



P A R A M O U N T
J a m a i c a

PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

SECOND QUARTER ENDED NOVEMBER 30, 2022



PARAMOUNT Jamaica

Paramount Trading (Jamaica) Limited Report to Stockholders Six months ended November 30, 2022

The Board of Directors is pleased to present the unaudited results of the Company for the six (6) months ended November 30, 2022.

The financial highlights are as follows:

Revenue \$1,196.2 million; (2021: \$770.5 million)

Net Profit of \$148.7 million; (2021: \$47.5 million)

Earnings per share of \$0.096; (2021: \$0.031)

Book value of \$1,057 million; (2021: \$843.8 million)

The company's performance has resulted in significant increases compared with last year's second quarter in all its financial indicators: Revenue (55%), Net Profit (213%), Earnings per share (210%) and Book value (25%).

Gross revenue for the second quarter was \$601 million, representing a 50 percent increase compared with prior year revenue of \$401.2 million. During the period, revenue growth strategies employed by the Company, resulted in improvement in our revenue, led primarily by our construction, food and technical grades manufacturing and distribution divisions.

For the second quarter, gross profit of \$204.6 million reflected a 55 percent increase over prior year's gross profit of \$129.9 million. We realized a gross margin of 34 percent which was +2 percentage increase over prior year. Operating expenses of \$116.9 million were 24 percent more than prior year's operating expenses of \$94.3 million. Finance cost of \$11.6 million decreased over the prior year by 14.2 percent. Profit after tax of \$64.7 million was more than two times the net profit of \$28.6 million earned during the same period last year.

For the six-month period ended November 30, 2022, revenue of \$1,196.2 million was achieved which was \$425.7 million or 55.2 percent more than the \$770.5 million earned in the prior year. During the period, revenue growth strategies employed by the company resulted in improvement in our construction (\$212 million) division and manufacturing and distribution divisions of food grade (\$169 million) and technical grade (\$54 million). The Company's efficiency ratios improved during this period reflected in gross profit margin (2.8%) and net profit margin (7.3%) ratios increase and operating expenses as a percentage of revenue decreased by 4.1%.

Gross profit for the May to November period was \$407.97 million, an increase of \$166.95 million or 69.3 percent over the \$241.02 million recorded last year. Other operating income for the year to date of \$26.6 million was \$4 million or 17.4 percent increase over prior year. This was mainly due to realized foreign exchange gains.

Operating expenses of \$242.09 million showed just a 29.5% percent increase over prior year. We continue to reinforce our ongoing cost containment strategies. Finance cost for the six-month period was \$22.6 million, which was a 7 percent reduction compared with the 2021 cost of \$24.3 million. The expiration of our finance lease obligation, contributed to this improvement.

Profit after taxes of \$148.7 million reflected a \$101.2 million improvement over prior year.

Earnings per stock unit for the period of \$0.096 reflected an improvement over 2021's earnings of \$0.031.

Paramount's improved performance over the first six months of the financial year was achieved by employment of a robust growth strategy, digital transformation initiatives and positively pivoting supply chain logistic issues.

We expect that the continued execution of our strategic pillars: manufacturing focus, market orientation, digital transformation, customer value creation and talent cultivation; will propel the realisation our long-term strategic objective.

The Board of Directors and management team remain steadfast in ensuring that the Company continues its growth trajectory.

We continue to express our thanks to our management team, team members, customers, shareholders and other stakeholders for their support and confidence in us.



.....
Radcliff Knibbs
Chairman

Paramount Trading (Jamaica) Limited

Second Quarter ended November 30, 2022

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PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Second Quarter ended November 30, 2022

