



It's All **GOOD** Inside!

FONTANA LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED MARCH 31, 2022



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It's All **GOOD** Inside!

DIRECTORS' REPORT TO SHAREHOLDERS – Q3 2021/22

Fontana Limited is pleased to present our unaudited financial statements for the third quarter ended March 31, 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS).

Our revenues for the quarter were \$1.52 billion, representing an increase of 23.9% over the \$1.22 billion for the corresponding quarter of the previous year. Net profits grew by 43.4%, closing the quarter at \$104.6 million compared to the \$72.9 million earned last year.

Our cost of sales grew by 25.5% in line with the sales and our gross profit increased by 20.8%, moving from \$416.4 million in Q3 last year to \$503 million this quarter. Our gross profit margin was 33.2% compared to 34% last year, as we continue to experience increased cost of goods due to inflation and global supply chain challenges.

Our operating expenses increased by 15.4% to \$370 million, up from \$321 million over prior year. Staff costs were the main driver, as salary increases were granted at the beginning of the quarter and our operating hours were also being increased as the Covid-19 protocols subsided. Despite this, our operating profit increased by 39% to \$132.6 million this quarter.

Finance costs were impacted primarily by the IFRS 16 lease assessment as an additional long-term lease was added in this financial year. The finance costs associated with the bond issued in December 2021 also impacted the total finance cost.

Net profit for the quarter was \$104.6 million, compared with \$72.9 million recorded in the prior period. This represented \$0.08 earnings per share versus \$0.06 for the prior period.

Total assets at the end of the quarter stood at \$4.5 billion, up from \$3.4 billion in the previous comparative period, reflecting an increase of 29.4%. As we begin our preparations for the expansion in Kingston and St. Catherine, our cash on hand remains favorable at \$1.34 billion, an increase of 65.5% over last year. Shareholder's equity grew to \$2.1 billion, up from \$1.76 billion or 19.1% over the prior year.

We are eager to get back to our giving ways and used every opportunity during the quarter to revive our focus on community and nationally related sponsorships. Among our successful partnerships were:

- The Kiwanis Club of Ocho Rios Spelling Bee 2022
- Bethel Baptist Church, Ash Wednesday Brunch Tickets
- L'Acadco Awards Ceremony 2022
- Westwood High School
- Miss Utech Grand Coronation
- Unicycle Initiative
- Jamaica Day Creative Competition
- Utech School of Pharmacy Continuing Education Webinar

- The Caring for Miracles and Melina Brown Foundation “Gift of Life” Auction Event
- CARIMAC Aggrey Brown Lecture
- MOHW Cancer Screening Promotion

Our biggest contribution to the community in Q3 was the opening of COVID vaccination sites in all our 6 stores. Although not an easy task, we managed to set up, train personnel and administer almost 6000 vaccines up to the end of March. Of all the MOHW private partners Fontana was the single largest contributor to the effort in terms of vaccines administered.

We would like to thank our superb team and other stakeholders for their role in bringing another successful quarter to a close’.



Kevin Chang
Director/Chairman



Anne Chang
Director/CEO

FONTANA LIMITED
STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
THIRD QUARTER ENDED MARCH 31, 2022

	Note	Third Quarter		9 Months		Audited Year ended 30-Jun-21
		ended March 31		ended March 31		
		2022	2021	2022	2021	
		\$	\$	\$	\$	
Revenues		1,515,331,115	1,223,145,232	4,676,450,868	3,879,085,819	5,151,940,367
Cost of sales		<u>(1,012,316,847)</u>	<u>(806,786,566)</u>	<u>(3,014,855,370)</u>	<u>(2,445,894,608)</u>	<u>(3,203,802,006)</u>
Gross profit		503,014,269	416,358,666	1,661,595,498	1,433,191,211	1,948,138,361
Administrative and other expenses		(357,367,065)	(308,903,528)	(1,055,230,756)	(926,266,014)	(1,244,040,911)
Selling and promotion		<u>(13,027,059)</u>	<u>(12,062,109) *</u>	<u>(49,886,563)</u>	<u>(40,946,695) *</u>	<u>(55,670,715)</u>
		(370,394,124)	(320,965,637)	(1,105,117,320)	(967,212,709)	(1,299,711,626)
Operating profit		132,620,145	95,393,029	556,478,179	465,978,502	648,426,735
Other income		<u>17,740,002</u>	<u>15,223,874 *</u>	<u>49,939,319</u>	<u>43,695,057 *</u>	<u>60,180,286</u>
		150,360,148	110,616,904	606,417,498	509,673,559	708,607,021
Finance costs	7	<u>(45,781,079)</u>	<u>(37,705,796) *</u>	<u>(191,875,589)</u>	<u>(142,974,027) *</u>	<u>(167,225,554)</u>
Profit before taxation		104,579,069	72,911,107	414,541,909	366,699,532	541,381,467
Taxation charge		-	-	-	-	(29,054,189)
Net profit for the period/year		<u>104,579,069</u>	<u>72,911,107</u>	<u>414,541,909</u>	<u>366,699,532</u>	<u>512,327,278</u>
EARNINGS PER SHARE	8	0.08	0.06	0.33	0.29	0.41

