 Sackville Street, Port of Spain. The Parent Company operates a chain of restaurants in Trinidad and Tobago under long-term franchise agreements for the KFC, Pizza Hut, Subway and Starbucks brands and is a public limited liability company which is listed on the Trinidad and Tobago Stock Exchange.

Prestige Services Limited is wholly owned by Prestige Holdings Limited and is incorporated in St. Christopher and Nevis. This company owns the Development Rights for the TGI Fridays Brand for the CARICOM.

Prestige Services Limited owns 100% of the share capital of Prestige Restaurants Jamaica Limited which is incorporated in the Republic of Jamaica. This company operates the TGI Fridays brand in Jamaica.

Weekenders Trinidad Limited is wholly owned by Prestige Holdings Limited and is an amalgamated entity of Weekenders Limited and TCBY Trinidad Limited effective 25 July 2011. The company is incorporated in the Republic of Trinidad and Tobago. This company operates under a long-term franchise agreement for the TGI Fridays brand in Trinidad and Tobago.

Restaurant Leasing Corporation Limited is wholly owned by Prestige Holdings Limited and is incorporated in the Republic of Trinidad and Tobago. This company leases the premises on which Subway head office and some of the Subway restaurants are located.

PHL (Guyana) Inc. was incorporated on the 17 February 2022 to manage upcoming restaurants in Guyana. Shares will be issued for this Company at a future date.

The ultimate parent company is Victor E. Mouttet Limited, a privately owned company incorporated in the Republic of Trinidad and Tobago.

## 2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a. Basis of preparation

The consolidated financial statements of Prestige Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### a. Basis of preparation (continued)

#### *Going concern*

During the financial year 2021, the then ongoing global public health crisis associated with the novel coronavirus, known as COVID-19, resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market security.

In the financial year 2022, all restrictions were removed by April 2022. The Group has rebounded, as evidenced by the significant improvements in both the entity's financial performance and financial position.

The Group continues to prepare its consolidated financial statements on a going concern basis as we believe that it will continue to realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future.

### (i) Changes in accounting policies and disclosures

#### (a) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards, amendments and interpretations for the first time for its annual reporting period commencing 1 December 2021:

- Interest Rate Benchmark Reform — Phase 2 — amendments to IFRS 9 Financial Instruments (IFRS 9), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 4 Insurance Contracts (IFRS 4) and IFRS 16 Leases (IFRS 16).

The amendment addresses the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent will not result in an immediate gain or loss in the profit or loss.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

This amendment did not have any impact on the Group.

There are no other IFRSs or IFRICs that are effective that had a material impact on the Group.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### a. Basis of preparation (continued)

#### Going concern (continued)

### (b) New standards, amendments and interpretations not yet adopted by the Group

A number of new accounting standards and interpretations have been published that are not mandatory for 1 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

- *Annual Improvements to IFRS Standards 2018 – 2020 (effective 1 December 2022)*

Improvements made to IFRS 9, IFRS 16, IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) and IAS 41 Agriculture (IAS 41).

- *Property, plant and equipment: Proceeds before intended use – amendments to IAS 16 Property, Plant and Equipment (effective 1 December 2022)*

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the profit or loss.

- *Reference to the Conceptual Framework – amendments to IFRS 3 Business Combination (effective 1 December 2022)*

Minor amendments were made to update references to the Conceptual Framework for Financial Reporting without significantly changing the requirements of the standard.

- *Onerous Contracts – Cost of Fulfilling a Contract – amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective 1 December 2022)*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

- *Classification of Liabilities as Current or Non-current – amendments to IAS 1 Presentation of Financial Statements (effective 1 December 2023)*

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### a. Basis of preparation (continued)

#### *Going concern (continued)*

#### *(b) New standards, amendments and interpretations not yet adopted by the Group (continued)*

- *Disclosure of Accounting Policies — amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 December 2023)*

The IAS 1 amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. The amended IFRS Practice Statement 2 provides guidance on how to apply the concept of materiality to accounting policy disclosures.

- *Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective 1 December 2023)*

The IAS 8 amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied prospectively to past transactions and other past events as well as the current period.

- *Amendment to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 December 2023)*

The IAS 12 amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

### b. Consolidation

#### *(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

- b. *Consolidation (continued)*
  - (i) *Subsidiaries (continued)*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 'Financial Instruments' (IFRS 9) either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

- (ii) *Changes in ownership interests in subsidiaries without change in control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- (iii) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### c. *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments has been identified as the board of directors.

### d. *Foreign currency translation*

#### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's presentation and functional currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'Finance costs'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'Administrative expenses'.

#### (iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences are recognised in other comprehensive income.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### e. *Property, plant and equipment*

Property, plant and equipment are initially recorded at cost. Land is subsequently shown at market value, based on valuations by external independent valuers at least once every five years. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Freehold and leasehold buildings	- 10	-	50 years
Leasehold improvements	- 10	-	20 years
Plant and machinery and equipment	- 10	-	15 years
Vehicles	- 4	-	5 years
Furniture	- 5	-	12 years

The assets' residual values and useful lives are reviewed by management, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating expenses in the consolidated income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### f. *Intangible assets*

#### (i) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense in the consolidated income statement and is not subsequently reversed.

#### (ii) *Franchise agreements – ongoing operations*

Franchise agreements for ongoing operations acquired in a business combination are initially recognised at fair value at the acquisition date and subsequently carried at cost. These assets have an indefinite useful life and are tested annually for impairment. The franchise agreement renews automatically and there is no significant cost of renewal.

#### (iii) *Franchise fees*

The Group pays an initial fee to the Franchisor for every new store and a renewal fee upon the expiration of the initial franchise period. The initial and renewal fees are written off over the period to which they relate which range from ten to twenty years. There are no renewal fees upon the expiration of the initial franchise period for the Subway franchise.

#### (iv) *Development rights*

Investment in the development rights is capitalised and amortised using the straight-line method over its estimated useful life but not exceeding ten years.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### g. *Impairment of non-financial assets*

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### h. *Non-current assets (or disposal groups) held for sale*

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

### i. *Financial assets*

#### (i) *Classification*

The Group's financial assets are trade and other receivables and cash and cash equivalents. It classifies its financial assets as those measured at amortised cost (Note 8 and 11).

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (ii) *Recognition, derecognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, in the case of a financial asset not at fair value through profit or loss (FVPL), the transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### i. *Financial assets (continued)*

#### (ii) *Recognition, derecognition and measurement (continued)*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group classifies its debt instruments is amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the consolidated income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in 'Administrative expenses' together with foreign exchange gains and losses. Expected credit losses are presented in 'Administrative expenses'.

### j. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### k. *Impairment of financial assets*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 Financial Instruments (IFRS 9), which requires expected lifetime losses to be recognised from the initial recognition of receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on payment terms and corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the customer's ability to settle the receivables. Macroeconomic variables used include, but are not limited to unemployment rate, gross domestic product (GDP) and inflation rate.

### l. *Inventories*

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### m. *Trade receivables*

Trade receivables are amounts due from customers for the sale of goods in the ordinary course of business. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If collection is expected in one year or less (or, in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Other receivables are carried at original invoice amount less any provision for impairment of these receivables.

### n. *Cash and cash equivalents*

Cash and cash equivalents include cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### o. *Share capital*

Ordinary shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

### p. *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers prior to the end of the financial year. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

### q. *Provisions*

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### q. Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### r. Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating vacation leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals in the consolidated statement of financial position.

