



CARIBBEAN PRODUCERS JAMAICA LIMITED

QUARTER ENDED MARCH 31, 2023

The Board of Directors of CPJ Group presents the consolidated unaudited results for the quarter that ended March 31, 2023, prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act.

Performance

CPJ Group's operating revenues were US\$35.65 million (2022: US\$28.36 million) for the quarter that ended March 31, 2023, representing an increase of 25.7% over the previous year. Earnings before tax reached US\$2.09 million, an increase of US\$263 thousand over the same period LY [Q3 FY2022: US\$1.83 million]. Due to an extraordinary expenditure arising from the settlement of the TAJ Audit for the years 2012 – 2015, and subsequent assessment agreed in 2023 of US\$1.45 million, adjusted profit before tax was reduced to US\$637 thousand for the period ended March 31, 2023.

Despite the significant growth in sales, CPJ is still having to manage fluctuations in commodity prices and higher-than-normal levels of inventory to ensure consistency of supply for our valued customers. The ongoing instability of the supply chain, while improving, has reduced year-over-year margins attributable to the Company by 2.2%. Operational costs (2023: US\$7.49 million) also increased by US\$1.32 million over the same period LY (2022: US\$6.18 million), driven mainly by increases in selling & administrative expenses. After extraordinary expenses, CPJ Group reported profits after tax of US\$354 thousand for the period ended March 31, 2023.

We expect that growth in revenue and margins going forward will translate to improved performance for the Company. The revenue improvement during the quarter was driven by the introduction of new product lines along with the continued development of existing sales channels including our online business. Corresponding to the increased revenue, selling & administrative expenses for Q3 were US\$6.48 million (2022: US\$5.20 million) increasing by 24.7% compared to the previous year, primarily driven by increased staffing levels as the Company positions itself for further growth. With the return towards normal activities compared to the pandemic conditions, marketing and advertising expenses increased by almost 100% when compared to LY. Similarly, with additional distribution and manufacturing activities, utility costs were more than the previous year by 17%. This was further impacted by overall increases in local utility charges.

Total assets increased by US\$7.59 million when compared to the same period LY (2022: US\$78.57 million). This increase is largely due to an increase in inventory of US\$9.21 million and increases in cash of US\$643 thousand. Conversely, accounts receivables declined by US\$1.25 million when compared to the same period LY (2022: US\$19.29 million). CPJ recorded an increase in accounts payables of US\$3.06 million when compared to LY (2022: US\$12.49 million). Additionally, CPJ redeemed J\$500M Bond during Q3. CPJ's current liabilities remained relatively unchanged while total equity increased by US\$4.28 million, an improvement of 19% over the prior year.

Even as the Company recorded a 25.7% increase in sales over the same period last year, the accounts receivables decreased by 6.5% compared to LY. Accounts receivable days for the period ending March 31, 2023, were at 45 days (2022: 61 days) revealing the continued strength of the Company's credit management policies and

procedures. The current ratio of 2.45 [2022: 2.11], has shown an improvement of 16% over the prior year.

Outlook

As we look forward to a busy final quarter 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. We are of the view that the current environment, characterized by supply chain challenges and potential disruptions arising out of the war in Europe, will continue to cause logistics challenges. However, the management of CPJ is focused on building our core business capabilities and strategic partnerships with key customers. We continue to evaluate efficiency-enhancing capital investment projects and selective expansions. The Company is considering capital investments within our manufacturing plants and other operational areas designed to expand capacity and deliver improved efficiency for our businesses.

Additionally, we are making further Investments in energy-saving projects and information technology systems to yield reduced costs and improved customer service and efficiencies. The Company continues to advance its B2B [Business to Business] & B2C [Business to Customer] online platforms to reach a broader client base through technology.

The improved performance of CPJ gives us considerable confidence in our management team and our business model. The Company continues to upgrade infrastructure, to stay ahead of the growth in tourism and to consistently improve our level of service. We assure all our stakeholders that CPJ is preparing for the unprecedented expansion in the number of available hotel rooms; some of which are already in the 'advanced' stages of development.

Despite the extraordinary TAX settlement of US\$1.45 million impacting the results, we continue to see consistent growth in the Company with Q3 unadjusted PBT of US\$2.09 million compared to the previous year's US\$1.83 million. The increase in profits can be attributed to an intense internal effort to capture market share with new product offerings, as well as the growth in tourism we expect to continue for years going forward.

We would like to thank our board of directors, management, and team members for their commitment to our business and shared values. We are forever grateful to our loyal customers and partners for their continued support.