* Restated to conform to current year's presentation.

FONTANA LIMITED
STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT MARCH 31, 2022

	Note	UNAUDITED		AUDITED
		Mar-22	Mar-21	Jun-21
ASSETS				
Non-Current Assets				
Property, plant and equipment		742,436,809	733,132,459	716,424,433
Right of use asset		982,253,051	771,904,958	747,665,716
Intangible asset		165,461,145	165,461,145	165,461,145
Deferred tax asset		-	14,086,711	-
		<u>1,890,151,005</u>	<u>1,684,585,274</u>	<u>1,629,551,294</u>
Current Assets				
Due from related parties		7,786,844	7,741,281	7,741,281
Due from directors		6,095,259	4,297,460	3,720,463
Trade and other receivables	3	158,103,310	130,698,707	133,473,836
Taxation recoverable		1,770,433	828,705	1,056,372
Inventories		1,056,091,588	808,963,740	835,761,847
Cash and cash equivalents		1,339,541,680	809,388,277	859,232,250
		<u>2,569,389,114</u>	<u>1,761,918,170</u>	<u>1,840,986,049</u>
TOTAL ASSETS		<u>4,459,540,120</u>	<u>3,446,503,444</u>	<u>3,470,537,343</u>
EQUITY & LIABILITIES				
Equity				
Issued share capital		252,589,301	252,589,301	252,589,301
Accumulated surplus		1,842,249,982	1,506,967,795	1,552,645,555
		<u>2,094,839,282</u>	<u>1,759,557,096</u>	<u>1,805,234,856</u>
Non-Current Liabilities				
Senior Unsecured Bond	5	492,803,940	-	-
Deferred tax liability		14,967,478	-	14,967,478
Non-current portion of lease liability		1,074,253,181	809,854,107	796,095,303
Bank loans payable	4	20,275,870	152,238,905	143,034,760
		<u>1,602,300,468</u>	<u>962,093,012</u>	<u>954,097,541</u>
Current Liabilities				
Due to related parties		-	-	3,710,711
Current portion of lease liability		110,532,093	92,848,304	86,692,435
Bank loans payable - Current portion	4	38,963,681	45,542,839	43,284,916
Trade and other payables	6	612,904,595	586,462,193	577,516,884
		<u>762,400,369</u>	<u>724,853,336</u>	<u>711,204,946</u>
TOTAL EQUITY AND LIABILITIES		<u>4,459,540,120</u>	<u>3,446,503,444</u>	<u>3,470,537,343</u>



Kevin Chang
 Director/Chairman



Anne Chang
 Director/CEO

FONTANA LIMITED
STATEMENT OF CHANGES IN EQUITY (Unaudited)
THIRD QUARTER ENDED MARCH 31, 2022

	No of SHARES	SHARE CAPITAL \$	ACCUMULATED SURPLUS \$	TOTAL \$
<i>Audited Balance as at June 30, 2020</i>	1,249,374,825	252,589,301	1,240,218,249	1,492,807,550
Net profit for the period	-	-	366,699,532	366,699,532
Dividend payment	-	-	(99,949,986)	(99,949,986)
<i>Balance at March 31, 2021</i>	<u>1,249,374,825</u>	<u>252,589,301</u>	<u>1,506,967,795</u>	<u>1,759,557,096</u>
<i>Audited Balance as at June 30, 2021</i>	1,249,374,825	252,589,301	1,552,645,555	1,805,234,856
Net profit for the period	-	-	414,541,909	414,541,909
Dividend payment	-	-	(124,937,483)	(124,937,483)
<i>Balance at March 31, 2022</i>	<u>1,249,374,825</u>	<u>252,589,301</u>	<u>1,842,249,981</u>	<u>2,094,839,282</u>

