



CARIBBEAN PRODUCERS JAMAICA LIMITED

THIRD-QUARTER

UNAUDITED FINANCIAL REPORT

THREE MONTHS ENDED MARCH 31, 2022

The Board of Directors of CPJ Group presents the consolidated unaudited results for the period ended March 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Performance

CPJ Group recorded sales of US\$28.36M, for the three months ended March 31, 2022, which exceeded projections made for fiscal year 21/22. Despite the positive results, the quarter started slowly, due to the uncertainty around the Omicron surge which disrupted worldwide travel, most notably in January & February 2022. There was a significant increase in tourist arrivals in March, resulting in a solid sales performance for the third quarter.

Sales for CPJ Group for YTD, ended March 31, 2022, were US\$86.44M, which represents a 133% increase over the same period last year. The increase in revenues during the last nine (9) months can be attributed to continued confidence in the Company, and a sustained rebound in the Hospitality sector.

EBITDA and Profitability

The CPJ Group is reporting profit before tax (PBT) for the three months ended March 2022 of US\$1.83M. Profit before tax for the nine months ending March 31, 2022, was US\$7.92M, an increase of US\$11.71M over the same period LY. After provision for taxes, CPJ Group recorded net profits from continuing operations attributable to stockholders for the period ending March 2022 of US\$7.02M, increasing by US\$10.39M over LY.

EBIDTA for the quarter ending March 2022 was US\$3.69M. For the nine months ending March 2022, EBIDTA was US\$13.42M, an increase of US\$14.11M, over the same period last year.

The Management of CPJ continues to proactively engage in cost containment activities whilst implementing measures to enhance operating efficiencies to increase sales, market share, and profitability. We are managing the increases in fuel and energy costs and evaluating an investment to increase the use of solar energy.

Balance Sheet and Current Assets to Current Liabilities Ratio

Our Balance Sheet continues to strengthen, with a current ratio of 2.11 and growth in assets and Shareholders' equity of more than 60% over LY. As CPJ Group continues to report profits, we are also seeing advances on the balance sheet. Current assets increased by US\$18.99M (55.0%), from US\$34.54M to US\$53.53M, over the same period last year. Accounts receivables and inventory account for the largest portion of the increase in current assets.

Current liabilities increased by US\$10.93M (76.0%) from US\$14.38M to US\$25.32M over the same period last year. Total assets increased by US\$23.90M (43.72%) from US\$54.67M to US\$78.57M, while total liabilities for the period increased by US\$15.61M (33.4%) over the same period last year, moving from US\$40.69M to US\$56.30M.

CPJ Group continues to demonstrate sound treasury management. The Company is actively engaged with our suppliers to ensure that our valued Customers are minimally impacted by the worldwide logistics and supply chain challenges.

Outlook

The CPJ Group remains optimistic for the fourth quarter of the financial year due to strong hotel bookings reported by our customers. Also, the Group has strategically been focused on diversification of revenue streams with further investment in our stores and additional product lines for local consumption. The company continues to upgrade infrastructure, including our fleet, in anticipation of growth and to improve our service.

We look forward to the opening of the CPJ Market Drax Hall outlet in mid-summer of 2022. Our newly renovated and expanded CPJ Market in Montego Bay is now completed and has been well received. CPJ has also begun the work of enhancing the foodservice product line in the CPJ Market in Kingston.

As we accelerate the use of technology, we have launched our new B2B online platform and will be adding customers on a phased basis. This new online portal will serve both our Retail and Hospitality customers, bringing a new level of experience to CPJ's customers.

CPJ continues to strive to provide the highest levels of service and quality products available.
Our goal is to ensure the success of our customers and shareholders.

The Management of CPJ wishes to express our heartiest thanks to all our team members who continue to do their very best to ensure the success of the Group. Your dedication and commitment have been exceptional!



