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Chairman's Report for the First Quarter Ended July 31, 2022

Blue Power Group generated revenues of \$214 million and earned net profit of \$7 million for the first quarter ended July 31, 2022 (the "First Quarter"). Blue Power delivered outstanding growth in sales volumes and revenues, in line with its plan to develop and diversify the customer base. Earnings in the First Quarter were affected by disruptions to the supply chain and unprecedented increases in raw material prices, that we expect to normalize during the year.

Revenue Growth

Revenues for Blue Power grew 85% during the First Quarter, relative to the same period in the prior year. We experienced revenue growth in all of our main product categories including our bath soap lines, specialty soaps and our laundry soap business. Revenue growth came from existing and new customers and saw the group gaining market share locally and re-enforcing its reputation as a leading private label manufacturer.

Earnings Performance

Despite the strong overall revenue performance, the Group faced challenges in the First Quarter. Importantly, one-off gains on the sale of investments and foreign exchange gains that formed part of our finance income last year were not repeated in the First Quarter of this year. In addition, our gross margins suffered as a result of dramatic increases in raw materials prices, challenges to the actual availability of products from some of our sources, and a spike in logistics costs (particularly for products originating in Asia). The market for vegetable oils – a basic input in soap production – was disrupted in the early part of the calendar year due to the war in the Ukraine. Logistics costs were affected by the impact of COVID on the global supply chain. Our key inputs have long lead times for procurement and shipping and although the market has now clearly showed signs of normalizing, our First Quarter margins were adversely affected. The combined effect of these challenges was a reduction in net profits from \$46 million in the prior year first quarter to \$7 million this year. Note should be made that in November 2021, in accordance with accounting standards the accounting for Blue Power Groups investment in Lumber Depot changed from equity accounting to share of associate company. With this change, total comprehensive income stood at \$7 million when compared to \$69 million in prior year.

Outlook

An important part of our plan for profitable business growth, is our commitment to efficiency and innovation. During the quarter we continued our capital projects to expand our capacity and productivity and to give our manufacturing plant more flexibility in the sources of raw material. We expect to see the results of this investment in the second half of 2023. We also secured the long-term expansion prospects for the business with the acquisition of a two-acre plot of land that is adjacent to our existing facility. The site includes a building that is suitable for renovation as well as land space with excellent development potential for a purpose-built industrial facility. We expect to complete our development plan for the property during the course of the year.

The Blue Power Group's balance sheet, investment portfolio and liquidity remain strong. This has allowed us to increase our inventory levels to manage some of the supply chain disruptions. Our investment in Lumber Depot Limited, which is a significant part of our holdings, performed satisfactorily in the First Quarter.

We continue to be optimistic about the competitive position and growth prospects for our business in Jamaica, as well as the opportunity to develop new export markets. We are also well prepared to diversify the business through opportunistic investments in related businesses and in our real estate.

I thank our customers, staff, management team and board for their commitment to the business.

Jeffrey Hall
Chairman
September 9, 2022

BLUE POWER GROUP LIMITED
Consolidated Statement of Financial Position
As at July 31, 2022