#### (ii) Pension obligations

Retirement benefits for employees are provided by a defined contribution plan which is funded by contributions from the Company and qualifying employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Payments are made to a pension trust which is financially separate from the Company. These payments, which are in accordance with periodic calculations by actuaries, are charged against the results of the year in which they become payable. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

#### (iii) Employee Share Ownership Plan (ESOP)

The parent company operates an Employee Share Ownership Plan and accounts for all unallocated treasury shares as a deduction in Equity. Shares allocated to employees as part of their bonus are charged to administrative expenses based on the market value on the date they are allocated with a corresponding liability recorded in other payables. The liability is remeasured at each statement of financial position date and any changes in value is also charged/credited against administrative expenses. Dividends on vested ESOP shares are treated as employee compensation costs and are also charged to administrative expenses. Shares allocated to employees vests in four tranches of 25% after 30, 42, 54 and 66 months respectively.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### s. *Current and deferred income tax*

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary difference arises from the difference between the accounting and tax treatment of depreciation on property, plant and equipment, lease liabilities and tax losses.

### t. *Revenue recognition*

The Group operates a chain of restaurants selling food and drink items. Revenue from the sale of goods is recognised when control of the products have transferred, being when the products are delivered to the customer, the customer has full discretion over the use and deployment of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Sales are usually in cash, by debit or credit card and only minimally through trade receivables. The transaction price is the amount which is invoiced to the customer, net of value added tax.

Other income comprises net revenue from non-core business activities. The Group recognises other income when it can be reliably measured and it is probable that future economic benefits will flow to the Group.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### u. *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### v. *Dividend distribution*

Dividend distribution is recorded in the Group's financial statements in the period in which the dividends are approved by the Board of Directors.

### w. *Leases*

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

#### *The Group as a lessee*

The Group mainly leases commercial restaurant, warehouse and office space used in its operations. Rental contracts for these leases are typically made for fixed periods of six months to twenty years, but may have extension options, which are described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices stated in the contracts.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### w. Leases (continued)

#### *The Group as a lessee (continued)*

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, any lease payments made in advance of the lease commencement date (net of any incentives received) and restoration costs.

Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group does not revalue any of its right-of-use assets; however, it assesses these assets for impairment when such indicators exist.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. These rates were attained from our local bankers.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option;
- Penalty payments for early termination of a lease unless the Group is reasonably certain not to terminate early;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Amounts expected to be payable by the Group under residual value guarantees.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### w. Leases (continued)

#### *The Group as a lessee (continued)*

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate not included in the initial lease liability, or if the Group changes its assessment of whether it will exercise an extension or termination option. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments (or credits) are recognised as an expense (or income) in the period in which the event or condition that triggers those payments. The Group did not have any variable lease payments that do not depend on an index or a rate for the period ended 30 November 2021. COVID-19 rental waivers were accounted for as variable lease payments in accordance with the Amendment to IFRS 16 Leases – COVID-19 related rent concessions.

The Group applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the exemption for the lease of low-value assets to leases that are considered to be low value. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

#### *The Group as a lessor*

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similarly owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a pattern reflecting a constant periodic rate of return on the lessor's net investment.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 2 Summary of significant accounting policies (continued)

### x. *Royalty expense*

Royalty expense is recognised on the accrual basis and charged to the consolidated income statement (included in cost of sales) in accordance with the substance of the relevant agreements.

### y. *Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy included in IFRS 13 Fair Value Measurement (IFRS 13) has the following levels based on the inputs used to determine the fair value measurement.

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 - The inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - The inputs are unobservable inputs for the asset or liability.

An observable input is an input that is developed using market data such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability.

An unobservable input is an input for which market data is not readily available and that is developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The fair value disclosure required by IFRS 13 for non-financial assets is included in Note 5. The fair value disclosures relating to financial instruments is disclosed in Note 8.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 3 Financial risk management

### a. *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

### (i) *Market risk*

#### (a) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances. This policy is consistent with prior years.

As at 30 November 2022, the US dollar obligation in TT dollars arising mainly from foreign inventory suppliers and accrued balances was \$80,821,849 (2021: \$30,933,241). In addition, there was a US dollar loan outstanding in TT dollars of \$6,427,047 (2021: \$12,961,791). If the currency had weakened/strengthened by 7% against the US dollar with all other variables held constant, post-tax profits for the year would have been \$3,933,811 (2021: \$1,515,727) lower/higher, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade payables and accruals. For the US dollar loan, this would have amounted to \$314,925 (2021: \$635,128).

There have been no changes to policies and procedures in managing the foreign exchange risks.

#### (b) *Cash flow and fair value interest rate risk*

The Group finances its operations through a blend of borrowings and retained earnings. The Group borrows in the desired currencies at fixed and floating rates of interest.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 3 Financial risk management (continued)

### a. Financial risk factors (continued)

#### (i) Market risk (continued)

#### (b) Cash flow and fair value interest rate risk (continued)

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Given the economic environment, the Group's policy is to maintain a significant portion of its borrowings in interest bearing instruments that carry less interest rate risk in the medium to long term. This policy is consistent with prior years.

The Group's exposure to cash flow interest rate risk arises from the variable interest rate on two TT dollar loans and one US dollar loan. Two TT dollar loans were taken during 2019 and 2020, both repayable in fifteen years. The US dollar loan taken during 2021 is repayable in two years.

	2022		2021	
	\$	%	\$	%
Variable rate borrowings	39,852,573	71	65,455,384	70
Other borrowings – fixed rate	<u>15,909,091</u>	<u>29</u>	<u>28,636,364</u>	<u>30</u>
	<u>55,761,664</u>	<u>100</u>	<u>94,091,748</u>	<u>100</u>

As at 30 November 2022, the variable rate borrowing obligation was \$39,852,573 (2021: \$65,455,384) with two TT dollar loans carrying an interest rate of 5.5%, to be reset every three years and the US dollar loan bears a rate of 8.33% to be reset every month. If interest rates increased by 45 basis points, with all other variables held constant, post-tax profits for the year would have been reduced by \$146,209 (2021: \$154,673). If interest rates decreased by 50 basis points, with all other variables held constant, post-tax profits for the year would have been increased by \$162,953 (2021: \$171,859).

There have been no changes to the policies and procedures in managing interest rate risks.

#### (c) Price risk

The Group's exposure to price risk arises from remeasurements of the ESOP liability at each statement of financial position date. If the Company's share price had increased or decreased by 10% with all other variables held constant, post-tax profits for the year would have increased or decreased by \$525,442 (2021: \$631,008).

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 3 Financial risk management (continued)

### a. Financial risk factors (continued)

#### (ii) Credit risk

##### (a) Risk management

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade customers. For banks and financial institutions, only those with good standing and with a sound reputation are used. Management has assessed that there is low credit risk based on the reputable financial institutions which the Group does business with and as such no impairment losses are recognised.

No independent rating exists for trade customers and as a result an internal credit assessment is performed taking into account their financial position, past experience and other factors. Credit limits are set for trade customers which are regularly monitored. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers and/or specific industry sectors.

##### (b) Security

The Group does not take any security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

##### (c) Impairment of financial assets

The potential impairment loss on trade receivables subject to the general provision requirements of IFRS 9 is immaterial for 2022 and 2021.

There have been no changes to the policies and procedures in managing credit risks.

