



CARIBBEAN PRODUCERS JAMAICA LIMITED

QUARTER ENDED DECEMBER 31, 2022

The Board of Directors of CPJ Group presents the consolidated unaudited results for the quarter that ended December 31, 2022, prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act.

Performance

CPJ Group operating revenues were US\$38.32 million (2021: US\$33.06 million) for the quarter that ended December 31, 2022, which resulted in earnings before tax of US\$2.32 million, a decrease of US\$1.89 million over the same period LY [Q2 FY2021: US\$4.21 million]. As a result of the Company holding higher levels of inventory to ensure consistency of supply, commodity price fluctuations resulted in a reduction in gross margins [US\$1.14 million] for the period under review. Along with an increase in operational costs this year, the prior year also included an exchange gain of US\$700 thousand which was not realized in the current year, which contributed to the reduction in reported profits. CPJ Group reported profits after tax of US\$1.75 million (Q2, 2021: US\$3.75 million).

Revenue growth in Q2 was driven largely by incremental growth in volumes and the introduction of new product lines and the development of online business. Corresponding to the increased revenue growth, Selling & Administrative expenses for Q2 totaling US\$6.97 million (2021: US\$5.12 million) increased by 36% compared to the previous year. These increases are primarily driven by increases in staffing levels as the Company positions itself for continued growth. The Company also awarded a cost-of-living increase to full-time employees in October. As the Company and our Suppliers reposition our products post-COVID-19, there were increases in marketing and advertising expenses compared to LY. There were also increases in utility costs, brought about by increased activities with our production facilities and 24-hour distribution activities, as well as increases in local utility charges.

Total assets grew by US\$10.3 million, or 20%, compared to the same period last year, driven primarily by inventory [+US\$9.58 million] held by the Company and increases in cash and cash equivalents [+US\$2.96 million]. There was also an increase in total liabilities over the prior year of US\$877 thousand or 3.3%. Total equity increased by US\$8.84 million, or 43%, over the prior year.

Even though the Company recorded a 16% increase in sales over the same period last year, the Accounts Receivables decreased by US\$583 thousand, or 2.7% compared to LY. Accounts receivable days for the period ending December 31, 2022, was at 37 days (2021: 39 days) which is an improvement over last year, revealing the strength of the Company's credit management policies and procedures. These policies ensure that the Company delivers operating revenue while limiting our credit risk.

The current ratio of 2.39 [2021: 2.01], has shown an improvement of 19% over the prior year.

In order to guarantee uninterrupted service to our customers, and as a direct response to the uncertainties around the availability of goods and the persistent unreliability of the global supply chain, CPJ has been proactive as it relates to inventory. As a result, total inventory increased to US\$35.37 million (2021: US\$25.79 million) for the quarter

that ended December 31, 2022. This represents a 37.1% increase over last year. With increased stabilization of the global supply chain, we expect the inventory to normalize over the coming months with less impact from price fluctuations.

Outlook

As we look forward to a busy second half of the year, CPJ will continue to strive to provide the highest levels of service and quality products available, ensuring the success of our customers and shareholders.

Like most companies locally and globally, we have been impacted by macro-economic inflationary pressures brought on by the COVID-19 pandemic. Moreover, the instability in Eastern Europe resulted in higher fuel, power, and shipping costs. CPJ remains vigilant and continues to review and assess areas of operating expenses to find and implement cost-saving measures and ensure efficiencies to mitigate the effects of these exogenous disruptions. We are a resilient organization that remains committed to our strategic priorities and to serving all our stakeholders.

The Company is advancing its B2B & B2C online platforms in an effort to reach a broader client base through technology. We are also exploring other technologies that will assist with the reduction of energy costs.

The Company continues to upgrade infrastructure, including our trucking fleet, in anticipation of the growth in tourism and to consistently improve our level of service. CPJ is preparing for the unprecedented expansion of the number of available hotel rooms; some of which are already in 'advanced' stages of development. The management of CPJ wishes to express our heartiest thanks to our customers, board of directors, dedicated team members, business partners, and shareholders for their commitment and unwavering support.