	<u>Unaudited</u> <u>July 31, 2022</u>	<u>Unaudited</u> <u>July 31, 2021</u>	<u>Audited</u> <u>April 30, 2022</u>
NON-CURRENT ASSETS			
Property, plant and equipment	334,967,920	153,841,602	267,817,851
Investment property	-	13,842,649	-
Right of use asset	10,015,421	11,043,721	10,272,496
Interest in associated company	362,565,200	677,135,575	354,614,467
Investments	253,194,359	-	271,124,114
	<u>960,742,900</u>	<u>855,863,547</u>	<u>903,828,928</u>
CURRENT ASSETS			
Cash and cash equivalents	20,230,558	135,142,957	125,085,493
Accounts receivable and prepayments	148,390,844	65,146,744	129,774,738
Due from related company	21,275,419	38,710,434	13,491,606
Inventories	379,959,474	277,191,456	346,950,555
Other current asset	-	39,044,880	-
Taxation recoverable	19,830,593	-	15,296,538
	<u>589,686,888</u>	<u>555,236,471</u>	<u>630,598,930</u>
CURRENT LIABILITIES			
Accounts payable	57,456,355	60,491,343	58,165,380
Current portion of lease liability	729,193	669,611	713,802
Taxation payable	-	9,834,843	-
Revolving loan facility	30,000,000	-	20,000,000
	<u>88,185,548</u>	<u>70,995,797</u>	<u>78,879,182</u>
NET CURRENT ASSETS	<u>501,501,340</u>	<u>484,240,674</u>	<u>551,719,748</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,462,244,240</u>	<u>1,340,104,221</u>	<u>1,455,548,676</u>
EQUITY			
Share capital	86,900,147	86,900,147	86,900,147
Investment Revaluation Reserve	179,501,080	214,177,425	179,501,080
Retained earnings	1,169,551,313	1,024,542,037	1,162,632,337
	<u>1,435,952,540</u>	<u>1,325,619,609</u>	<u>1,429,033,564</u>
NON-CURRENT LIABILITIES			
Lease Liability	10,444,108	11,208,538	10,667,520
Deferred tax liability	15,847,592	3,276,074	15,847,592
	<u>26,291,700</u>	<u>14,484,612</u>	<u>26,515,112</u>
Total Equity And Non-Current Liabilities	<u>1,462,244,240</u>	<u>1,340,104,221</u>	<u>1,455,548,676</u>

Approved for issue by the Board of Directors on September 9, 2022 and signed on its behalf by:


 _____ Chairman
 Jeffrey Hall


 _____ Director
 Lisa Kong-Lee

BLUE POWER GROUP LIMITED
Consolidated Statement of Profit or loss and Other Comprehensive Income
Three months ended July 31, 2022

	Unaudited July 31, 2022	Unaudited July 31, 2021	Audited April 30, 2022
Revenue	214,259,851	116,099,345	526,447,832
Cost of revenue	<u>(169,991,636)</u>	<u>(66,591,327)</u>	<u>(373,424,307)</u>
Gross profit	44,268,215	49,508,018	153,023,525
Impairment (losses)/gains on trade receivables	(8,172,104)	1,630,895	1,343,953
Impairment loss/gain on investment	(741,371)	(75,512)	1,706,591
Administrative and other expenses	<u>(45,224,634)</u>	<u>(43,043,124)</u>	<u>(191,191,267)</u>
	(9,869,894)	8,020,277	(35,117,198)
Other income	10,502,458	36,449,173	62,392,382
Gain on sale of investment property	-	-	145,640,235
Share of profit of associated company	<u>7,950,734</u>	<u>-</u>	<u>12,640,717</u>
Profit before net finance income and taxation	<u>8,583,298</u>	<u>44,469,450</u>	<u>185,556,136</u>
Finance income	518,857	9,287,322	26,605,210
Finance cost	<u>(798,694)</u>	<u>(365,899)</u>	<u>(3,067,313)</u>
Net finance (cost)/income	<u>(279,837)</u>	<u>8,921,423</u>	<u>23,537,897</u>
Profit for the period	8,303,461	53,390,873	209,094,033
Taxation	<u>(1,384,485)</u>	<u>(6,983,407)</u>	<u>(15,556,427)</u>
Profit for the period	6,918,976	46,407,466	193,537,606
Other Comprehensive Loss:			
Items that may not be reclassified to profit or loss:			
Revaluation gain/(loss) on equity investment	<u>-</u>	<u>22,675,485</u>	<u>(12,000,860)</u>
Total comprehensive income for the period	<u>6,918,976</u>	<u>69,082,951</u>	<u>181,536,746</u>
Earnings per stock unit	<u>\$ 0.01</u>	<u>\$ 0.08</u>	<u>\$ 0.34</u>