#### (iii) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets. This policy is consistent with the prior year.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows:

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 3 Financial risk management (continued)

### a. Financial risk factors (continued)

#### (iii) Liquidity risk (continued)

	6 months or less \$	6 to 12 months \$	Between 1 to 5 years \$	Over 5 years \$	Total \$
<b>At 30 November 2022</b>					
Borrowings - third party	12,599,950	12,008,391	19,647,844	24,455,893	68,712,078
Lease liabilities	23,119,859	22,704,229	154,094,366	196,815,826	396,734,280
Due to related parties	6,423,193	--	--	--	6,423,193
Trade and other payables, excluding statutory liabilities	167,356,819	--	292,968	--	167,649,787
	209,499,821	34,712,620	174,035,178	221,271,719	639,519,338
<b>At 30 November 2021</b>					
Borrowings - third party	29,590,931	12,851,309	40,157,439	28,335,765	110,935,444
Lease liabilities	21,721,053	20,804,065	133,617,771	207,374,142	383,517,032
Due to related parties	6,864,592	--	--	--	6,864,592
Trade and other payables, excluding statutory liabilities	100,692,815	--	714,268	--	101,407,083
	158,869,391	33,655,374	174,489,478	235,709,907	602,724,151

There have been no changes to policies and procedures in managing liquidity risks.

### b. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. There has been no change in the policies and procedures for managing capital compared to the prior year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 3 Financial risk management (continued)

### b. Capital risk management (continued)

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and total lease liabilities (including 'current and non-current' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2022 \$	2021 \$
Net debt	253,853,769	315,538,190
Total equity	<u>287,384,804</u>	<u>257,524,286</u>
Total capital	<u>541,238,573</u>	<u>573,062,476</u>
<b>Net debt to capital ratio</b>	<u>46.9%</u>	<u>55.1%</u>

The Group breached some of its financial ratios included within its loan agreements in the prior year for which a waiver was obtained from the lender. Performance of the Group improved with the releasing of all COVID-19 restrictions and the Group is compliant with its ratios at year end.

### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2022 \$	2021 \$
Cash and cash equivalents	95,196,121	54,972,655
Borrowings	(55,761,664)	(94,091,748)
Lease liabilities	<u>(293,288,226)</u>	<u>(276,419,097)</u>
Net debt	<u>(253,853,769)</u>	<u>(315,538,190)</u>
Cash and cash equivalents	95,196,121	54,972,655
Gross debt – fixed interest rates	(309,197,317)	(321,456,861)
Gross debt – variable interest rates	<u>(39,852,573)</u>	<u>(49,053,984)</u>
Net debt	<u>(253,853,769)</u>	<u>(315,538,190)</u>

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 3 Financial risk management (continued)

### b. Capital risk management (continued)

	Cash \$	Borrowings \$	Lease liabilities \$	Total \$
Cash flows	(4,577,312)	(7,328,818)	(297,146,159)	(309,052,289)
<b>Net debt as at 30 November 2020</b>	59,712,874	(84,362,151)	(297,146,159)	(321,795,436)
Cash flows	(4,740,219)	(9,729,597)	20,727,062	6,257,246
<b>Net debt as at 30 November 2021</b>	54,972,655	(94,091,748)	(276,419,097)	(315,538,190)
Cash flows	40,223,466	38,330,084	(16,869,129)	61,684,421
<b>Net debt as at 30 November 2022</b>	95,196,121	(55,761,664)	(293,288,226)	(253,853,769)

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### a. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Estimated recoverable amount of goodwill and intangible assets on SUBWAY business

The Group tests annually whether goodwill and intangible assets have suffered any impairment in accordance with the accounting policy stated in Notes 2 f and 2 g. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions are disclosed in Note 7.

The table below shows the potential impairment impact on intangible assets should there be a worsening in the key assumptions by 0.5% with all other variables held constant.

	2022 \$	2021 \$
Year 1 growth rate	--	512,806
Year 2-5 growth rate	--	5,611,091
Average gross margin	--	--
Weighted average cost of capital	--	--

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 4 Critical accounting estimates and judgements (continued)

### a. Critical accounting estimates and assumptions (continued)

#### (i) Estimated recoverable amount of goodwill and intangible assets on SUBWAY business (continued)

The recoverable amount of indefinite life intangible assets together with the net assets related to the Subway business would equal its carrying amount if each of the key assumptions were to change as follows independently of the other assumptions:

	2022		2021	
	From %	To %	From %	To %
Year 1 growth rate	13.9	11.6	53.1	52.5
Year 2-5 growth rate	2.6	1.9	3.0	2.9
Average gross margin	31.3	30.4	31.2	30.7
Weighted average cost of capital	10.6	12.2	11.3	11.5

#### (ii) Estimated recoverable amount of goodwill on Weekenders Trinidad Limited business

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Notes 2 f and 2 g. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions are disclosed in Note 7. If the growth rate for year 1 worsened by 0.5% with all other variables held constant there would be no impact to the profit or loss for the period as the asset would still not be impaired (2021: nil). If the growth rate for years 2 to 5 worsened by 0.5% with all other variables held constant, there would be no impact to the profit or loss for the period as the asset would still not be impaired (2021: nil). If the average gross margin worsened by 0.5% with all other variables held constant there would be no impact to the profit or loss for the period as the asset would still not be impaired (2021: nil). If the weighted average cost of capital was higher by 0.5% with all other variables held constant, there would be no impact to the profit or loss for the period as the asset would still not be impaired (2021: nil). In the prior year, there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment of goodwill and intangible assets related to the Weekenders Trinidad Limited business.

The recoverable amount of goodwill together with the net assets related to Weekenders Trinidad Limited would equal its carrying amount if each of the key assumptions were to change as follows independently of the other assumptions:

	2022		2021	
	From %	To %	From %	To %
Year 1 growth rate	11.2	6.7	108.0	70.0
Year 2-5 growth rate	2.0	(3.8)	2.0	(5.0)
Average gross margin	40.3	31.3	38.8	27.9
Weighted average cost of capital	10.9	31.0	12.8	21.9



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 5 Property, plant and equipment

	Land \$	Buildings and improvements \$	Plant and machinery \$	Vehicles \$	Furniture \$	Work in progress \$	Total \$
<b>Year ended</b>							
<b>30 November 2022</b>							
Opening net book amount	96,470,000	109,758,876	34,859,632	2,122,410	28,061,106	3,886,510	275,158,534
Additions	--	4,420,160	6,441,233	244,208	3,119,793	3,492,764	17,718,158
Transfers	--	1,014,636	767,683	--	179,529	(1,961,848)	--
Disposals	--	(9,733)	(15,989)	(10,986)	--	(720,955)	(757,663)
Assets classified as held for sale (Note 12)	2,165,000	3,122,122	--	--	--	--	5,287,122
Exchange differences	--	7,541	5,532	--	(382)	--	12,691
Depreciation charge	--	(18,629,055)	(9,890,289)	(1,014,230)	(7,489,751)	--	(37,023,325)
Closing net book amount	98,635,000	99,684,547	32,167,802	1,341,402	23,870,295	4,696,471	260,395,517
<b>At 30 November 2022</b>							
Cost or valuation	98,635,000	346,913,364	288,583,337	20,001,410	160,924,130	4,696,471	919,753,712
Accumulated depreciation	--	(247,228,817)	(256,415,535)	(18,660,008)	(137,053,835)	--	(659,358,195)
Net book amount	98,635,000	99,684,547	32,167,802	1,341,402	23,870,295	4,696,471	260,395,517
<b>Year ended</b>							
<b>30 November 2021</b>							
Opening net book amount	98,635,000	123,608,679	38,469,665	3,770,261	32,507,490	3,097,015	300,088,110
Additions	--	7,514,081	7,254,376	1,251,510	3,840,459	1,961,801	21,822,227
Transfers	--	1,162,306	--	--	--	(1,162,306)	--
Disposals	--	(26,311)	(15,720)	(360,231)	(14,815)	(10,000)	(427,077)
Assets classified as held for sale (Note 12)	(2,165,000)	(3,122,122)	--	--	--	--	(5,287,122)
Exchange differences	--	(38,983)	(31,166)	--	(604)	--	(70,753)
Depreciation charge	--	(19,338,774)	(10,817,523)	(2,539,130)	(8,271,424)	--	(40,966,851)
Closing net book amount	96,470,000	109,758,876	34,859,632	2,122,410	28,061,106	3,886,510	275,158,534
<b>At 30 November 2021</b>							
Cost or valuation	96,470,000	335,383,478	281,778,064	20,895,562	157,629,314	3,886,510	896,042,928
Accumulated depreciation	--	(225,624,602)	(246,918,432)	(18,773,152)	(129,568,208)	--	(620,884,394)
Net book amount	96,470,000	109,758,876	34,859,632	2,122,410	28,061,106	3,886,510	275,158,534
<b>At 30 November 2020</b>							
Cost or valuation	98,635,000	333,899,835	275,316,397	21,299,511	153,878,274	3,097,015	886,126,032
Accumulated depreciation	--	(210,291,156)	(236,846,732)	(17,529,250)	(121,370,784)	--	(586,037,922)
Net book amount	98,635,000	123,608,679	38,469,665	3,770,261	32,507,490	3,097,015	300,088,110