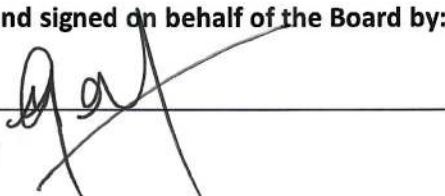
| <u>Notes</u> | 3 Months ended Nov 30, 2022 Unaudited | 3 Months ended Nov 30, 2021 Unaudited | November 2022 Year-to-date Unaudited | November 2021 Year-to-date Unaudited | May 2022 12 Months ended Audited |
|--|--|--|---|---|---|
| | \$ | \$ | \$ | \$ | \$ |
| Revenue | 600,991,362 | 401,175,062 | 1,196,160,751 | 770,491,713 | 1,716,938,666 |
| Direct Expenses | 396,352,500 | 271,253,047 | 788,193,066 | 529,471,795 | 1,154,528,111 |
| Gross Profit | 204,638,862 | 129,922,015 | 407,967,685 | 241,019,918 | 562,410,555 |
| Other Operating (Loss)/Income | (2,748,418) | 9,534,669 | 26,617,541 | 22,671,961 | 75,859,347 |
| | 201,890,444 | 139,456,684 | 434,585,226 | 263,691,879 | 638,269,902 |
| Less Operating Expenses: | | | | | |
| Administrative | 106,005,957 | 91,479,427 | 228,584,575 | 181,299,732 | 391,288,249 |
| Selling & Distribution | 10,916,418 | 2,816,048 | 13,514,899 | 5,603,279 | 17,638,391 |
| | 116,922,375 | 94,295,475 | 242,099,474 | 186,903,011 | 408,926,639 |
| Operating Profit before Finance Costs | 84,968,069 | 45,161,209 | 192,485,752 | 76,788,868 | 229,343,262 |
| Finance Costs | (11,567,428) | (13,444,566) | (22,646,942) | (24,334,180) | 46,696,185 |
| Interest Income | 617,700 | 945,947 | 1,537,079 | 1,836,266 | (3,661,195) |
| Net Finance (Costs)/Income | (10,949,728) | (12,498,619) | (21,109,863) | (22,497,914) | 43,034,990 |
| Profit Before Taxation | 74,018,341 | 32,662,590 | 171,375,890 | 54,290,954 | 186,308,272 |
| Taxation | 9,252,293 | 4,082,824 | 22,700,502 | 6,786,369 | 11,738,149 |
| Net profit for the year | 64,766,048 | 28,579,766 | 148,675,388 | 47,504,585 | 174,570,123 |
| | | | | | |
| Earning per Stock Unit | 0.042 | 0.019 | 0.096 | 0.031 | 0.113 |

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2022

| Notes | <u>November 2022</u> | <u>November 2021</u> | <u>May 2022</u> |
|---|----------------------|----------------------|----------------------|
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Audited</u> |
| | \$ | \$ | \$ |
| Non-Current Assets: | | | |
| Property, plant & equipment | 552,749,998 | 557,095,403 | 549,083,394 |
| Right of Use Asset | 60,144,555 | 69,397,563 | 64,771,059 |
| Investments | 37,394,942 | 177,525,850 | 182,404,507 |
| Current Assets: | | | |
| Inventories | 679,075,531 | 467,560,695 | 670,840,560 |
| Taxation Recoverable | 1,025,868 | 10,033,422 | 802,446 |
| Receivables | 437,244,253 | 346,374,303 | 331,558,858 |
| Cash and cash equivalents | 132,720,693 | 124,360,024 | 125,547,089 |
| | 1,250,066,345 | 948,328,444 | 1,128,748,953 |
| Current Liabilities | | | |
| Payables | 325,906,736 | 383,489,732 | 520,304,409 |
| Taxation Payable | 22,700,502 | 6,786,369 | 0 |
| Current portion of long term borrowings | 326,902,886 | 38,656,319 | 328,780,435 |
| Current portion of lease Liability | 9,416,166 | 8,048,863 | 9,416,166 |
| | 684,926,290 | 436,981,283 | 858,501,010 |
| Net current assets | 565,140,055 | 511,347,161 | 270,247,944 |
| Total assets less current liabilities | 1,215,429,550 | 1,315,365,977 | 1,066,506,903 |
| Equity: | | | |
| Issued capital | 77,492,243 | 77,492,243 | 77,492,243 |
| Retained earnings | 980,381,961 | 766,339,719 | 831,706,574 |
| | 1,057,874,204 | 843,831,962 | 909,198,817 |
| Non-current liabilities: | | | |
| Long term borrowings | 76,437,297 | 377,400,124 | 71,153,880 |
| Lease Liability | 61,137,079 | 76,388,619 | 66,173,236 |
| Deferred Tax Liability | 19,980,970 | 17,745,272 | 19,980,970 |
| | 157,555,346 | 471,534,015 | 157,308,086 |
| Total equity and non-current liabilities | 1,215,429,550 | 1,315,365,977 | 1,066,506,903 |