BLUE POWER GROUP LIMITED
Consolidated Statement of Changes in Equity
Three months ended July 31, 2022

	Share Capital	Investment Revaluation Reserve	Retained earnings	Total
	\$	\$	\$	\$
Balances as at April 30, 2021 (audited)	86,900,147	191,501,940	978,134,571	1,256,536,658
Total comprehensive income for the quarter:				
Profit for the period	-	-	46,407,466	46,407,466
Fair value gain on investment	-	22,675,485	-	22,675,485
Balance as at July 31, 2021 (unaudited)	<u>86,900,147</u>	<u>214,177,425</u>	<u>1,024,542,037</u>	<u>1,325,619,609</u>
Balances as at April 30, 2022 (audited)	86,900,147	179,501,080	1,162,632,337	1,429,033,564
Total comprehensive income for the quarter:				
Profit for the period	-	-	6,918,976	6,918,976
Balance as at July 31, 2022 (unaudited)	<u>86,900,147</u>	<u>179,501,080</u>	<u>1,169,551,313</u>	<u>1,435,952,540</u>

BLUE POWER GROUP LIMITED
Consolidated Statement of Cash Flows
Three months ended July 31, 2022

	<u>Unaudited July 31, 2022</u>	<u>Unaudited July 31, 2021</u>	<u>Audited April 30, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	6,918,976	46,407,466	193,537,606
Adjustments for:			
Exchange (loss)/gain on foreign currency balances	3,240,185	-	(6,102,957)
Depreciation and amortisation	8,106,106	4,759,452	23,268,184
Interest Income	(3,759,043)	(4,795,594)	(20,502,253)
Dividend income	-	-	(4,079,570)
Gain on sale of investment	-	-	(25,720,000)
Share of profit in associated company	(7,950,734)	-	(12,640,717)
Interest expense	677,185	281,276	2,769,327
Gain on sale of investment property	-	-	(145,640,235)
Write-off on property, plant and equipment	-	-	12,802
Taxation	1,384,485	6,983,407	15,556,427
Cash generated before changes in working capital	<u>8,617,160</u>	<u>53,636,007</u>	<u>20,458,614</u>
Increase/(decrease) in current assets:			
Accounts receivables and prepayments	(18,616,106)	(1,708,966)	(65,801,201)
Inventories	(33,008,919)	21,396,684	(48,362,415)
Due from related party	(7,783,813)	(9,616,289)	15,602,539
Other Current Asset	-	(39,044,880)	-
Increase/(decrease) in current liability:			
Accounts payable	(709,025)	(3,112,835)	(1,516,914)
Cash (used)/ generated by/from operations	(51,500,703)	21,549,721	(79,619,377)
Interest paid	(677,185)	(281,276)	(2,769,327)
Taxation paid	(5,918,539)	(8,020,657)	(29,153,540)
Net cash (used)/ provided by operating activities	<u>(58,096,427)</u>	<u>13,247,788</u>	<u>(111,542,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(68,247,348)	(10,010,930)	(140,823,934)
Investments, net	-	4,478,369	(2,041,782)
Proceeds from sale of investment property	-	-	159,401,250
Proceeds from sale of investment	-	-	64,720,000
Interest received	7,281,841	5,627,514	19,966,494
Dividends received	-	-	4,079,570
Net cash (used)/provided by investing activities	<u>(60,965,507)</u>	<u>94,953</u>	<u>105,301,598</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Revolving loan received	10,000,000	-	40,000,000
Revolving loan repaid	-	-	(20,000,000)
Dividends paid	-	-	(9,039,840)
Lease, net	(172,785)	(153,724)	(650,551)
Cash provided/(used) by Financing Activities	<u>9,827,215</u>	<u>(153,724)</u>	<u>10,309,609</u>
Net (decrease)/increase in cash and cash equivalents	(109,234,719)	13,189,017	4,068,963
Effects of exchange rate fluctuations on cash and cash equivalents	4,379,784	-	(937,410)
Cash and cash equivalents at beginning of the period	<u>125,085,493</u>	<u>121,953,940</u>	<u>121,953,940</u>
Cash and cash equivalents at end of period	<u><u>20,230,558</u></u>	<u><u>135,142,957</u></u>	<u><u>125,085,493</u></u>

