LeFevre BUILT DIFFERENT

REPORT OF THE ADMINISTRATION MANAGER

SECOND QUARTER ENDED JUNE 30, 2025

1. REVENUES & EXPENSES — Schedule #1 — Income & Expense Statement

- Second quarter Revenue at $842,876 was 21% above the 2024 results of $698,154. The most prevalent reason for the increase was Canadians remaining at home for vacations. Year-to-date revenue exceeds 2024 at $1,244,598 compared to $1,103,072, a 12.8% increase.

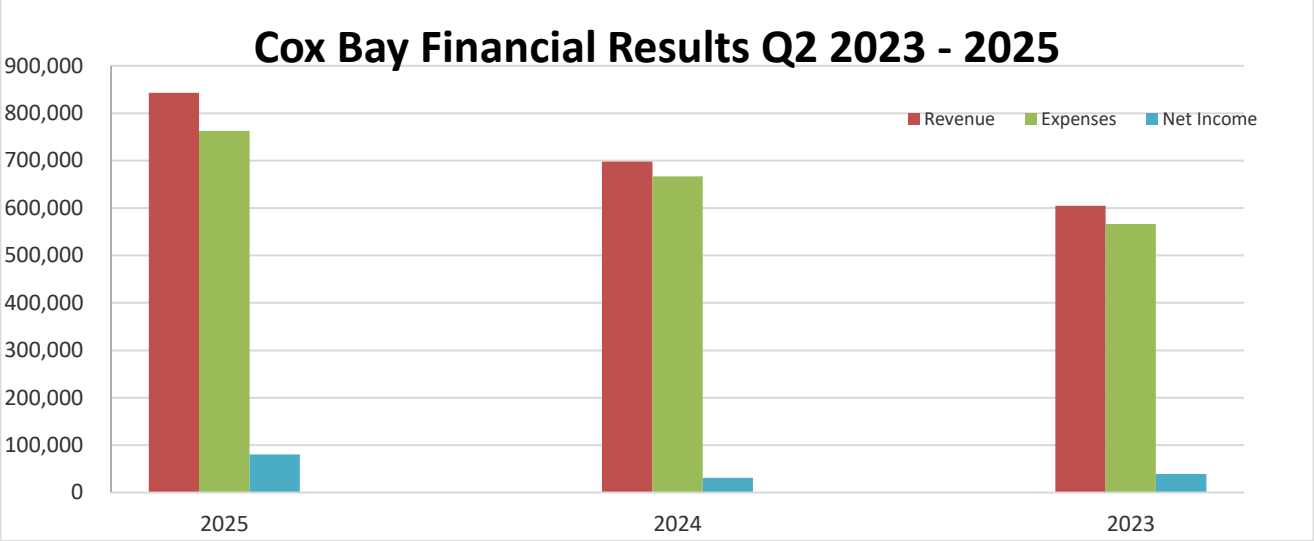
- The major re-roof project was completed in this quarter. While it is a capital cost (and will be recorded as such at year-end), it has been expensed in this quarter impacting R & M expenses and net profit overall. Other normal R&M expenses in the quarter were $82,560.

- Wages in the quarter increased by 11% or $29,502 due to the earlier hiring of seasonal staff based on increased booking volumes for the year. Also, turnover in Front Desk positions resulted in overlap during the training process. YTD wages have increased by 3.9% over 2024 which was driven by a 4% increase in minimum wage in June of 2024.

- Expenses in the quarter increased over 2024 by $95,890 due to $119,120 in re-roofing expenses. However, as roofing costs will be capitalized, the actual operational expenses dropped by $23,930 or 3.6% over the second quarter of 2024. Of note, in the quarter, Commissions increased by $6,890 (due to higher last minute cancellations resulting in increased use of online booking agents), Memberships & Licenses increased by $5,036 due to timing of expenses and Office Expenses increased by $6,097 due to the purchase of a new computer server which was replaced due to age, as well as an A.E.D. purchased for the reception.

- In addition to the re-roofing project, Repairs and Maintenance expenses in the quarter include $9,675 in Furnishings, $10,828 in Bedding and Linen, $14,176 in new dispensers for the new line of soaps and moisturizers, $2,410 for an AED and $9,497 in Hot Tub renewal expenses.

- Income for the quarter showed a strong increase over 2024 due to improved Revenue. When re-roofing expenses are excluded, first quarter profitability is $199,687, which is higher compared to the same period in 2024 of $31,435. YTD, and again adjusting for roofing expenses, profitability is $144,035 compared to $1,793 in 2024, a strong improvement.



2. AVERAGE DAILY RATE - Schedule #2 - ADR by Room Type

The quarterly ADR increased over 2024 for all room types with the One Bedroom units showing the largest increase. The One Bedroom units increased by $40 (12%), the Two Bedroom Loft units increased by $27 (6%) and the Two Bedroom units increased by $37 (8%). This is in part due to the extra person fees associated with a One Bedroom unit (i.e. over double occupancy). Two Bedroom units are based on quad occupancy and, as such, extra person fees are less common.

3. RESORT OCCUPANCY - Schedule #3 - Resort Occupancy

Overall occupancy for the quarter increased to 65.5% from 59.2% in 2024. Occupancy, net of Owner use, had an increase over 2024 at 60.7% vs. 54.9%. Owner usage has increased in the quarter compared to 2024 at 447 rooms occupied vs. 347 in 2024. The increase in owner usage is attributed to likely the same trend we are seeing with the general public with a desire to “travel” locally.

4. MARKETING

Online marketing this quarter consisted of continuation of our online ad-words, directing more bookings to our website. New promotional images and videos were taken for use in various social platforms as well as images of the new Seaflora products for use both on the website and for in-room content.

5. STAFF & MANAGEMENT

The annual AGM was held in April with strong attendance by the ownership. The annual spring maintenance program began as we welcomed two new seasonal employees in the Maintenance department. The new employees will undertake the annual painting program as well as other projects and daily tasks.

Seasonal staff arrived earlier due to higher occupancy forecasts and there was an earlier start to what would be considered the “busy season”. We also experienced the loss of a Front Desk Agent, Kristen, who departed mid-May. A new Front Desk Agent began training in May to replace her.

Many exterior projects were finished this quarter in preparation for the summer season. These included cedar staining, a landscaping overhaul with additional plantings being added, painting of the remaining exterior light fixtures, outdoor patio tables, hardy board siding and flashing that was not completed by the professional painters. This was all done by the in-house maintenance team.

The transition to the Seaflora product line began in the quarter for both room amenities and for retail sales. The transition has since been implemented. Retail sales will include various products for sale in reception which garner a very strong profit margin as well as receiving a 30% commission from any products purchased directly from the Seaflora website that were directed through our website. We are excited for this change and for owners to experience this new, local island-based and award winning product line.

Each month in the quarter surpassed both occupancy levels and revenue year over year. With healthy booking levels continuing through the Summer and into the Fall, and with a competent and capable team in place, we look forward to a successful year.

As well, we are mindful of the eventual departure of Sarah Curtis, our long time GM, and the mentorship and succession of Ashley Booth into her role. We are putting much thought and energy into ensuring the transition will be as seamless as possible in early 2026.

We remain very mindful of the destabilized world that we operate in. Collaterally, the affordability factor of many families. Tofino, this season, is enjoying a very solid occupancy profile coupled with some, in my opinion, “price gouging”. We are very careful not to fall into this summer trap when we know the importance of the economic profitability of our shoulder season!

Respectfully,

Chris Le Fevre