FONTANA LIMITED
STATEMENT OF CASH FLOWS (Unaudited)
As at March 31, 2022

	Unaudited 31-Mar-22 \$	Unaudited 31-Mar-21 \$	Audited 30-Jun-21 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	414,541,909	366,699,532	541,381,467
Adjustment for items not affecting cash resources:			
Depreciation on property, plant and equipment	48,879,544	46,431,391	65,441,559
Depreciation expense - Lease Related	100,654,550	67,859,519	92,098,761
Lease interest expense	66,992,891	49,500,477	65,541,946
Interest expense	16,502,998	10,966,767	14,320,461
Amortization of bond issuance cost	378,740	-	-
	<u>647,950,632</u>	<u>541,457,685</u>	<u>778,784,194</u>
(Increase)/decrease in operating assets:			
Inventories	(220,329,741)	(158,361,225)	(185,159,332)
Due from related parties	(45,563)	1,317,605	1,317,605
Trade and other receivables	(24,629,474)	(36,389,527)	(39,164,656)
Taxation recoverable	(714,061)	(483,697) *	(711,363)
Increase/(decrease) in operating liabilities:			
Trade and other payables	35,387,710	73,738,954	64,793,645
Due to related parties	(3,710,711)	(312,061)	3,398,651
	<u>433,908,791</u>	<u>420,967,733</u>	<u>623,258,744</u>
Cash flows provided by operating activities			
Taxation paid	-	-	-
	<u>433,908,791</u>	<u>420,967,733</u>	<u>623,258,744</u>
Net cash provided by operating activities	433,908,791	420,967,733	623,258,744
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(74,891,920)	(9,728,587)	(12,030,729)
	<u>(74,891,920)</u>	<u>(9,728,587)</u>	<u>(12,030,729)</u>
Net cash used in investing activities	(74,891,920)	(9,728,587)	(12,030,729)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(124,937,483)	(99,949,986)	(199,899,972)
Proceeds from the issue of a bond	492,425,200	-	-
Proceeds from loans	7,085,000	-	-
Repayment of loans	(134,165,125)	(24,944,755)	(36,406,824)
ROU Lease liability, net	(100,237,240)	(67,011,481)	(102,967,623)
Director's loans, net	(2,374,796)	1,765,427	2,342,423
Interest paid	(16,502,998)	(10,966,767)	(14,320,461)
	<u>121,292,558</u>	<u>(201,107,561)</u>	<u>(351,252,457)</u>
Net cash provided by/(used in) financing activities	121,292,558	(201,107,561)	(351,252,457)
NET INCREASE IN CASH AND CASH EQUIVALENTS	480,309,430	210,131,585	259,975,558
CASH AND CASH EQUIVALENTS - Beginning of the period/year	859,232,250	599,256,692	599,256,692
	<u>1,339,541,680</u>	<u>809,388,277</u>	<u>859,232,250</u>
CASH AND CASH EQUIVALENTS - End of the period/year	1,339,541,680	809,388,277	859,232,250
REPRESENTED BY:			
Short term investment	356,524,387	191,239,400	46,441,365
Cash and bank deposits	983,017,292	618,148,877	812,790,885
	<u>1,339,541,680</u>	<u>809,388,277</u>	<u>859,232,250</u>

* Restated to conform to current year's presentation.

FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS
THIRD QUARTER ENDED 31st MARCH 2022 (Unaudited)

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES

Fontana Limited (the "Company") is incorporated and domiciled in Jamaica and its registered office is situated at Manchester Shopping Centre, Mandeville, Jamaica.

The Company is publicly listed on the Junior Market of the Jamaica Stock Exchange with an effective date of January 8, 2019.