Blue Power Group Limited

Notes to the Unaudited Financial Statements

July 31, 2022

1 Identification and principal activities

Blue Power Group Limited (the company) is incorporated and domiciled in Jamaica. The registered office of the company is located at 4 Victoria Avenue, Kingston CSO. The company is listed on the Junior Market of the Jamaica Stock Exchange. The company and its two wholly-owned subsidiaries are referred to as the "group"

The main activities of the company and the group comprise the manufacture and sale of soaps and the sale of lumber, hardware supplies and other related products.

2 Basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

(b) Basis of consolidation:

(i) Subsidiaries:

A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the company and its wholly-owned subsidiaries, Papine Properties Limited and Cotrade Limited made up to April 30, 2022. Cotrade Limited is a wholly owned subsidiary of Papine Properties Limited, which is owned by Blue Power Group Limited. The company and its subsidiaries are collectively referred to as "the group". These subsidiaries are currently dormant, and the shareholdings are the same for 2022 and 2021. Cotrade Limited is the group's nominee for holding properties from which the group manages its operations. The parent company administers the affairs of the subsidiaries and bears the related expenses. Papine Properties Limited is registered in the British Virgin Islands and Cotrade Limited is registered in Jamaica.

(ii) Associates:

Associates are all entities over which the group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

The group's investment is carried at the group's share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or

loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies. Should the group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group will not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

(iii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the company and its subsidiaries are eliminated to the extent of the company's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) New and amended standards that became effective during the period

Certain new and amended standards which were in issue, came into effect during the current financial period. The adoption of these standards did not have any impact on the amounts recognized or disclosures in the financial statements.

3 Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates.

4 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents and accounts receivable. Financial liabilities comprise accounts payable and due to related party.

5 Revenue:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

6 Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are measured at historical cost, are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss.



July 31, 2022

TOTAL SHARES OUTSTANDING: 564,990,000

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
KENNETH BENJAMIN**	SELF	31,302,000	5.540
FELICE CAMPBELL	SELF	0	0.000
NOEL DAWES***	SELF	14,127,150	2.500
CATHERINE GOODALL	SELF	0	0.000
JEFFREY HALL* (SWEE TEEN CHUA)	SELF	2,151,363	0.381
PETER MILLINGEN	SELF	8,211,000	1.453
DHIRU TANNA* (LAURA TANNA)	SELF	100,000	0.017
LAURA TANNA*	SELF	0	0.000
*ANTIBES HOLDINGS LTD	CONNECTED PARTY	283,008,000	50.090
**SHEILA BENJAMIN MCNEIL	CONNECTED PARTY	1,552,650	0.274
**GUARDSMAN GROUP	CONNECTED PARTY	6,872,850	1.216
***KAREL DAWES	CONNECTED PARTY	38,070	0.006

SENIOR MANAGERS REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
LISA KONG-LEE	SELF	0	0.0000
VISHWANAUTH TOLAN	SELF	0	0.0000

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
ANTIBES HOLDINGS LIMITED	283,008,000	50.09
MAYBERRY JAMAICAN EQUITIES LTD	112,159,443	19.85
KENNETH BENJAMIN & SHEILA MCNEIL	32,854,650	5.82
JANE FRAY	30,954,000	5.48
NOEL DAWES	14,127,150	2.50
SILVER INVESTMENTS LIMITED	10,778,160	1.91
JPS EMPLOYEE SUPERANNUATION	9,214,220	1.63
PAM-POOLED EQUITY	8,914,510	1.58
PETER MILLINGEN	8,211,000	1.45
GUARDSMAN GROUP LTD	6,872,850	1.22
TOTAL UNITS OWNED BY TOP 10	517,093,983	91.52