Mark Hart, Executive Chairman
& Interim-CEO




Tom Tyler, Co-Chairman

Interim Statement of Financial Position -Unaudited

	CPJ Jamaica Unaudited March 31, 2023 <u>TOTAL</u>	CPJ Jamaica Unaudited March 31, 2022 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2022 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	4,900,787	4,257,486	3,920,459
Accounts receivable	18,039,525	19,292,763	18,486,320
Inventories	39,192,809	29,984,724	40,155,943
	<u>62,133,121</u>	<u>53,534,973</u>	<u>62,562,722</u>
CURRENT LIABILITIES			
Bank overdraft	1,183,647	1,716,465	1,862,314
Short-term loans	5,000,000	4,800,000	6,500,000
Accounts payable	15,552,236	12,491,443	18,818,965
Short-term promissory notes	600,000	3,817,794	3,817,793
Current portion of lease liabilities	741,222	503,377	687,128
Current portion long-term borrowings	935,021	1,063,528	4,433,082
Current portion long-term promissory notes	-	-	9,276,153
Tax payable	1,386,350	928,715	1,358,113
	<u>25,398,476</u>	<u>25,321,322</u>	<u>46,753,548</u>
NET CURRENT ASSETS	<u>36,734,645</u>	<u>28,213,651</u>	<u>15,809,174</u>
NON-CURRENT ASSETS			
Investment	157,618	62,619	67,644
Deferred tax asset	2,061,857	2,296,001	2,019,505
Right-of-use assets	11,610,152	11,558,656	11,302,481
Intangible asset	41,433	22,359	37,113
Property, plant and equipment	10,162,856	11,096,801	12,465,911
	<u>24,033,916</u>	<u>25,036,436</u>	<u>25,892,654</u>
US\$	<u>60,768,561</u>	<u>53,250,087</u>	<u>41,701,828</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	21,827,543	17,546,063	18,251,690
	<u>26,725,973</u>	<u>22,444,493</u>	<u>23,150,120</u>
Non - controlling interest	3,136,259	(176,438)	2,889,809
	<u>29,862,232</u>	<u>22,268,055</u>	<u>26,039,929</u>
NON-CURRENT LIABILITIES			
Long-term promissory notes	3,656,460	9,276,153	-
Due to related party	171,988	3,713,661	313,372
Lease Liabilities	12,606,781	12,387,222	13,127,694
Long-term borrowings	14,471,101	5,604,996	2,220,833
	<u>30,906,330</u>	<u>30,982,032</u>	<u>15,661,899</u>
US\$	<u>60,768,562</u>	<u>53,250,087</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 March 31, 2023

Interim Statement of Comprehensive Income - Unaudited

	Unaudited Three months ended	Unaudited Three months ended	Unaudited Nine months ended	Unaudited Nine months ended	Audited Twelve months ended
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Gross operating revenue	35,654,043	28,358,367	107,037,507	86,440,287	119,960,344
Cost of operating revenue	<u>(25,283,586)</u>	<u>(19,498,854)</u>	<u>(75,253,427)</u>	<u>(58,825,983)</u>	<u>(85,116,093)</u>
Gross profit	10,370,457	8,859,513	31,784,080	27,614,304	34,844,251
Selling and administrative expenses	(6,476,923)	(5,196,144)	(19,623,903)	(14,687,452)	(18,238,102)
Expected credit losses	(79,150)	(59,170)	(146,936)	(157,202)	(387,107)
Depreciation and amortisation	(1,028,949)	(1,071,790)	(3,072,613)	(3,208,199)	(4,211,003)
Extraordinary adjustment for GCT assessment	(1,453,956)	-	(1,453,956)	-	-
Other operating income, net	11,234	89,414	39,130	647,278	403,695
Operating profit	<u>1,342,713</u>	<u>2,621,823</u>	<u>7,525,802</u>	<u>10,208,729</u>	<u>12,411,734</u>
Finance income	311	291	779	4,814	5,154
Finance costs	<u>(706,050)</u>	<u>(794,810)</u>	<u>(2,325,691)</u>	<u>(2,290,676)</u>	<u>(2,950,367)</u>
Profit before taxation	636,974	1,827,304	5,200,890	7,922,867	9,466,521
Taxation	<u>(282,749)</u>	<u>(224,708)</u>	<u>(1,378,587)</u>	<u>(904,276)</u>	<u>(1,744,030)</u>
Profit for the year, being total comprehensive income	<u>354,225</u>	<u>1,602,596</u>	<u>3,822,303</u>	<u>7,018,591</u>	<u>7,722,491</u>
Attributable to:					
Equity holders of the Parent	225,832	1,576,188	3,575,853	6,802,650	7,508,277
Non- controlling interest	128,393	26,408	246,450	215,941	214,214
	<u>354,225</u>	<u>1,602,596</u>	<u>3,822,303</u>	<u>7,018,591</u>	<u>7,722,491</u>
Earnings per stock unit (cents)	<u>0.02 cents</u>	<u>0.14 cents</u>	<u>0.33 cents</u>	<u>0.62 cents</u>	<u>0.68 cents</u>

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non controlling Interest</u>	<u>Total</u>
Nine months ended March 31, 2022				
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	-	6,802,650	215,941	7,018,591
Balances at March 31, 2022	<u>4,898,430</u>	<u>17,546,063</u>	<u>(176,438)</u>	<u>22,268,055</u>
Nine months ended March 31, 2023				
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	-	3,575,853	246,450	3,822,303
Balances at March 31, 2023	<u>4,898,430</u>	<u>21,827,543</u>	<u>3,136,259</u>	<u>29,862,232</u>
	US\$			