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 5 Property, plant and equipment (continued)

Depreciation expense of \$32,650,407 (2021: \$35,076,836) is included in 'other operating expenses' and \$4,372,918 (2021: \$5,890,015) is included in 'administrative expenses'. Bank borrowings are secured on property, plant and equipment of the Group for the value of approximately \$49 million (2021: \$65 million). Included in buildings and improvements are buildings amounting to \$32,152,024 (2021: \$35,644,818) and improvements amounting to \$67,760,122 (2021: \$74,114,058).

### a. Fair value of land

Land represents freehold and leasehold land. The Group engages an external, independent and qualified valuer to determine the fair value of the Group's land at least once every five years. The last valuation performed was as at 30 November 2018 for all freehold properties and as at 30 November 2019 for leasehold properties. The following table analyses the non-financial assets carried at fair value, by valuation method.

#### Fair value measurements as at 30 November 2020 and 2021

	Quoted prices in active markets for identical assets (level 1) \$	Significant other observable inputs (level 2) \$	Significant unobservable inputs (level 3) \$
2022	--	--	98,635,000
2021	--	--	96,470,000

The movement in the values noted above is as a result of a reclassification of land as held for sale in the current year.

Level 3 fair values of land have been derived using the Sales Comparison Approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

If land was stated on the historical cost basis, the amount would be \$66,898,230 (2021: \$65,738,230).

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 6 Leases

The following tables provide information for leases where the Group is a lessee:

(i) Amounts recognised in the consolidated statement of financial position:

<b>Right-of-use assets</b>	<b>2022 Buildings \$</b>	<b>2021 Buildings \$</b>
<b>Costs</b>		
At beginning of year	338,955,234	328,836,225
Additions	86,738,965	10,917,011
Effect of modifications to lease terms	13,682,191	--
Disposals	(62,919,292)	(535,498)
Exchange adjustment	42,186	(262,504)
	<u>376,499,284</u>	<u>338,955,234</u>
<b>Accumulated depreciation</b>		
At beginning of year	77,081,004	40,137,530
Charge for the year	37,140,987	37,267,920
Exchange adjustment	9,273	(62,924)
Disposals	(14,503,542)	(261,522)
	<u>99,727,722</u>	<u>77,081,004</u>
Net book value	<u>276,771,562</u>	<u>261,874,230</u>
<b>Lease liabilities</b>	<b>2022 \$</b>	<b>2021 \$</b>
At beginning of year	276,419,097	297,146,159
Additions	86,738,965	10,917,011
Effect of modifications to lease terms	13,682,191	--
Exchange adjustment	34,263	(207,810)
Payments	(29,019,194)	(16,988,990)
Disposals	(52,082,234)	(286,225)
COVID-19 related rent concessions	(2,484,862)	(14,161,048)
At end of year	<u>293,288,226</u>	<u>276,419,097</u>
Current	31,527,737	29,045,515
Non-current	<u>261,760,489</u>	<u>247,373,582</u>
Total lease liabilities	<u>293,288,226</u>	<u>276,419,097</u>



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 6 Leases (continued)

	2022 \$	2021 \$
(ii) Amounts recognised in the consolidated income statement:		
Interest expense on lease liabilities (Note 23)	14,615,644	14,563,603
Depreciation charge on right-of-use assets (Note 21)	37,140,987	37,267,920
Expense relating to low value and short-term leases	15,354,008	11,567,946
Expense relating to variable lease payments not included in lease liabilities	2,300,573	2,151,369
COVID-19 related rent concessions	2,484,862	14,161,048

The total cash outflow for leases in 2022 was \$61,557,835 (2021: \$46,645,608).

## 7 Intangible assets

	Goodwill \$	Indefinite life franchise agreements \$	Other deferred costs \$	Total \$
<b>Year ended 30 November 2022</b>				
Opening net book amount	6,157,578	40,800,000	13,111,938	60,069,516
Additions	--	--	1,433,838	1,433,838
Disposals	--	--	(878)	(878)
Amortisation charge	--	--	(2,610,281)	(2,610,281)
<b>Closing net book amount</b>	<b>6,157,578</b>	<b>40,800,000</b>	<b>11,934,617</b>	<b>58,892,195</b>
<b>At 30 November 2022</b>				
Cost	24,791,308	40,800,000	48,215,550	113,806,858
Accumulated amortisation and impairment	(18,633,730)	--	(36,280,933)	(54,914,663)
<b>Net book amount</b>	<b>6,157,578</b>	<b>40,800,000</b>	<b>11,934,617</b>	<b>58,892,195</b>
<b>Year ended 30 November 2021</b>				
Opening net book amount	6,157,578	40,800,000	14,594,336	61,551,914
Additions	--	--	1,129,056	1,129,056
Disposals	--	--	(6,075)	(6,075)
Amortisation charge	--	--	(2,605,379)	(2,605,379)
<b>Closing net book amount</b>	<b>6,157,578</b>	<b>40,800,000</b>	<b>13,111,938</b>	<b>60,069,516</b>

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 7 Intangible assets (continued)

	Indefinite life franchise goodwill \$	Other deferred agreements \$	Costs \$	Total \$
<b>At 30 November 2021</b>				
Cost	24,791,308	40,800,000	46,822,093	112,413,401
Accumulated amortisation and impairment	(18,633,730)	--	(33,710,155)	(52,343,885)
<b>Net book amount</b>	<b>6,157,578</b>	<b>40,800,000</b>	<b>13,111,938</b>	<b>60,069,516</b>
<b>At 30 November 2020</b>				
Cost	24,791,308	40,800,000	45,774,030	111,365,338
Accumulated amortisation and impairment	(18,633,730)	--	(31,179,694)	(49,813,424)
<b>Net book amount</b>	<b>6,157,578</b>	<b>40,800,000</b>	<b>14,594,336</b>	<b>61,551,914</b>

Amortisation charge of \$2,610,281 (2021: \$2,605,379) is included in other operating expenses.