Mark Hart, Executive Chairman
& Interim-CEO



Tom Tyler, Co-Chairman

Interim Statement of Financial Position -Unaudited

	CPJ Jamaica Unaudited December 31, 2022 <u>TOTAL</u>	CPJ Jamaica Unaudited December 31, 2021 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2022 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	8,007,080	5,040,727	3,920,459
Accounts receivable	21,100,820	21,684,280	18,486,320
Inventories	35,365,599	25,789,373	40,155,943
	<u>64,473,499</u>	<u>52,514,380</u>	<u>62,562,722</u>
CURRENT LIABILITIES			
Bank overdraft	1,298,315	1,720,044	1,862,314
Short-term loans	6,000,000	6,700,000	6,500,000
Accounts payable	11,710,244	11,577,624	18,818,965
Short-term promissory notes	600,000	3,817,794	3,817,793
Current portion of lease liabilities	720,770	600,003	687,128
Current portion long-term borrowings	4,269,148	1,063,528	4,433,082
Current portion long-term promissory notes	-	-	9,276,153
Tax payable	2,461,282	704,080	1,358,113
	<u>27,059,759</u>	<u>26,183,073</u>	<u>46,753,548</u>
NET CURRENT ASSETS	<u>37,413,740</u>	<u>26,331,307</u>	<u>15,809,174</u>
NON-CURRENT ASSETS			
Investment	157,618	62,619	67,644
Deferred tax asset	2,054,817	2,296,001	2,019,505
Right-of-use assets	11,895,405	11,699,936	11,302,481
Intangible asset	41,516	25,563	37,113
Property, plant and equipment	10,453,415	11,300,827	12,465,911
	<u>24,602,771</u>	<u>25,384,946</u>	<u>25,892,654</u>
USS	<u>62,016,511</u>	<u>51,716,253</u>	<u>41,701,828</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	21,601,711	15,969,876	18,251,690
	<u>26,500,141</u>	<u>20,868,306</u>	<u>23,150,120</u>
Non - controlling interest	3,007,866	(202,847)	2,889,809
	<u>29,508,007</u>	<u>20,665,459</u>	<u>26,039,929</u>
NON-CURRENT LIABILITIES			
Long-term promissory notes	4,656,460	9,275,147	-
Due to related party	323,321	3,626,517	313,372
Lease Liabilities	12,781,999	12,261,686	13,127,694
Long-term borrowings	14,746,724	5,887,444	2,220,833
	<u>32,508,504</u>	<u>31,050,794</u>	<u>15,661,899</u>
USS	<u>62,016,511</u>	<u>51,716,253</u>	<u>41,701,828</u>

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 December 31, 2022

Interim Statement of Comprehensive Income - Unaudited

	Unaudited Three months ended <u>December 31, 2022</u>	Unaudited Three months ended <u>December 31, 2021</u>	Unaudited Six months ended <u>December 31, 2022</u>	Unaudited Six months ended <u>December 31, 2021</u>	Audited Twelve months ended <u>June 30, 2022</u>
Gross operating revenue	38,321,848	33,063,531	71,383,464	58,081,920	119,960,34
Cost of operating revenue	(27,143,996)	(22,449,054)	(49,969,841)	(39,327,129)	(85,116,09
Gross profit	11,177,852	10,614,477	21,413,623	18,754,791	34,844,25
Selling and administrative expenses	(6,975,018)	(5,117,663)	(13,146,980)	(9,491,308)	(18,238.10
Expected credit losses	(27,286)	(60,266)	(67,786)	(98,032)	(387.10
Depreciation and amortisation	(1,009,242)	(1,096,740)	(2,043,664)	(2,136,409)	(4,211,00
Other operating income, net	21,550	682,343	27,896	557,864	403,69
Operating profit	3,187,856	5,022,151	6,183,089	7,586,906	12,411,73
Finance income	254	250	468	4,523	5,15
Finance costs	(864,263)	(812,643)	(1,619,641)	(1,495,866)	(2,950,36
Profit before taxation	2,323,847	4,209,758	4,563,916	6,095,563	9,466,52
Taxation	(577,098)	(460,000)	(1,095,838)	(679,568)	(1,744,03
Profit for the year, being total comprehensive income	1,746,749	3,749,758	3,468,078	5,415,995	7,722,49
Attributable to:					
Equity holders of the Parent	1,709,597	3,623,564	3,350,021	5,226,463	7,508,27
Non- controlling interest	37,152	126,194	118,057	189,532	214,21
	<u>1,746,749</u>	<u>3,749,758</u>	<u>3,468,078</u>	<u>5,415,995</u>	<u>7,722,49</u>
Earnings per stock unit (cents)	0.16 cents	0.33 cents	0.30 cents	0.48 cents	0.68 cents