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Six months ended March 31, 2023	Unaudited Three months ended March 31, 2022	Audited Year-ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	3,822,303	7,018,591	7,722,491
Adjustments for:			
Depreciation and amortisation	3,072,613	3,208,199	4,211,003
Loss/(gain) on disposal of property, plant and equipment	4,717	(13,021)	(7,101)
Gain on modification of leases	-	-	(12,731)
Transfer and adjustments to property, plant and equipment	11,193	111,242	843
Unrealised foreign exchange gains on loans	(58,519)	-	(36,884)
Unrealised foreign exchange (gain)/loss on cash and cash equivalents	(63,493)	-	28,734
Amortised debt cost	(97,636)	-	35,332
Derecognition of tax liability	-	-	(133,816)
Interest income	(779)	(4,814)	(5,154)
Finance cost	2,325,691	2,290,676	2,950,367
Taxation	1,378,587	904,276	1,744,030
	<u>10,394,677</u>	<u>13,515,149</u>	<u>16,497,114</u>
Decrease/(increase) in current assets:			
Accounts receivable	446,795	(3,898,093)	(3,091,650)
Inventories	963,134	(8,555,415)	(18,726,634)
(Decrease)/increase in current liability:			
Accounts payable	(3,384,178)	910,838	7,201,511
Cash generated by operations	8,420,428	1,972,479	1,880,341
Interest paid	(2,208,242)	(2,290,676)	(2,913,519)
Tax paid	(1,392,703)	(912)	(956)
Net cash generated/(used) by operating activities	<u>4,819,483</u>	<u>(319,109)</u>	<u>(1,034,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other assets	(89,974)	-	(5,025)
Additions to property, plant and equipment	(1,120,773)	(2,109,626)	(3,026,253)
Proceeds from disposal of property, plant and equipment	23,316	15,600	68,846
Interest received	779	4,814	5,154
Net cash used by investing activities	<u>(1,186,652)</u>	<u>(2,089,212)</u>	<u>(2,957,278)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Promissory notes received	-	1,973	1,973
Promissory notes repaid	(8,837,486)	-	-
Payment of lease liabilities	(466,821)	(421,520)	(552,671)
Other income due to rent concessions	-	-	(94,528)
Long-term/short-term borrowings, repaid	(16,091,638)	(7,407,280)	(9,584,023)
Due to related company	(141,384)	480,027	147,712
Long-term/short-term borrowings received	23,500,000	9,630,667	13,494,353
Net cash (used)/provided by financing activities	<u>(2,037,329)</u>	<u>2,283,867</u>	<u>3,412,816</u>
Net increase/(decrease) in cash and cash equivalents for the period	1,595,502	(124,454)	(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	63,493	-	(28,734)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>US\$ 3,717,140</u></u>	<u><u>2,541,021</u></u>	<u><u>2,058,145</u></u>
Comprised of			
Cash and cash equivalents	4,900,787	4,257,486	4,201,542
Bank overdraft	(1,183,647)	(1,716,465)	(1,536,067)
US\$	<u><u>3,717,140</u></u>	<u><u>2,541,021</u></u>	<u><u>2,665,475</u></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 March 31, 2023 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	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:

2023

	Jamaica US\$	Investments US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	88,944,406	-	19,249,560	(1,156,459)	107,037,507
Segment non-current assets	23,045,200	3,503,749	4,330,112	(6,845,145)	24,033,916
Additions to property, plant and equipment	974,694	-	125,429	-	1,100,123
2022					
	Jamaica US\$	Investments US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	70,234,118	-	16,927,360	(721,191)	86,440,287
Segment non-current assets	23,735,451	3,743,439	4,906,864	(7,349,318)	25,036,436
Additions to property, plant and equipment	1,622,770	-	471,557	-	2,094,327

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

	<u>Nine months ended</u> <u>March 31, 2023</u>	<u>Nine months ended</u> <u>March 31, 2022</u>	<u>Twelve months</u> <u>ended June 30,</u> <u>2022</u>
Profit for the period attributable to the shareholders of the company (US\$)	3,575,853	6,802,650	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)	0.33	0.62	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 period. After (a) years of discussions between the Management and Directors of CPJ with the TAJ, a final assessment of J\$328M was agreed. This amount, less J\$88M which was previously addressed, is now settled in full.

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 JCA and has disputed (b) the assessment. The company finalized a liability of J\$21,501,893 with the JCA. However, a portion of the assessment amounting to J\$27,940,428 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 March 2023**

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	23.0077
Mayberry Jamaican Equities Limited	220,464,641	20.0422
Wave Trading Limited	124,132,858	11.2848
Oniks Investments Limited	115,681,262	10.5165
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
QWI Investments Ltd	10,535,291	0.9578
MF& G Trust & Finance Ltd A/C 58	11,455,738	1.0414

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