Mark Hart, Executive Chairman
& Interim CEO



Tom Tyler, Co-Chairman

Interim Statement of Financial Position -Unaudited

	CPJ Jamaica Unaudited March 31, 2022 <u>TOTAL</u>	CPJ Jamaica Unaudited March 31, 2021 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2021 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	4,257,486	5,393,485	4,201,542
Accounts receivable	19,292,763	10,490,284	15,394,670
Inventories	29,984,724	18,655,236	21,429,309
	<u>53,534,973</u>	<u>34,539,005</u>	<u>41,025,521</u>
CURRENT LIABILITIES			
Bank overdraft	1,716,465	779,974	1,536,067
Short-term loans	4,800,000	1,900,000	1,700,000
Accounts payable	12,491,443	6,356,720	11,580,606
Short-term promissory notes	3,817,794	3,817,794	3,817,793
Current portion of lease liabilities	503,377	400,223	649,839
Current portion long-term borrowings	1,063,528	1,064,242	1,012,223
Tax payable	928,715	68,405	25,351
	<u>25,321,322</u>	<u>14,387,358</u>	<u>20,321,879</u>
NET CURRENT ASSETS	<u>28,213,651</u>	<u>20,151,647</u>	<u>20,703,642</u>
NON-CURRENT ASSETS			
Investments	62,619	67,885	62,619
Deferred tax asset	2,296,001	2,296,001	2,296,001
Right-of-use assets	11,558,657	6,471,711	11,533,745
Intangible asset	22,359	27,701	24,252
Property, plant and equipment	11,096,801	11,267,828	11,387,403
	<u>25,036,436</u>	<u>20,131,126</u>	<u>25,304,020</u>
	US\$ 53,250,087	40,282,773	46,007,662
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	17,546,063	9,417,904	10,743,413
	<u>22,444,493</u>	<u>14,316,334</u>	<u>15,641,843</u>
Non-controlling interest	(176,438)	(338,491)	(392,379)
	<u>22,268,055</u>	<u>13,977,843</u>	<u>15,249,464</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12,387,222	7,292,426	11,717,470
Long-term promissory notes	9,276,153	9,274,180	9,274,180
Due to related party	3,713,661	3,142,448	3,233,634
Long-term borrowings	5,604,996	6,595,876	6,532,914
	<u>30,982,032</u>	<u>26,304,930</u>	<u>30,758,198</u>
	US\$ 53,250,087	40,282,773	46,007,662

These interim financial statements were approved by the Board of Directors and signed on its behalf by:


Mark Hart

Director


Thomas Tyler

Director

The accompanying notes form an integral part of the interim financial statements.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2022

Interim Statement of Comprehensive Income - Unaudited

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Three months ended <u>TOTAL</u> <u>31-Mar-22</u>	Three months ended <u>TOTAL</u> <u>31-Mar-21</u>	Nine months ended <u>TOTAL</u> <u>31-Mar-22</u>	Nine months ended <u>TOTAL</u> <u>31-Mar-21</u>	Twelve months ended <u>TOTAL</u> <u>30-Jun-21</u>
Gross operating revenue	28,358,367	12,717,677	86,440,287	37,111,120	58,178,410
Cost of operating revenue	(19,498,854)	(9,189,824)	(58,825,983)	(27,211,410)	(42,464,207)
Gross profit	8,859,513	3,527,853	27,614,304	9,899,710	15,714,203
Selling and administrative expenses	(5,196,144)	(3,186,940)	(14,687,452)	(9,372,842)	(13,105,824)
Expected credit losses	(59,170)	(31,069)	(157,202)	(142,069)	(74,820)
Depreciation and amortisation	(1,071,790)	(1,057,270)	(3,208,199)	(3,178,366)	(4,185,142)
Other operating income, net	89,414	181,811	647,278	314,434	1,316,133
Operating profit/(loss)	2,621,823	(565,615)	10,208,729	(2,479,133)	(335,450)
Finance income	291	8,299	4,814	24,534	33,099
Finance costs	(794,810)	(441,626)	(2,290,676)	(1,336,016)	(2,216,643)
Profit/(loss) before taxation	1,827,304	(998,942)	7,922,867	(3,790,615)	(2,518,994)
Taxation	(224,708)	-	(904,276)	-	-
Profit/(loss) for the period, being total comprehensive income/(loss)	US\$ 1,602,596	(998,942)	7,018,591	(3,790,615)	(2,518,994)
Attributable to:					
Equity holders of the Parent	1,576,188	(903,258)	6,802,650	(3,589,285)	(2,263,776)
Non-controlling interest	26,408	(95,684)	215,941	(201,330)	(255,218)
	US\$ 1,602,596	(998,942)	7,018,591	(3,790,615)	(2,518,994)
Earnings per stock unit (cents)	0.14	(0.08)	0.62	(0.33)	(0.21)

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non controlling Interest</u>	<u>Total</u>
Nine months ended March 31, 2021				
Balances at June 30, 2020	4,898,430	13,007,189	(137,161)	17,768,458
Loss for the period, being total comprehensive loss	-	(3,589,285)	(201,330)	(3,790,615)
Unaudited balances at March 31, 2021	US\$ 4,898,430	9,417,904	(338,491)	13,977,843
Nine months ended March 31, 2022				
Balances at June 30, 2021	4,898,430	10,743,413	(392,379)	15,249,464
Profit for the period, being total comprehensive income	-	6,802,650	215,941	7,018,591
Unaudited balances at March 31, 2022	US\$ 4,898,430	17,546,063	(176,438)	22,268,055

