



P A R A M O U N T
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PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

THIRD QUARTER ENDED FEBRUARY 28, 2023



PARAMOUNT

Jamaica

Paramount Trading (Jamaica) Limited **Report to Stockholders** **Nine months ended February 28, 2023**

The Board of Directors is pleased to present the unaudited results of the Company for the nine (9) months ended February 28, 2023.

The financial highlights are as follows:

Revenue \$1,634.3 million; (2022: \$1,234.5 million)

Profit Before Tax of \$207.1 million; (2022: \$108.5 million)

Earnings per share of \$0.116; (2022: \$0.062)

Book value of \$ 1,088million; (2022: \$829.6 million)

For the nine-month period ended February 28, 2023, revenue of \$1,634.3 million was achieved which was \$ 399.8 million or 32.4 percent more than the \$1,234.5 million earned in the prior year. During the period, revenue growth strategies employed by the company resulted in improvement in both our manufacturing and distribution segments. The Company's efficiency ratios improved during this period in that gross (1.3%) & net profit margins (3.9%) ratios increased and administrative expenses as a percentage of revenue decreased by 12.7%.

Gross profit for the June 2022 to February 2023 period was \$548.67 million, an increase of \$149.46 million or 37.44 percent over the \$399.21 million recorded last year.

Operating expenses of \$344.33 million showed just a 17.8% percent increase over prior year. We continue to reinforce our ongoing cost containment strategies. Net finance cost for the nine-month period was \$32.94 million, which was a 3 percent increase compared with the prior period cost of \$31.96 million.

Profit before taxes of \$207.1 million reflected a \$98.6 million improvement over prior year.

Earnings per stock unit for the period of \$0.116 reflected an improvement over previous year's earnings of \$0.062.

Gross revenue for the third quarter was \$438 million, representing a 5 percent decrease compared with prior year revenue of \$464 million.

For the third quarter, gross profit of \$140.7 million reflected a \$17.5 million decrease over prior year's gross profit of \$158.2 million. We realized a gross margin of 32.1 percent which was -2 percentage decrease over prior year. Operating expenses of \$102.23 million were 3 percent less than prior year's operating expenses of \$105.41 million. Net finance cost of \$11.84 million increased over the prior year by 25 percent. Profit before tax of \$35.7 million was 34 percent less than profit before tax of \$54.2 million earned during the same period last year.

The company's year-to-date performance has resulted in increases compared with last year's third quarter in all its financial indicators: Revenue (32%), Profit (90%), Earnings per share (87%) and Book value (31%).

Paramount's improved performance over the nine 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 of 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

Third Quarter ended February 28, 2023

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PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
THIRD QUARTER ENDED FEBRUARY 28, 2023

| | Notes | 3 months ended February 2023 Unaudited \$ | 3 months ended February 2022 Unaudited \$ | February 2023 Year-To-Date Unaudited \$ | February 2022 Year-To-Date Unaudited \$ | May 31, 2022 year ended Audited \$ |
|--|-------|--|--|--|--|---|
| Revenue | | 438,113,873 | 463,956,119 | 1,634,274,624 | 1,234,447,832 | 1,716,938,666 |
| Direct Expenses | | 297,410,837 | 305,762,822 | 1,085,603,904 | 835,234,616 | 1,154,528,111 |
| Gross Profit | | 140,703,036 | 158,193,297 | 548,670,720 | 399,213,216 | 562,410,555 |
| Other Operating Income | | 9,097,058 | 10,899,893 | 35,714,599 | 33,571,853 | 75,859,347 |
| | | 149,800,094 | 169,093,190 | 584,385,319 | 432,785,069 | 638,269,902 |
| Less Operating Expenses: | | | | | | |
| Administrative | | 98,799,652 | 101,411,159 | 327,384,227 | 282,710,891 | 391,288,249 |
| Selling & Distribution | | 3,431,657 | 3,996,686 | 16,946,555 | 9,599,965 | 17,638,391 |
| | | 102,231,309 | 105,407,845 | 344,330,782 | 292,310,856 | 408,926,640 |
| Operating Profit before Finance Costs | | 47,568,785 | 63,685,345 | 240,054,537 | 140,474,213 | 229,343,262 |
| Finance Costs | | (11,846,051) | (10,384,497) | (34,492,993) | (34,718,677) | (46,696,185) |
| Interest Income | | 10,939 | 917,593 | 1,548,019 | 2,753,859 | 3,661,195 |
| Net Finance Costs | | (11,835,112) | (9,466,904) | (32,944,974) | (31,964,818) | (43,034,990) |
| Profit Before Taxation | | 35,733,673 | 54,218,441 | 207,109,563 | 108,509,395 | 186,308,272 |
| Taxation | | 5,364,177 | 6,777,305 | 28,064,679 | 13,563,674 | 11,738,149 |
| Net Profit for the period | | 30,369,496 | 47,441,136 | 179,044,884 | 94,945,721 | 174,570,123 |
| Earning per share | 5 | 0.020 | 0.031 | 0.116 | 0.062 | 0.113 |