Included in other deferred costs is franchise agreements for ongoing operations of the Subway business acquired in 2011 which has an indefinite life and is assessed annually for impairment. Also included under deferred costs are franchise fees and loan fees capitalised which are amortised over remaining periods of three to fifteen years.

### *Impairment tests for goodwill and indefinite life intangible assets*

Goodwill has been allocated to the TGI Fridays (Weekenders Trinidad Limited) and Subway businesses cash generating units as outlined below.

	2022 \$	2021 \$
<b><u>Weekenders Trinidad Limited</u></b>		
Goodwill	<u>6,157,578</u>	<u>6,157,578</u>

The recoverable amount of this business unit is determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. Cash-flows for the five-year period are extrapolated using the estimated growth rates stated below.

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 7 Intangible assets (continued)

Impairment tests for goodwill and indefinite life intangible assets (continued)

**Weekenders Trinidad Limited** (continued)

The key assumptions used for value-in-use calculations are as follows:

	Average gross margin	Growth rate		Weighted average cost of capital
	%	Year 1 %	Year 2 – 5 %	%
2022	40.3	11.2	2.0	10.9
2021	38.8	108.0	2.0	12.8

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past performance, economic conditions and expectations for market development.

### Subway business

	2022 \$	2021 \$
Goodwill	18,633,730	18,633,730
Accumulated impairment	(18,633,730)	(18,633,730)
	--	--
Intangible assets – franchise agreements	40,800,000	40,800,000
Assets acquired	40,800,000	40,800,000

The recoverable amount of this business unit is determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. Cash-flows for the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations are as follows:

Year ended 30 November 2022

	Year 1 %	Year 2 %	Year 3 %	Year 4 – 5 %
Average gross margin	30.6	31.1	31.3	31.6
Revenue growth rates	13.9	3.0	2.5	2.5
Weighted average cost of capital	10.6	10.6	10.6	10.6

Year ended 30 November 2021

	Year 1 %	Year 2 %	Year 3 %	Year 4 – 5 %
Average gross margin	30.7	30.9	31.1	31.6
Revenue growth rates	53.1	4.0	3.0	2.5
Weighted average cost of capital	11.3	11.3	11.3	11.3



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 7 Intangible assets (continued)

*Impairment tests for goodwill and indefinite life intangible assets (continued)*

### **Subway business** (continued)

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past performance, adjusted for anticipated future conditions. The key assumptions for the brand over the next five years are expected to be driven by a combination of strategies designed to boost transactions and improve ticket average spending as well as in store efficiencies. These efficiencies are aimed at achieving better cost management, enhancing guest experience and, along with various marketing initiatives, are designed to increase guest visits and ultimately improve sales of the brand. The performance changes have been tempered based on the economic conditions and expectations for market development.

Refer to Note 4 for details of sensitivity analysis performed over the key assumptions noted above for each acquired business.

## 8 Financial instruments by category

2022

2021

\$

\$

### **Assets as per consolidated statement of financial position**

#### *Financial assets at amortised cost*

Trade and other receivables, excluding prepayments	4,581,886	3,788,688
Cash and cash equivalents	95,196,121	54,972,655
<b>Total</b>	<b>99,778,007</b>	<b>58,761,343</b>

### **Liabilities as per consolidated statement of financial position**

#### *Financial liabilities at amortised cost*

Borrowings	55,761,664	94,091,748
Lease liabilities	293,288,226	276,419,097
Trade and other payables, excluding statutory liabilities	166,935,519	101,407,083
Due to related parties	6,423,193	6,864,592
<b>Total</b>	<b>522,408,602</b>	<b>478,782,520</b>

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 8 Financial instruments by category (continued)

*Financial instruments where carrying value is equal to fair value*

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is equal to fair value include cash and cash equivalents, trade and other receivables, trade and other payables and amounts due to related parties.

For financial assets and financial liabilities that are carried in the financial statements at amortised cost but for which fair value is required to be disclosed in accordance with IFRS 7, the table below summarises the level in the IFRS 13 fair value hierarchy in which the fair value measurement is categorised, and a description of the valuation technique and the inputs used in the fair value measurement.

Liability	Categorisation of the fair value measurement in IFRS 13 fair value hierarchy	Valuation methodology used to determine fair value	Key assumptions in valuation methodology
Bank borrowings and lease liabilities	Level 3	Discounted cash flow analysis	<ul style="list-style-type: none"> <li>• Future cash flows</li> <li>• Current market interest rate at year end</li> </ul>

A comparison of the fair value to the carrying value of bank borrowings is included in Note 16.

For lease liabilities, the fair value based on cash flows discounted using an incremental borrowing rate of 5.5% was \$289,728,323 (2021: 5.5% - \$267,743,747).

## 9 Deferred income tax

	2022 \$	2021 \$
Opening amount	(12,258,214)	(5,178,514)
Charge/(credit) to consolidated income statement (Note 24)	1,827,418	(7,119,180)
Foreign exchange translation (Forex)	(4,822)	39,480
Closing amount	(10,435,618)	(12,258,214)

The deferred income tax assets and liabilities at the end of the year are attributable to the following items:

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 9 Deferred income tax (continued)

	At 1.12.21 \$	Charge/ (credit) to income statement \$	Forex \$	At 30.11.22 \$
<b>Year ended 30 November 2022</b>				
Deferred income tax assets				
Accelerated tax depreciation	(3,513,191)	(1,480,434)	(4,822)	(4,998,447)
Leases liabilities	(4,691,068)	(733,814)	--	(5,424,882)
Tax losses	(4,053,955)	4,041,666	--	(12,289)
	(12,258,214)	1,827,418	(4,822)	(10,435,618)
	At 1.12.20 \$	Credit to income statement \$	Forex \$	At 30.11.21 \$
<b>Year ended 30 November 2021</b>				
Deferred income tax assets				
Accelerated tax depreciation	(2,308,203)	(1,244,468)	39,480	(3,513,191)
Leases liabilities	(2,713,806)	(1,977,262)	--	(4,691,068)
Tax losses	(156,505)	(3,897,450)	--	(4,053,955)
	(5,178,514)	(7,119,180)	39,480	(12,258,214)

The Group has accumulated tax losses of approximately \$851,037 (2021: \$14,144,470) available for set off against future chargeable profits. The current year losses have not been recognised for purposes of deferred taxation because of the uncertain future timing of their recoverability.

## 10 Inventories

	2022 \$	2021 \$
Food supplies and packaging materials	67,308,358	33,770,752
Consumable stores	16,736,000	16,097,819
	<u>84,044,358</u>	<u>49,868,571</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$495,297,329 (2021: \$305,229,930).

The write-down of inventories recognised as expense and included in "administrative expenses" amounted to \$3,456,307 (2021: \$4,383,796).



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 11 Trade and other receivables

	2022 \$	2021 \$
Trade receivables	4,944,959	4,160,100
Less: expected credit losses	<u>(1,095,574)</u>	<u>(1,124,762)</u>
	3,849,385	3,035,338
Prepayments	9,303,368	6,528,350
Other receivables	<u>16,291,820</u>	<u>12,766,413</u>
	<u>29,444,573</u>	<u>22,330,101</u>

Movements on the Group's expected credit losses for trade receivables are as follows:

<b>At 1 December</b>	1,124,762	1,124,762
Write-back of expected credit losses during the year	<u>(29,188)</u>	<u>--</u>
<b>At 30 November</b>	<u>1,095,574</u>	<u>1,124,762</u>

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

TT dollar	28,643,662	22,089,622
Other currencies	<u>800,911</u>	<u>240,479</u>
	<u>29,444,573</u>	<u>22,330,101</u>

## 12 Assets held for sale

During the year, management decided to abandon the sale of the two parcels of land and a building formerly used for office and warehousing space. The assets have been reclassified from assets classified as held for sale to property, plant and equipment.