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Six months ended March 31, 2022	Unaudited Six months ended March 31, 2021	Audited Year-ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period	7,018,591	(3,790,615)	(2,518,994)
Adjustments for:			
Depreciation and amortisation	3,208,199	3,178,366	4,185,142
Gain on disposal of property, plant and equipment	(13,021)	(60,200)	(68,257)
Loss on revaluation of investment	-	-	5,266
Gain on modification of leases	-	-	(1,183)
Transfer and adjustment to property plant and equipment	111,242	-	19,966
Interest income	(4,814)	(24,534)	(33,099)
Interest expense	2,290,676	1,336,016	2,216,643
Taxation	904,276	-	-
	<u>13,515,149</u>	<u>639,033</u>	<u>3,805,484</u>
(Increase)/decrease in current assets:			
Accounts receivable	(3,898,093)	(2,101,405)	(7,005,791)
Inventories	(8,555,415)	5,458,514	2,684,441
Increase/(decrease) in current liability:			
Accounts payable	910,838	(2,079,557)	3,166,541
Cash generated by operations	1,972,479	1,916,585	2,650,675
Interest paid	(2,290,676)	(1,317,432)	(2,220,272)
Tax paid	(912)	(6,557)	(49,611)
Net cash (used)/provided by operating activities	<u>(319,109)</u>	<u>592,596</u>	<u>380,792</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and intangible assets	(2,109,626)	(1,323,356)	(2,344,238)
Proceeds from disposal of property, plant and equipment	15,600	82,994	259,901
Interest received	4,814	24,534	33,099
Net cash used by investing activities	<u>(2,089,212)</u>	<u>(1,215,828)</u>	<u>(2,051,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Promissory notes received	1,973	1,824	1,824
Promissory notes repaid	-	(500,000)	(500,001)
Payment of Lease Liabilities	(421,519)	(186,812)	(406,048)
Other income due to rent concessions	-	-	(457,791)
Long-term/short-term borrowings, repaid	(7,407,280)	(3,599,639)	(4,071,154)
Due to related company	480,027	(1,343)	89,843
Long-term/short-term borrowings received	9,630,667	3,594,629	3,751,163
Net cash provided/(used) by financing activities	<u>2,283,868</u>	<u>(691,341)</u>	<u>(1,592,164)</u>
Net decrease in cash and cash equivalents for the period	(124,453)	(1,314,573)	(3,262,610)
Cash and cash equivalents at beginning of the period	<u>2,665,474</u>	<u>5,928,084</u>	<u>5,928,084</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ <u>2,541,021</u>	<u>4,613,511</u>	<u>2,665,474</u>
Comprised of			
Cash and cash equivalents	4,257,486	5,393,485	4,201,541
Bank overdraft	(1,716,465)	(779,974)	(1,536,067)
US\$	<u>2,541,021</u>	<u>4,613,511</u>	<u>2,665,474</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Period ended March 31, 2022

Selected explanatory notes**i The company**

Caribbean Producers (Jamaica) Limited ("company or "parent company") is incorporated under laws of and domiciled in Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinep Way, Montego Freeport, Montego Bay, St. James.

The company's principal activities during the year were the wholesaling and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and meats.

As at March 31, 2022, the company held 100% of the issued share capital of CPJ Investments Limited, a company incorporated on September 16, 2013. CPJ Investments Limited's principal activity is holding a 51% investment in CPJ (St. Lucia) Limited, a company whose principal activity is the wholesaling and distribution of non-food supplies. Both companies are incorporated and domiciled in St. Lucia.

2 Basis of preparation

These interim financial statements have been prepared in accordance with accounting policies set out in note 4 to the audited financial statements for the year ended June 30, 2021.

3 Basis of consolidation

(i) A "subsidiary" is an enterprise controlled by the company. The group controls an entity when it 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. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The interim consolidated financial statements include the financial statements of the company and its subsidiaries (note 1)

(ii) Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

(iv) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

4 Segment reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment information below represents segment revenue based on the country receiving the benefit of our products/services and segment assets based on the country in which the owner is registered.

Geographical information:

	March 31, 2022			
	Jamaica	St. Lucia	Eliminations	Total
	US\$	US\$	US\$	US\$
Revenue from external customers	70,234,118	16,927,360	(721,191)	86,440,287
Segment non-current assets	23,735,451	8,650,303	(7,349,318)	25,036,436
Additions to property, plant and equipment and intangible assets	1,622,770	471,557	-	2,094,327
	March 31, 2021			
	Jamaica	St. Lucia	Eliminations	Total
	US\$	US\$	US\$	US\$
Revenue from external customers	29,903,918	7,378,967	(171,765)	37,111,120
Segment non-current assets	22,805,752	3,651,112	(6,325,738)	20,131,126
Additions to property, plant and equipment and intangible assets	763,968	559,388	-	1,323,356

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2022

Selected explanatory notes

Selected explanatory notes (contd)

5 Significant events and transactions

The Group continues to be impacted by the COVID-19 pandemic, since the first reported case in March 2020, which resulted in travel restrictions and the closure of hotels and resorts in both Jamaica and St. Lucia, where a subsidiary is based.