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non controlling Interest</u>	<u>Total</u>
Six months ended December 31, 2021				
Balances at June 30, 2021	4,898,430	10,743,413	(392,379)	15,249,464
Total Comprehensive Income for the year:				
Profit for the year, being total comprehensive income	-	5,226,463	189,532	5,415,995
Balances at December 31, 2021	<u>4,898,430</u>	<u>15,969,876</u>	<u>(202,847)</u>	<u>20,665,459</u>
Six months ended December 31, 2022				
Balances at June 30, 2022	4,898,430	18,251,690	2,889,809	26,039,929
Total Comprehensive Income for the year:				
Profit for the period, being total comprehensive income	-	3,350,021	118,057	3,468,078
Balances at December 31, 2022	<u>4,898,430</u>	<u>21,601,711</u>	<u>3,007,866</u>	<u>29,508,007</u>
	US\$			

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Six months ended December 31, 2022	Unaudited Three months ended December 31, 2021	Audited Year-ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	3,468,078	5,415,995	7,722,491
Adjustments for:			
Depreciation and amortisation	2,043,664	2,136,409	4,211,003
Loss/(gain) on disposal of property, plant and equipment	1,214	(19,068)	(7,101)
Gain on modification of leases	-	-	(12,731)
Transfer and adjustments to property, plant and equipment	13,763	76,145	843
Unrealised foreign exchange gains on loans	(16,217)	-	(36,884)
Unrealised foreign exchange (gain)/loss on cash and cash equivalents	(24,175)	-	28,734
Amortised debt cost	(48,205)	-	35,332
Derecognition of tax liability	-	-	(133,816)
Interest income	(468)	(4,523)	(5,154)
Finance cost	1,619,641	1,495,866	2,950,367
Taxation	1,095,838	679,568	1,744,030
	<u>8,153,133</u>	<u>9,780,392</u>	<u>16,497,114</u>
Decrease/(increase) in current assets:			
Accounts receivable	(2,614,500)	(6,289,610)	(3,091,650)
Inventories	4,790,344	(4,360,064)	(18,726,634)
(Increase)/decrease in current liability:			
Accounts payable	<u>(7,250,005)</u>	<u>(2,982)</u>	<u>7,201,511</u>
Cash (used)/generated by operations	3,078,972	(872,264)	1,880,341
Interest paid	(1,478,357)	(1,495,866)	(2,913,519)
Tax paid	<u>(27,981)</u>	<u>(839)</u>	<u>(956)</u>
Net cash generated/(used) by operating activities	<u>1,572,634</u>	<u>(2,368,969)</u>	<u>(1,034,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other assets	(89,974)	(9,333)	(5,025)
Additions to property, plant and equipment	(662,287)	(1,497,612)	(3,026,253)
Proceeds from disposal of property, plant and equipment	18,817	19,532	68,846
Interest received	468	4,523	5,154
Net cash used by investing activities	<u>(732,976)</u>	<u>(1,482,890)</u>	<u>(2,957,278)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Promissory notes received	4,656,460	967	1,973
Promissory notes repaid	(12,493,946)	-	-
Payment of lease liabilities	(312,055)	(292,618)	(552,671)
Other income due to rent concessions	-	-	(94,528)
Long-term/short-term borrowings, repaid	(6,073,621)	(2,424,831)	(9,584,023)
Due to related company	9,949	392,882	147,712
Long-term/short-term borrowings received	18,000,000	6,830,667	13,494,353
Net cash provided by financing activities	<u>3,786,787</u>	<u>4,507,067</u>	<u>3,412,816</u>
Net increase/(decrease) in cash and cash equivalents for the period	4,626,445	655,208	(578,596)
Cash and cash equivalents at beginning of the period	2,058,145	2,665,475	2,665,475
Effects of fluctuations in exchange rates on cash held	<u>24,175</u>	<u>-</u>	<u>(28,734)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ <u>6,708,765</u>	<u>3,320,683</u>	<u>2,058,145</u>
Comprised of			
Cash and cash equivalents	8,007,080	5,040,727	4,201,542
Bank overdraft	<u>(1,298,315)</u>	<u>(1,720,044)</u>	<u>(1,536,067)</u>
	US\$ <u>6,708,765</u>	<u>3,320,683</u>	<u>2,665,475</u>