## 13 Share capital

	2022 \$	2021 \$
Authorised		
Unlimited number of ordinary shares of no-par value		
Issued and fully paid		
62,513,002 ordinary shares of no-par value	<u>23,759,077</u>	<u>23,759,077</u>

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 14 Other reserves

	Land revaluation \$	Currency translation \$	Total \$
Balance at 1 December 2021	31,736,770	(5,363,269)	26,373,501
Currency translation differences	--	41,830	41,830
Balance at 30 November 2022	31,736,770	(5,321,439)	26,415,331
Balance at 1 December 2020	31,736,770	(5,101,696)	26,635,074
Currency translation differences	--	(261,573)	(261,573)
Balance at 30 November 2021	31,736,770	(5,363,269)	26,373,501

## 15 Treasury shares

The Parent Company established an Employees' Profit and Share Ownership Plan (ESOP) for all permanent employees. The Trust Deed and Rules of the Plan have been approved by the Board of Inland Revenue under Section 35 of the Income Tax Act Chapter 75:01. The ESOP holds Parent Company shares as part of the ESOP arrangement.

Treasury shares are as follows:

	Ordinary shares	
	no. of shares	\$
Balance at 1 December 2021	1,515,655	11,340,002
Sale of shares	(299,060)	(1,674,735)
Balance at 30 November 2022	1,216,595	9,665,267
Balance at 30 November 2021	1,515,655	11,340,002

## 16 Borrowings

	2022 \$	2021 \$
<i>Non-current</i>		
Bank borrowings	33,940,678	55,677,489
<i>Current</i>		
Bank borrowings	21,820,986	38,414,259
Total borrowings	55,761,664	94,091,748

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

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## 16 Borrowings (continued)

### *Loan 1*

This loan represents a fixed rate TT dollar bond for \$140 million at a rate of 6.25% per annum. Interest is payable quarterly. The loan was issued on 3 September 2013 and matures on 3 March 2024. The principal quarterly instalment is \$3.18 million. The bond is secured by a registered demand first debenture on the fixed and floating assets of the parent company. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2021: 5.5%) was \$15,378,458 (2021: \$28,790,896).

### *Loan 2*

The borrowing represents a TT dollar loan for \$29 million at a rate of 5.5% per annum fixed for four years subject to three year resets thereafter. Interest is payable quarterly. Principal is repayable by 60 quarterly equal instalments of \$483,333 which commenced on 27 August 2019. The loan is secured on all moveable assets constituting outfitting at the Trincity Plaza site. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2021: 5.5%) was \$23,243,462 (2021: \$25,132,560).

### *Loan 3*

The borrowing represents a TT dollar loan for \$11 million at a rate of 5.5% per annum fixed for four years subject to three year resets thereafter. Interest is payable quarterly. Principal is repayable by 60 quarterly equal instalments of \$183,333 which commenced on 27 February 2020. The loan is secured on all moveable assets constituting outfitting at the Trincity Plaza site. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2021: 5.5%) was \$9,178,484 (2021: \$9,895,357).

### *Loan 4*

The borrowing represented an unsecured US dollar loan for US\$2 million issued on 4 October 2021. Interest was set at the date of disbursement at 1-month LIBOR plus 4.50% per annum and subject to monthly resets. Principal and interest are payable monthly at US\$87,424 which commenced on 4 November 2021. The facilities mature in October 2023. The fair value based on cash flows discounted using a current borrowing rate of 5.5% (2021: 5.5%) was US\$921,030 (2021: US\$1,822,256).

### *Loan 5*

The borrowing represented an unsecured TT dollar loan for \$16.4 million at a rate of 4.25% per annum. Interest is payable monthly with principal payment being due at maturity. The loan was issued on 16 July 2021 and was repaid on 16 January 2022.

### *Loan 6*

The borrowing represented an unsecured TT dollar loan for \$12 million at a rate of 4.25% per annum. Principal instalments of \$2 million with interest is payable monthly. The loan was issued on 25 January 2022 and repaid on 25 July 2022.



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 16 Borrowings (continued)

The Group has the following undrawn borrowing facilities:

	2022 \$	2021 \$
<i>Floating rate:</i>		
Expiring within one year (Interest rate 5.0%)	<u>14,500,000</u>	<u>14,500,000</u>

The facilities are subject to review at various dates during 2023.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2022 \$	2021 \$
Trinidad and Tobago dollars	49,334,617	81,129,957
United States dollars	<u>6,427,047</u>	<u>12,961,791</u>
	<u>55,761,664</u>	<u>94,091,748</u>

## 17 Trade and other payables

*Non-current*

Other payables (stock-based compensation)	<u>292,968</u>	<u>714,268</u>
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*Current*

Trade payables	143,781,520	76,644,500
Accrued expenses	12,783,958	15,658,367
Stock based compensation	10,150,477	11,360,853
Payroll related taxes and other benefits	<u>16,463,617</u>	<u>7,730,931</u>
	<u>183,179,572</u>	<u>111,394,651</u>
Total trade and other payables	<u>183,472,540</u>	<u>112,108,919</u>

## 18 Related party balances and transactions

a. *Due to related parties*

Due to affiliated companies	<u>6,423,193</u>	<u>6,864,592</u>
Due from affiliated company	<u>10,000,000</u>	<u>--</u>

# Notes to the Consolidated Financial Statements (continued)

**30 November 2022** (Expressed in Trinidad and Tobago Dollars)

## 18 Related party balances and transactions (continued)

### a. Due to related parties (continued)

The due from affiliated companies balance relates to two \$5 million short terms loans advanced to the ultimate parent company, Victor E. Mouttet Limited. The amounts are unsecured with an interest rate of 3% and is repayable by full or partial repayments by maturity date of 31 December 2022 and 31 January 2023 respectively.

Prestige Holdings Limited conducted the following transactions with its related parties:

	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
Purchase of foods and related supplies	45,192,645	32,032,268
Purchases – other	3,974,832	485,816
Other income	909,200	833,433
Lease income	620,544	620,544
Lease of properties – cash outflow	3,169,064	1,122,319
Short term parent company loan (repaid)	--	10,000,000
Short term advance to parent company	10,000,000	--
Interest on short term loan to parent company	56,301	--
Interest on short term loan from parent company	--	62,671
Leases liabilities - non-current	17,109,829	138,420
Lease liabilities - current	2,319,682	138,420
	19,429,511	1,741,847
b. <i>Directors' fees</i>	1,032,000	817,000
c. <i>Key management compensation</i>		
Salaries and other short-term benefits	9,150,726	7,794,658
Stock based compensation	(81,424)	117,971
Pension costs – defined contribution plan	313,467	262,359
	9,382,769	8,174,988

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 19 Revenue

The Group derives revenue mainly from the transfer of food and drink items at a point in time in the following restaurant segments:

	Quick service restaurants \$	Casual dining \$	Total \$
Total segment revenue 2022	829,699,010	275,418,142	1,105,117,152
Total segment revenue 2021	544,514,522	167,593,531	712,108,053

Revenue from external customers arises mainly from the sale of food items in operating the worldwide KFC, Pizza Hut, Subway, Starbucks and TGI Fridays brands on a retail basis.

There are no material assets and liabilities arising on revenue with customers.

## 20 Cost of sales

Cost of sales includes food supplies, packaging materials, labour and other costs directly related to the level of sales.