PARAMOUNT TRADING (JAMAICA) LIMITED
Statement of Financial Position
As at February 28, 2023

| | Unaudited as at FEBRUARY 2023 \$ | Unaudited as at FEBRUARY 2022 \$ | Audited as at MAY 2022 \$ |
|---|--|--|---------------------------------------|
| Non-Current Assets: | | | |
| Property, plant & equipment | 559,515,542 | 547,618,366 | 549,083,394 |
| Right of Use Asset | 57,831,303 | 67,084,311 | 64,771,059 |
| Investments | 29,206,215 | 178,202,752 | 182,404,507 |
| Current Assets: | | | |
| Inventories | 726,814,571 | 504,974,828 | 670,840,560 |
| Taxation Recoverable | 1,026,296 | 10,168,640 | 802,446 |
| Receivables | 436,765,741 | 380,150,737 | 331,558,858 |
| Cash and cash equivalents | 96,400,624 | 99,831,611 | 125,547,089 |
| | 1,261,007,232 | 995,125,816 | 1,128,748,953 |
| Current Liabilities | | | |
| Payables | 305,437,885 | 431,645,256 | 520,304,409 |
| Taxation Payable | 24,238,293 | 6,786,369 | - |
| 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 |
| | 665,995,230 | 485,136,807 | 858,501,010 |
| Net current assets | 595,012,002 | 509,989,009 | 270,247,943 |
| Total assets less current liabilities | 1,241,565,062 | 1,302,894,438 | 1,066,506,903 |
| Equity: | | | |
| Issued capital | 77,492,243 | 77,492,243 | 77,492,243 |
| Retained earnings | 1,010,751,458 | 756,315,861 | 831,706,574 |
| | 1,088,243,701 | 833,808,104 | 909,198,817 |
| Non-current liabilities: | | | |
| Long term borrowings | 74,810,033 | 377,223,963 | 71,153,880 |
| Lease Liability | 58,530,358 | 74,117,101 | 66,173,236 |
| Deferred Tax Liability | 19,980,970 | 17,745,270 | 19,980,970 |
| | 153,321,361 | 469,086,334 | 157,308,086 |
| Total equity and non-current liabilities | 1,241,565,062 | 1,302,894,438 | 1,066,506,903 |

Approved and signed on behalf of the Board of Directors:


Director



Director

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF CHANGES IN EQUITY
Third quarter ended February 28, 2023

| | <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 | 718,835,133 | 796,327,376 |
| Total comprehensive income | - | 94,945,721 | 94,945,721 |
| Dividend | | (61,698,683) | (61,698,683) |
| Balances at February 28, 2022 | <u>77,492,243</u> | <u>752,082,171</u> | <u>829,574,414</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 | - | 179,044,884 | 179,044,884 |
| Balances at February 28, 2023 | <u>77,492,243</u> | <u>1,010,751,458</u> | <u>1,088,243,701</u> |