Approved and signed on behalf of the Board by:

Director



Director



PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF CHANGES IN EQUITY
Second quarter ended November 30, 2022

| | <u>Share Capital</u> | <u>Retained Earnings</u> | <u>Total</u> |
|--------------------------------------|----------------------|--------------------------|--------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Balances at May 31, 2021 | 77,492,243 | 718,835,134 | 796,327,377 |
| Total comprehensive income | - | 47,504,585 | 47,504,585 |
| Balances at November 30, 2021 | <u>77,492,243</u> | <u>766,339,719</u> | <u>843,831,962</u> |

| | <u>Share Capital</u> | <u>Retained Earnings</u> | <u>Total</u> |
|--------------------------------------|----------------------|--------------------------|----------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Balances at May 31, 2022 | 77,492,243 | 831,706,574 | 909,198,817 |
| Total comprehensive income | - | 148,675,387 | 148,675,387 |
| Balances at November 30, 2022 | <u>77,492,243</u> | <u>980,381,961</u> | <u>1,057,874,204</u> |

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF CASH FLOWS
Second Quarter ended November 30, 2022

| | November 2022 | November 2021 | May 2022 |
|--|----------------------|----------------------|--------------------|
| | Unaudited | Unaudited | Audited |
| | \$ | \$ | \$ |
| Cash flows from operating activities: | | | |
| Net profit for the period | 148,675,387 | 47,504,585 | 174,570,123 |
| Adjustments for: | | | |
| Gain on disposal of Property, Plant & equipment | - | - | (1,050,000) |
| Depreciation | 19,597,338 | 22,871,708 | 43,218,044 |
| Depreciation-Right of Use | 4,626,504 | 4,626,504 | 9,253,008 |
| Provision for deferred taxes | - | - | 2,235,699 |
| Interest income | (1,537,079) | (1,836,266) | (3,661,195) |
| Interest expense | 22,646,942 | 24,334,180 | 46,696,185 |
| | 194,009,092 | 97,500,710 | 271,261,864 |
| Changes in operating assets and Liabilities: | | | |
| Inventories | (8,234,971) | (54,782,225) | (258,062,090) |
| Receivables | (105,685,395) | (23,486,491) | (8,671,047) |
| Payables | (194,397,673) | 66,361,918 | 203,176,594 |
| Taxation Recoverables | (223,422) | (278,997) | 8,951,979 |
| Taxation Payables | 22,700,502 | 6,786,369 | - |
| | (285,840,959) | (5,399,426) | (54,604,564) |
| Cash generated from operations | (91,831,867) | 92,101,285 | 216,657,300 |
| Interest received | 1,537,079 | 1,836,266 | 3,661,195 |
| Interest Paid | (22,646,942) | (24,334,180) | (46,696,185) |
| Net Cash Flows (used in)/from operating activities: | (112,941,730) | 69,603,371 | 173,622,310 |
| Cash flows from investing activities: | | | |
| Purchase of Property, plant and equipment | (23,263,942) | (9,175,523) | (21,509,850) |
| Proceed from sale of asset | - | - | 1,050,000 |
| Net Cash Flows used in investing activities: | (23,263,942) | (9,175,523) | (20,459,850) |
| Cash flows from financing activities: | | | |
| Dividends Paid | - | - | (61,698,682) |
| Loans, net | 3,405,868 | (22,417,713) | (38,539,843) |
| Finance Lease | (5,036,157) | 2,704,759 | (6,143,321) |
| Net Cash used in financing by activities: | (1,630,289) | (19,712,954) | (106,381,845) |
| Net (decrease)/increase in cash resources | (137,835,961) | 40,714,894 | 46,780,616 |
| Cash resources at the beginning of the period | 307,951,596 | 261,170,980 | 261,170,980 |
| Cash resources at the end of the period | 170,115,635 | 301,885,874 | 307,951,596 |
| Represented by: | | | |
| Investments | 37,394,942 | 177,525,850 | 182,404,507 |
| Cash and cash equivalents | 132,720,693 | 124,360,024 | 125,547,089 |
| | 170,115,635 | 301,885,874 | 307,951,596 |