## 21 Expenses by nature

	2022 \$	2021 \$
The following items have been charged/(credited) in arriving at the operating profit/(loss):		
Cost of inventories (Note 10)	495,297,329	305,229,930
Employee benefit expenses (Note 29)	181,102,753	134,943,033
Other expenses	82,831,301	69,558,625
Royalties	68,117,757	44,124,364
Depreciation on property, plant and equipment and amortisation of intangible assets	39,633,606	43,572,230
Depreciation on right-of-use assets (Note 6)	37,140,987	37,267,920
Advertising costs	43,812,731	28,616,469
Repairs and maintenance on property, plant and equipment	31,227,805	23,678,447
Utilities	20,325,669	20,402,013
Rent waiver IFRS 16 COVID-19 concessions	(2,484,862)	(14,161,048)
Short term and variable lease expenses	17,654,581	13,719,315
Security	15,267,866	11,997,129
Insurance	4,742,727	4,324,388
Foreign exchange (gain)/loss	(182,291)	2,949,520
Loss/(profit) on disposal of property, plant and equipment	425,765	(339,743)
Cost of sales, other operating and administrative expenses	1,034,913,724	725,882,592



# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 21 Expenses by nature (continued)

	2022 \$	2021 \$
Cost of sales	744,368,712	480,914,667
Other operating expenses	211,860,469	177,814,257
Administrative expenses	<u>78,684,543</u>	<u>67,153,668</u>
	<u>1,034,913,724</u>	<u>725,882,592</u>

## 22 Other income

Miscellaneous income	1,657,406	918,837
Lease rental income	<u>620,544</u>	<u>620,544</u>
	<u>2,277,950</u>	<u>1,539,381</u>

## 23 Finance costs

Lease liabilities — interest expense (Note 6)	14,615,644	14,563,603
Bank borrowings — interest expense	4,176,719	4,841,245
Related party borrowings — interest expense	<u>--</u>	<u>62,671</u>
	<u>18,792,363</u>	<u>19,467,519</u>

## 24 Income tax expense/(credit)

Current tax	15,854,077	--
Deferred tax charge/(credit) (Note 9)	1,827,418	(7,119,180)
Prior year under provision	533,174	1,353
Business levy	<u>--</u>	<u>3,716,841</u>
	<u>18,214,669</u>	<u>(3,400,986)</u>

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 24 Income tax expense/(credit) (continued)

The taxation charge differs from the theoretical amount that would arise using the basic rate of tax as follows:

Profit/(loss) before income tax	53,689,015	(31,702,677)
Tax calculated at 30%	16,106,704	(9,510,803)
Expenses not deductible for tax purposes	1,901,297	2,316,090
Business levy	--	3,716,841
Allowable expenses	(117,235)	(109,541)
Other differences	(209,271)	185,074
Prior year under provision	533,174	1,353
	18,214,669	(3,400,986)

## 25 Group earnings/(loss) per share

### a. Basic

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders by the weighted average number of common shares in issue during the year.

	2022 \$	2021 \$
Profit/(loss) attributable to owners of the Parent Company	35,474,346	(28,301,691)
Weighted average number of common shares in issue during the year exclusive of treasury shares	61,296,407	60,997,347
Basic earnings/(loss) per share (exclusive of treasury shares)	57.9¢	(46.4¢)

### b. Diluted

For the diluted earnings/(loss) per share, the weighted average number of common shares in issue is adjusted to assume conversion of all dilutive potential common shares.

Profit/(loss) attributable to owners of the parent company	35,474,346	(28,301,691)
Weighted average number of common shares in issue for diluted earnings per share	62,499,349	62,281,215
Diluted earnings/(loss) per share	56.8¢	(45.4¢)

# Notes to the Consolidated Financial Statements (continued)

**30 November 2022** (Expressed in Trinidad and Tobago Dollars)

## 26 Segment information – geographical segment

The Group is principally engaged in the restaurant industry (casual and quick service), operating the worldwide KFC, Pizza Hut, Subway, Starbucks and TGI Fridays concepts in Trinidad and Tobago and the TGIF Fridays concept in Jamaica. Operations are also being set up in Guyana. Management has determined the operating segments based on the reports reviewed by the Executive Committee and the Board of Prestige Holdings Limited.

The Executive Committee and the Board considers the business from a geographic basis consisting of local and overseas operations. Geographically, management considers the performance of operating companies in Trinidad and Tobago and Jamaica. The Executive Committee and the Board assess the performance of the operating segments based on a measure of revenue and profit before taxation.

Trinidad and Tobago is the home country of the Parent Company which is also the main operating company and Weekenders Trinidad Limited (the entity that holds the franchise for TGI Fridays in Trinidad and Tobago). The Parent Company's principal subsidiary outside of Trinidad is located in Jamaica. All companies operate in the restaurant sector and have been aggregated together based on the nature of products and services they provide, nature of production processes, type of customers, methods used to distribute products and services and the nature of the regulatory environment. This resulted in two operating segments, one for Trinidad and Tobago and another for the Group's overseas operations as shown below.

The segment results for the year ended 30 November 2022 are as follows:

	<b>Trinidad \$</b>	<b>Others \$</b>	<b>Group \$</b>
Total segment revenue	1,090,996,994	14,120,158	1,105,117,152
Operating profit	72,025,840	455,538	72,481,378
Finance costs	(18,650,310)	(142,053)	(18,792,363)
Profit before income tax	53,375,530	313,485	53,689,015
Income tax credit/(expense)	(18,164,909)	(49,760)	(18,214,669)
Profit for the year	35,210,621	263,725	35,474,346



# Notes to the Consolidated Financial Statements (continued)

**30 November 2022** (Expressed in Trinidad and Tobago Dollars)

## 26 Segment information – geographical segment (continued)

The segment results for the year ended 30 November 2021 are as follows:

	<b>Trinidad \$</b>	<b>Others \$</b>	<b>Group \$</b>
Total segment revenue	702,501,314	9,606,739	712,108,053
Operating loss	(11,893,121)	(342,037)	(12,235,158)
Finance costs	(19,290,503)	(177,016)	(19,467,519)
Loss before income tax	(31,183,624)	(519,053)	(31,702,677)
Income tax credit/(expense)	3,503,570	(102,584)	3,400,986
Loss for the year	(27,680,054)	(621,637)	(28,301,691)

Other segment items included in the consolidated income statement are as follows:

	<b>Year ended 30 November 2022</b>		
	<b>Trinidad \$</b>	<b>Others \$</b>	<b>Group \$</b>
Depreciation	36,700,965	322,360	37,023,325
Amortisation	2,610,281	--	2,610,281
Depreciation on right-of-use assets	36,516,772	624,215	37,140,987

	<b>Year ended 30 November 2021</b>		
	<b>Trinidad \$</b>	<b>Others \$</b>	<b>Group \$</b>
Depreciation	40,619,120	347,731	40,966,851
Amortisation	2,605,379	--	2,605,379
Depreciation on right-of-use assets	36,630,069	637,851	37,267,920

The segment assets and liabilities at 30 November 2022 and capital expenditure for the year then ended are as follows:

	<b>Trinidad \$</b>	<b>Others \$</b>	<b>Group \$</b>
Assets	819,716,176	11,544,322	831,260,498
Liabilities	538,740,610	5,135,084	543,875,694
Capital expenditure	13,327,751	4,390,407	17,718,158

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 26 Segment information – geographical segment (continued)

The segment assets and liabilities at 30 November 2021 and capital expenditure for the year then ended are as follows:

	Trinidad \$	Others \$	Group \$
Assets	738,497,156	9,380,430	747,877,586
Liabilities	484,916,793	5,436,507	490,353,300
Capital expenditure	21,299,212	523,015	21,822,227
Assets classified as held for sale	5,287,122	--	5,287,122

## 27 Dividends

On 27 February 2023, the Board of Directors of Prestige Holdings Limited approved a final dividend of 20 cents, bringing the total dividends for the financial year ended 30 November 2022 to 32 cents (2021: Nil).