The extent and duration of the impact of COVID-19 on the global and local economy remains uncertain, and the Group continues to closely monitor the impact of this pandemic on its operations. The lifting of the travel restrictions and the re-opening of some of the major hotels, has resulted in an improvement in performance for the first nine months of the fiscal year.

Management believes that the Group is well positioned to overcome the challenges resulting from the economic downturn and has proactively implemented steps to minimize the adverse impact going forward. Steps that have been implemented include:

- Targeted sales and revenues increases from the winter tourist season, resulting in increased profits in the first three quarters of the current fiscal year.
- Repositioning of the St. Lucian subsidiary in the retail channel, as well as an increased focus on direct-to-consumer sales.
- Aggressive debtor management along with inventory containment have resulted in strong cash flows, despite the reduction in revenues.
- The Group continues to closely monitor and maintain reduced operating expenses.
- Current operating activities are being funded by internal generated cash.
- Implementation of several IT initiatives aimed at improving operational efficiencies and furthering growth.

The Group has enough capital and liquidity to service its operating activities and debt; and continues to position itself in anticipation of a full recovery of the travel industry in the near future .

6 Earnings per stock unit

Earnings per stock unit is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue for the period. The weighted average number of shares for the period was calculated as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021	Nine months ended March 31, 2022	Nine months ended March 31, 2021	Twelve months ended June 30, 2021
Profit/(Loss) for the period attributable to the shareholders of the company (US\$)	1,576,188	(903,258)	6,802,650	(3,589,285)	(2,263,776)
Weighted average number of ordinary stock units held during the period	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in ¢ per share)	0.14	(0.08)	0.62	(0.33)	(0.21)

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2022

Selected explanatory notes

Selected explanatory notes (cont'd)

7 Contingent liabilities

- (a) In 2016, Tax Administration Jamaica (TAJ) conducted a General Consumption Tax audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the period. No formal assessment has been served in this regard. During the year, the management and directors continued discussions with TAJ and other relevant authorities to review and resolve the proposed adjustments. At the date of authorisation of these financial statements, the resolution process is still ongoing.
- (b) In 2018, Jamaica Customs Agency Post Clearance Audit (JCA) conducted a review of the company's import declarations for the period from January 1, 2017 to July 31, 2018 and assessed the company for potential additional duty and taxes as per the Assessment Order dated January 22, 2019. During the period till date, the management has had discussions with JCA and sent a response disputing the assessment. As at the date of these financial statements, the resolution process is still ongoing.



**TOP TEN (10) STOCKHOLDERS
AS AT 31st MARCH 2022**

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	23.0077
Mayberry Jamaican Equities Limited	221,111,331	20.1010
Wave Trading Limited	124,132,858	11.2848
Oniks Investments Limited	117,797,515	10.7089
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,581,579	3.0529
TJBK Investment Limited	31,000,000	2.8182
PWL Bamboo Holdings Limited	20,536,570	1.8670
MF& G Trust & Finance Ltd A/C 58	11,455,738	1.0414
Sagicor Select Fund Limited (Class C Shares)	10,917,106	0.9925

SENIOR MANAGERS

NAME	UNITS	%
Hugh Logan	144,343	0.0131
Christopher Myles		
Xavier Perez		
Alejandro Sanchez		

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Sportswear Producers Limited</u>			253,084,299	23.0077
Mark Hart	Chairman	Connected party holding		
<u>Mayberry Jamaican Equities Limited</u>			221,111,331	20.1010
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Wave Trading Limited</u>			124,132,858	11.2848
Mark Hart	Chairman	Connected party holding		
<u>Oniks Investments Limited</u>			117,797,515	10.7089
Thomas Tyler	Co-Chairman	Connected party holding		
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
<u>PWL Bamboo Holdings Limited</u>			20,536,570	1.8670
Konrad Mark Berry	Director	Connected party holding		
<u>Alpine Endeavours Limited</u>			1,881,100	0.1037
Ronald Schragger	Director	Connected party holding		
<u>Apex Pharmacy Limited</u>			1,421,936	0.1292
Christopher Berry	Director	Connected party holding		
<u>A+Medical Centre Limited</u>			950,000	0.0864
Christopher Berry	Director	Connected party holding		
Konrad Mark Berry	Director	Self	500,000	0.0454
Theresa Chin	Director	Self	288,900	0.0262
Richard Mark Hall	Director	Self	114,090	0.0104