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

Second Quarter ended November 30, 2022

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

The Company operates in Jamaica and has its registered office at 39 Waltham Park Road Kingston 13. The principal activity of the Company is importation and distribution of chemical raw materials and other related products. The Company manufactures and distributes lubricants and is a distributor of the “SIKA” line of construction products. This line includes admixtures, adhesives and sealants with applications that range from the do-it-yourself to road construction.

Effective 31 December 2012, the Company’s shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with IAS 34, interim reporting and should be read in conjunction with the audited financial statements for the year ended May 31, 2022, which have been prepared in accordance with IFRS and comply with the Jamaican Companies Act.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim financial statements are consistent with those used in the audited financial statements for the year ended May 31, 2022.

(a) Depreciation:

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is calculated on the straight-line basis at such rates that will write off the carrying value of the assets over the period of their estimated lives.

(b) Trade receivables

Trade receivables are carried at anticipated realisable value. A provision is made for impairment of trade receivables when it is established that there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit and loss.

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements Second Quarter ended November 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Inventories

Inventories are stated at the lower of cost, determined consistently on the same bases, and net realizable value. The cost of inventories is determined based on weighted average cost and includes costs incurred in bringing the inventories to their present location and condition. Inventories comprised finished goods and work-in-progress comprise raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. In the case of manufactured inventories, net realizable value is the estimated costs of completion and selling expenses.

(d) Borrowing and borrowing costs

Bank and borrowings are recognized initially at cost. Borrowings are subsequently stated at amortized cost, with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowing on an effective interest basis.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of these assets. Capitalization of such borrowing costs cease when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

4. TAXATION

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 31, 2012. Consequently, the Company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

| | |
|---------------|------|
| Years 1 to 5 | 100% |
| Years 6 to 10 | 50% |

5. EARNINGS PER STOCK UNIT

Earnings per stock unit are calculated by dividing the profit for the period by the weighted average number of shares in issue for the period.

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements Second Quarter ended November 30, 2022

6. SHARE CAPITAL

| | <u>November 2022</u> | <u>May 2022</u> |
|---|----------------------|-------------------|
| Authorised: | | |
| 1,620,000,000 (2021 - 1,620,000,000) Ordinary shares of no-par value | | |
| <u>Issued and fully paid</u> | | |
| 1,542,467,080 (1542,467,080) shares | <u>77,492,243</u> | <u>77,492,243</u> |

Paramount Trading (Jamaica) Limited

**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR
 OFFICERS' INTERESTS
 NOVEMBER 30, 2022**

| Top 10 Stockholders | Number of Shares Held |
|----------------------------|------------------------------|
| Hugh Graham | 1,233,966,840 |
| Radcliff Knibbs | 83,560,404 |
| Anna Maria Graham | 63,749,360 |
| Libnah Graham | 27,820,000 |
| Barita Unit Trust | 23,211,458 |
| Vaughn Phang | 13,242,904 |
| Ursus Corporation Limited | 12,541,170 |
| G.I. Enterprises Limited | 4,920,000 |
| Jason Carl Carby | 4,270,739 |
| Lannaman and Morris Ltd | 4,208,000 |

| Directors and Senior Officers | Number of Shares Held |
|--------------------------------------|------------------------------|
| Hugh Graham | 1,233,966,840 |
| Daniel Chin | 0 |
| Sharon Donaldson | 1,410,000 |
| Radcliff Knibbs | 83,560,404 |
| Richard Rogers | 420,120 |
| Anna Maria Graham | 63,749,360 |
| Metry Seaga | 0 |
| Jacqueline Somers | 0 |
| Emanuel DaRosa | 0 |
| Vaughn Phang | 13,242,904 |
| Thausha Martin | 0 |
| Shantel Walters | 0 |
| Jacqueline Leckie | 0 |
| Cecile Dennis | 0 |