The principal activity of the Company is the operation of a pharmacy business in each of its six locations dispersed over Jamaica as well as the retailing of consumer goods such as cosmetics, household essentials, school supplies and more.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited interim financial statements for the 9 months ended March 31, 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. These interim financial statements should be read in conjunction with the accounting policies as set out in **Note # 2 & #3** of the audited financial statements for the year ended 30 June 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

3 TRADE AND OTHER RECEIVABLES

	31-Mar	
	2022	2021
	\$	\$
Trade receivables	20,790,230	17,749,523
Other receivables	17,054,714	15,091,007
Pre-payments	103,588,625	88,778,435
Security deposits	16,669,742	9,079,742
	158,103,311	130,698,707

4 BANK LOANS PAYABLE (LONG TERM)

	31-Mar	
	2022	2021
	\$	\$
a. BNS Motor Vehicle Loan	-	1,527,424
b. BNS Energy Loan 2018 (FV)	1,134,971	8,333,819
c. BNS M/VEHICLE LOAN	4,237,272	6,120,504
d. BNS WATERLOO CAPEX	41,666,654	174,999,998
e. BNS Van Loan	5,200,000	6,800,000
f. BNS M/Vehicle Line of Credit	7,000,655	-
	59,239,551	197,781,744
Less: Current Portion	(38,963,681)	(45,542,839)
	20,275,870	152,238,905

All loans (except f.) are existing loans as at the year end, and are detailed in **Note #16** of the audited financial statements for year ended June 30, 2021.

5 SENIOR UNSECURED BOND

	31-Mar	
	2022	2021
	\$	\$
6% Bond due December 14, 2026	500,000,000	-
Unamortized bond fees (Legal and arranger fees)	(7,196,060)	-
	492,803,940	-

In December 2021, the Company launched a private placement of Bonds to raise J\$500,000,000. The placement was successfully taken up in total by Scotia Investments Jamaica Limited. Interest is payable quarterly at 6% per annum.

FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS
THIRD QUARTER ENDED 31st MARCH 2022 (Unaudited)

6	TRADE AND OTHER PAYABLES	31-Mar	
		2022	2021
		\$	\$
	Trade payables	508,500,943	502,319,646
	Statutory liabilities	15,190,265	12,769,469
	GCT payable	15,592,792	93,240
	Salary accruals	4,638,462	2,843,574
	Credit cards payable	40,023,550	60,347,564
	Other payables and accruals	28,958,582	8,088,701
		612,904,595	586,462,193
7	FINANCE COSTS	31-Mar	
		2022	2021
		\$	\$
	Bank service charges	3,356,901	2,404,329
	Finance charges	2,838,522	1,821,455
	Credit Card Commission	10,769,053	8,163,871 *
	Gain on Investment	(420,110)	(2,532,638) *
	Loan interest	9,105,439	3,475,859
	Lease interest expense (IFRS 16)	21,352,121	16,211,002
	Foreign exchange (gain)/loss (Revaluation of Lease liability - IFRS 16)	(6,989,506)	12,443,645
	Foreign exchange loss/(gain)	5,768,659	(4,281,727)
		45,781,079	37,705,796
8	EARNINGS PER SHARE	31-Mar	
		2022	2021
		\$	\$
	Profit attributable to shareholders	414,541,909	366,699,532
	Weighted average number of shares in issue	1,249,374,825	1,249,374,825
	Earnings per share	0.33	0.29

* Restated to conform to current year's presentation.

Fontana Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MARCH 31, 2022

Shareholder	Units
1. Burbank Holdings Limited	977,946,747
2. Astronomical Holdings Limited	12,830,000
3. Sagicor Select Fund Limited – ('Class C' Shares) Manufacturing & Distribution	10,028,143
4. St. Elizabeth International Limited	9,230,953
5. JCSD Trustee Services Ltd. A/C#76579-02	8,000,076
6. Jacqueline Sharp/Jason Sharp	7,094,000
7. QWI Investments Limited	5,662,040
8. St. Elizabeth Holdings Limited	5,319,000
9. Victory Island Limited	5,319,000
10. SJIML A/C 3119	5,210,875

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT MARCH 31, 2022

Director	Shareholdings	Connected Parties	Shareholdings
Raymond Therrien	----	Burbank Holdings Limited	977,946,747
Kevin O'Brien Chang	----	Burbank Holdings Limited Nicole Watson-Chang	977,946,747 745,850
Shinque (Bobby) Chang	----	Burbank Holdings Limited	977,946,747
Anne Chang	----	Burbank Holdings Limited	977,946,747
Jacqueline Sharp	7,094,000	Jason Sharp (joint holder)	
Heather Goldson	2,070,000	David L. Goldson (joint holder)	

SHAREHOLDINGS OF OFFICERS AND CONNECTED PARTIES AS AT MARCH 31, 2022

Denise Douglas	25,352	Ryan McCalla (joint holder)
Judale Samuels-Smith	654,404	