Selected explanatory notes

1 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.

The details of the company's subsidiaries as at September 30, 2022 are as follows:

<u>Company</u>	<u>Principal Activity</u>	<u>Percentage of ordinary shares held by the company</u>	<u>Place of incorporation</u>
CPJ Investments Limited	Holds investment in CPJ (St. Lucia) Limited	100	St. Lucia
CPJ (St. Lucia) Limited	Wholesale and distribution of food and beverages and distribution of non-food supplies	51	St. Lucia
CPJ Homeporting Limited	Logistics services	100	Jamaica

2 Basis of Preparation

These interim financial statements have been prepared in accordance with accounting policies set out in note 2 to the audited financial statements for the year ended June 30, 2022.

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.

Geographical information:

	2022				
	Jamaica US\$	Investments US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	59,249,908	-	12,910,876	(777,320)	71,383,464
Segment non-current assets	23,461,122	3,670,281	4,484,548	(7,013,180)	24,602,771
Additions to property, plant and equipment	585,450	-	76,837	-	662,287
	2021				
	Jamaica US\$	Investments US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	47,088,435	-	11,480,992	(487,507)	58,081,920
Segment non-current assets	24,101,554	3,553,799	4,882,818	(7,153,225)	25,384,946
Additions to property, plant and equipment	1,134,873	-	372,072	-	1,506,945

Selected explanatory notes (contd)

5 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

	<u>Six months ended December 31, 2022</u>	<u>Six months ended December 31, 2021</u>	<u>Twelve months ended June 30, 2022</u>
Profit for the period attributable to the shareholders of the company (US\$)	3,350,021	5,226,463	7,508,277
Weighted average number of ordinary stock units held during the period	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in ¢ per share)	0.30	0.48	0.68

6 Contingent Liabilities

In 2016, Tax Administration Jamaica (TAJ) conducted a GCT audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the (a) period. No formal assessment has been served in this regard. Throughout the years, the management and directors have been holding ongoing discussions with TAJ to review and resolve the proposed adjustments. At the date of authorization of these interim financial statements, the resolution process is still ongoing.

In 2018, Jamaica Customs Agency Post Clearance Audit (PCA) 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. The management has had discussions with (b) JCA and has disputed the assessment. The company finalized a liability of J\$21,501,893 with the JCA. However, a portion of the assessment amounting to J\$10,303,902 is under continued appeal. As at the date of authorisation of these financial statements, the resolution process is still ongoing.



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

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	23.0077
Mayberry Jamaican Equities Limited	220,324,641	20.0295
Wave Trading Limited	124,132,858	11.2848
Oniks Investments Limited	116,681,262	10.6100
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
QWI Investments Ltd	10,535,291	0.9578

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>			220,324,641	20.0295
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>			116,681,262	10.6189
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 Schrager	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