



## CEO Report for First Quarter ending January 31, 2021

As COVID-19 continues to challenge us both globally and locally I am pleased to say that our Q1 results continue on a positive trend as CAC seeks to turn challenges into opportunities. Like everyone else coping with the COVID-19 pandemic, CAC has been adjusting to the regularly changing curfews and rules, but our amazing team continues to quickly and professionally adapt to the ever-changing landscape, as we work together to contain our expenses and expand our offerings.

The net result was a significant improvement in our Q1 profit before tax compared with the prior year as summarized below:

### Summary Results (\$)

	YTD @ Jan 31, 2021	YTD @ Jan 31, 2020
Revenues	\$253,330,419	\$306,567,762
Gross Profit	\$113,272,906	\$114,810,982
Other Income	\$0	\$5,000
Expenses	(\$96,651,679)	(\$105,781,673)
Operating Profit	\$16,621,227	\$9,034,309
Finance and Other Costs	(\$8,684,884)	(\$7,721,385)
Profit/(Loss) before Taxation	\$7,936,343	\$1,312,924

CAC continues to lead in the Indoor Environmental Quality (IEQ) path as we partner with our customers to identify solutions such as fresh air injection systems, higher efficiency filtration, sterilization and improved maintenance services, all of which gained us additional revenues. This focus on diversification resulted in 4 new products being launched which contributed to an increase of 7% in gross profit margin.

Operationally the implementation of our new Enterprise Resource Planning (ERP) system is still on track for April 1, 2021, led by a team of both external consultants and internal staff all looking to improve the operational efficiency of CAC through the streamlining of our processes. We expect that the system will provide more insight and help CAC to focus on improving its operational effectiveness in areas such as inventory days (169 PY vs. 180 LY) and days trade payables (105 vs. 122 LY) and improve our combined cash cycle.

Expenses were kept lower than the previous year as we took rapid action to respond to COVID-19 by reducing operating costs, but without making any of our staff members redundant! The result is expenses being down by 7% compared to the prior year.

Trade receivables increased by 16% for the following reasons:

1. The slowdown of payments by customers in November and December 2020 (job execution and customers maintaining their cash reserves and delaying payments)
2. Increase in 2020 Q4 billing
3. Increased contract assets (work done but not yet billable to customers as per IFRS 15)

As we look at the training requirements of the ERP as well as the development of our staff, we welcome Mrs. Sophia Campbell to our Senior Manager Team in the capacity of Human Resource Manager. Mrs. Campbell comes to us with 17 years of HR experience, and we look forward to expanding our training and development to improve the skills of our employees.

We have started the new financial year with a healthy job portfolio and are working on some exciting changes, and initiatives as we strategically set upon the path to profitable growth as the leading experts on energy and IEQ all for the purpose of *"Improving People's Lives"*.

The CAC 2000 Foundation has done an amazing job of getting staff involved in volunteerism, working with JD TAN (Jamaica Diaspora Taskforce Action Network) to provide for the community and partnering with WLI (Women's Leadership Initiative), to execute some of their initiatives. Presently, the Foundation awaits approval for grant funding to resume offering the Service Technician Program, as we firmly believe that education is the rock upon which success is built – as is said, "give a man a fish you feed him once, teach a man to fish you feed him for life."

In closing, having officially assumed the position of CEO of CAC 2000 Limited on January 1, 2021 I wish Mr. Steven Marston all the best in his new role of Executive Chairman where he is charged with bring new business opportunities to fruition. I am excited to be operating in this new role and look forward to leading CAC to the next level as the first female CEO of a JSE listed construction company.

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Gia Abraham  
CEO

March 1, 2021