PARAMOUNT TRADING (JAMAICA) LIMITED
Statement of Cash Flow
Nine Months Ended February 28 2023

| | Unaudited 2023 FEBRUARY \$ | Unaudited 2022 FEBRUARY \$ | Audited 2022 MAY \$ |
|---|-------------------------------------|-------------------------------------|------------------------------|
| Cashflow from Operating activities: | | | |
| Net Profit | 179,044,884 | 94,945,721 | 174,570,123 |
| Adjustments for: | | | |
| Gain on disposal of Property, Plant & equipment | | | (1,050,000) |
| Depreciation | 29,469,968 | 34,258,034 | 43,218,044 |
| Depreciation-Right of Use | 6,939,756 | 6,939,756 | 9,253,008 |
| Provision for deferred Taxes | 0 | 0 | 2,235,699 |
| Interest income | (1,548,018) | (2,753,859) | (3,661,195) |
| Interest expense | 34,492,993 | 34,718,677 | 46,696,185 |
| | 248,399,583 | 168,108,329 | 271,261,864 |
| Changes in operating assets and Liabilities: | | | |
| Inventories | (55,974,011) | (92,196,358) | (258,062,090) |
| Receivables | (105,206,884) | (57,262,927) | (8,671,047) |
| Payables | (214,866,524) | 114,517,443 | 203,176,594 |
| Taxation Recoverable | (223,850) | (414,216) | 8,951,979 |
| Taxation Payable | 24,238,293 | 6,786,369 | |
| | (352,032,976) | (28,569,689) | (54,604,564) |
| Cash generated from operations | (103,633,394) | 139,538,641 | 216,657,300 |
| Interest received | 1,548,018 | 2,753,859 | 3,661,195 |
| Interest Paid | (34,492,993) | (34,718,677) | (46,696,185) |
| Net Cash Flows (used in)/provided by operating activities: | (136,578,369) | 107,573,823 | 173,622,310 |
| Cash Flows from investing activities: | | | |
| Purchase of Property, plant and equipment | (39,902,116) | (11,084,813) | (21,509,850) |
| Proceeds from Sale of Property, plant and equipment | 0 | 0 | 1,050,000 |
| Net Cash Flows used in investing activities: | (39,902,116) | (11,084,813) | (20,459,850) |
| Cash Flows from Financing activities | | | |
| Dividends Paid | 0 | (61,698,683) | (61,698,682) |
| Loans, net received/(repaid) | 1,778,605 | (22,593,874) | (38,539,842) |
| Finance Lease | (7,642,877) | 433,241 | (6,143,321) |
| Net Cash used in financing activities: | (5,864,272) | (83,859,316) | (106,381,844) |
| Net (decrease)/increase in cash resources | (182,344,757) | 12,629,694 | 46,780,616 |
| Cash resources at the beginning of the year | 307,951,596 | 261,170,980 | 261,170,980 |
| Cash resources at the end of the period | 125,606,839 | 273,800,674 | 307,951,596 |
| Represented by: | | | |
| Investments | 29,206,215 | 178,202,752 | 182,404,507 |
| Cash and Cash Equivalents | 96,400,624 | 95,597,922 | 125,547,089 |
| | 125,606,839 | 273,800,674 | 307,951,596 |

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

Third quarter ended February 28, 2023

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 Third quarter ended February 28, 2023

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% |

As at January 1, 2023 the company pays full corporation taxes due to the expiration of the full remission of taxes. Therefore seven (7) months [June – December 2022] and five (5) months [January – May 2023] of the financial year will be subject to 50% and 100% taxes respectively.

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 Third quarter ended February 28, 2023

6. SHARE CAPITAL

| | <u>February 2023</u> | <u>May 2022</u> |
|---|----------------------|-------------------|
| Authorised: | | |
| 1,620,000,000 (2022 - 1,620,000,000) Ordinary shares of no-par value | | |
| <u>Issued and fully paid</u> | | |
| 1,542,467,080 (1,542,467,080) shares | <u>77,492,243</u> | <u>77,492,243</u> |

**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR OFFICERS'
 INTERESTS**

Third quarter ended February 28, 2023

| 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 | 23,214,693 |
| Mayberry Jamaican Equities Limited | 12,684,920 |
| Ursus Corporation Limited | 12,541,170 |
| Vaughn Phang | 6,000,000 |
| G.I. Enterprises Limited | 4,920,000 |
| 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 |
| Thausha Martin | 0 |
| Shantel Walters | 0 |
| Jacqueline Leckie | 0 |