## 28 Cash generated from operations

	2022 \$	2021 \$
Profit/(loss) before income tax	53,689,015	(31,702,677)
Adjustments for:		
Depreciation on property, plant and equipment and amortisation of intangible assets (Note 5 and 7)	39,633,606	43,572,230
Depreciation on right-of-use assets (Note 6)	37,140,985	37,267,920
Decrease in other payables	(421,300)	(725,863)
Finance costs (Note 23)	18,792,363	19,467,519
Foreign exchange differences	24,712	(153,626)
COVID-19 rent related concessions	(2,484,862)	(14,161,048)
Profit on disposal of property, plant and equipment, franchise fees and right of use assets	(3,240,719)	(345,915)
Changes in current assets and current liabilities:		
(Increase)/decrease in inventories	(34,175,787)	5,130,140
Increase in trade and other receivables	(7,114,472)	(67,887)
Increase in trade and other payables	71,784,921	193,784
Decrease in due to related parties	(10,441,399)	(7,802,401)
	<u>163,187,063</u>	<u>50,672,176</u>

# Notes to the Consolidated Financial Statements (continued)

30 November 2022 (Expressed in Trinidad and Tobago Dollars)

## 29 Employee benefit expense

	2022 \$	2021 \$
Wages and salaries	151,900,123	117,047,877
Payroll related taxes and other benefits	24,427,695	13,471,603
Stock based employee compensation	3,531,011	3,374,461
Pension costs – defined contribution plan	1,243,924	1,049,092
	<u>181,102,753</u>	<u>134,943,033</u>

## 30 Commitments and contingent liabilities

### Capital commitments

Capital commitments for the Group as at 30 November 2022 amounted to approximately \$21.7 million (2021: Nil).

### Lease commitments

The Group's minimum short term lease commitments under the terms of various leases of property, plant and equipment used primarily for its restaurant operations, exclusive of any related value added tax, are as follows:

	2022 \$	2021 \$
Rentals due within one year	<u>223,311</u>	<u>179,840</u>

### Custom bonds

The Group has contingent liabilities in respect of custom bonds arising in the ordinary course of business from which it is anticipated that no material liabilities will arise as follows:

	2022 \$	2021 \$
Custom bonds	<u>--</u>	<u>250,000</u>

### Guarantee

The Group has a guarantee in favour of Comptroller of Customs and Excise for \$1.2 million (2021: \$1.2 million).




# Management Proxy Circular

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**REPUBLIC OF TRINIDAD AND TOBAGO**  
**THE COMPANIES ACT, CHAPTER 81:01**  
(Section 144)

- 1. Name of Company:**  
Prestige Holdings Limited ..... Company No. P 4208 (95) A
- 2. Particulars of meeting:**  
The Annual Meeting of Shareholders of the Company to be held at No. 22 London Street, Port of Spain on Thursday April 27 2023 at 10:00 a.m.
- 3. Solicitation:**  
It is intended to vote the proxy hereby solicited by the management of the Company (unless the shareholder directs otherwise) in favor of all resolutions specified in the Proxy Form sent to the shareholders with this circular and, in the absence of a specific direction, in the discretion of the proxy holder in respect of any other resolution.
- 4. Any Director's statement submitted pursuant to section 76(2):**  
No statement has been received from any director pursuant to section 76(2) of the Companies Act, Chapter 81:01.
- 5. Any Auditors' statement submitted pursuant to section 171(1):**  
No statement has been received from the auditors of the Company pursuant to section 171(1) of the Companies Act, Chapter 81:01.
- 6. Any Shareholder's proposal and/or statement submitted pursuant to sections 116(a) and 117(2):**  
No proposal or statement has been received from any shareholder pursuant to sections 116(a) and 117 (2) of the Companies Act, Chapter 81:01.

Date	Name and title	Signature
10 March 2023	Marlon Danglade Corporate Secretary	

# Form of Proxy

REPUBLIC OF TRINIDAD AND TOBAGO  
THE COMPANIES ACT, CHAPTER 81:01  
(Section 143(1))

1. Name of Company: **PRESTIGE HOLDINGS LIMITED** Company No. P 4208 (95) A  
2. Particulars of Meeting: Annual Meeting of Shareholders to be held at No. 22 London Street, Port of Spain  
on Thursday 27 April 2023 at 10:00 a.m.

I/We .....  
(Block Letters)

of .....  
(Block Letters)

shareholder(s) of the above Company, hereby appoint the Chairman, Mr. Christian Mouttet, or, failing him,

..... of .....

to be my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof, and in respect of the resolutions below to vote in accordance with my/our instructions below.

.....  
(Signature(s) of Shareholder(s))

Dated the ..... day of ..... 2023.

(Please indicate with an "X" in the spaces below your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy may vote or abstain from voting as he/she thinks fit.)

Please consider the **Notes 1 to 6** below for your assistance to complete and deposit this Proxy Form.

## NOTES:

1. If it is desired to appoint as a proxy a person other than those named on the form, delete as necessary and insert the name and address of the person appointed.
2. If the Shareholder is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
3. A Shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or governing body to represent it at this Annual Meeting.
4. In the case of a joint Shareholder, the names of all joint Shareholders must be stated on the Proxy Form and all joint Shareholders must sign the Proxy Form.
5. If the Proxy Form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
6. To be valid, the Proxy Form must be completed and deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Annual Meeting.

## Return to:

Prestige Holdings Limited  
47-49 Sackville Street  
Port of Spain.

## Form of Proxy

Resolution No.	Ordinary Business	For	Against
1	The Audited Consolidated Financial Statements of the Company for the year ended 30 November 2022 together with the Reports of the Directors and the Auditors thereon be and the same are hereby received and adopted.		
2	Mr. Martin de Gannes be and is hereby re-elected, a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company to hold office from the date of his election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1		
3	Mr. Neil Poon Tip be and is hereby re-elected, a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company to hold office from the date of his re-election until the close of the third Annual Meeting of the Company following his re-election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.		
4	Pursuant to the recommendation of the Directors, a final dividend of twenty (20) cents per common share for the year ended 30 November 2022 be and the same is hereby declared, and that such dividend be paid on 15 May 2023 to shareholders whose names appear on the register of members on 13 April 2023.		
5	Messrs. PricewaterhouseCoopers be and are hereby re-appointed as the Auditors of the Company to hold office until the close of the next Annual Meeting.		
6			



# Notes

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## Notes

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# Long Service Awards

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## 20 Years — 2020



## 20 Years — 2021





## Long Service Awards

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### 20 Years — 2022



### 25 Years — 2020



# Long Service Awards

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## 25 Years — 2021



## 25 Years — 2022





## Long Service Awards

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### 30 Years — 2020



### 30 Years — 2021





## Long Service Awards

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### 30 Years — 2022



### 35 Years — 2020



## Long Service Awards

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### 35 Years — 2021



### 35 Years — 2022





## Long Service Awards

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### 40 Years — 2022







PRESTIGE HOLDINGS LTD.  
*A Restaurant Management Company*