

UNAUDITED FINANCIAL STATEMENTS

For Third Quarter Ended March 31, 2023



TABLE OF CONTENTS



	PAGE #
Directors' Report to the Shareholders.....	4-5
Unaudited Statement of Comprehensive Income.....	6
Unaudited Statement of Financial Position.....	7
Unaudited Statement of Changes in Equity.....	8
Unaudited Statement of Cash Flows.....	9
Notes to Unaudited Financial Statements.....	10-11
Top 10 Shareholders, Shareholdings of Directors Officers and Connected Parties.....	12



The Ultimate
SHOPPING
EXPERIENCE



comes to
Portmore
The Sunshine City
2 0 2 3





FONTANA REPORTS 42% GROWTH IN PROFITS FOR Q3

Q U A R T E R A N A L Y S I S		
	MARCH 2023	MARCH 2022
NET PROFIT	\$146M	\$104.6M
EARNINGS PER SHARE	\$0.12	\$0.08
TOTAL ASSET	\$5B	\$4.5B
CASH & CASH EQUIVALENT	\$1.4B	\$1.3B

The Board of Directors of Fontana Limited is pleased to present our unaudited financial statements for the third quarter ended March 31, 2023, which were prepared in accordance with International Financial Reporting Standards (IFRS).

Our revenues for the quarter \$1.7 billion, representing an increase of 13.4% over the \$1.5 billion for the corresponding quarter of the previous year. Net profit grew by 40%, closing the quarter at \$146.4 million compared to the \$104.6 million earned last year. The net profit margin increased from 6.9% prior year to 8.5% in the current year.

Gross profit increased by 20%, moving from \$503 million in Q3 last year to \$603.8 million this quarter. Our gross profit margin was 35.1% compared to 33.2% last year, as we continue to benefit from reduced international freight charges.

Our operating expenses increased by 24% to \$459 million, up from \$370.4 million over prior year. We continue to focus on staff retention and engagement as the economy continues to adjust to new norms which negatively impact available resources. Staff costs continue to have a major impact on operating expenses. With the roll out of our new point of sale system, there has been an increase in support and maintenance costs over last year. Despite this, our operating profit increased by 9.1% to \$144.7 million this quarter.



DIRECTORS' REPORT

TO SHAREHOLDERS
CONTINUED



Finance costs declined by 40% ending the quarter at \$27.4 million compared to \$45.8 million in the prior quarter. Proper planning for new lease arrangements and gains on our foreign currency transactions assisted in this reduction.

Other income saw a 64% increase ending the quarter at \$29.1 million compared to \$17.7 million earned last year. Our short-term investments continue to yield good returns.

The quarterly net profit of \$146.4 million represented \$0.12 earnings per share, versus \$0.08 for the prior period.

Total assets at the end of the quarter stood at \$5 billion, up from \$4.5 billion in the previous comparative period, reflecting an increase of 13%. Our cash and cash equivalents remain favorable at \$1.4 billion compared to \$1.3 billion for the previous comparative period. Shareholder's equity grew to \$2.6 billion, up from \$2.1 billion or 23.8% over the prior year.

Having launched the Fontana Foundation in late 2022 with (2) university scholarships, donation boxes have been placed at all locations for collection with Fontana matching all contributions donated through this means.

As a company we were also able to successfully partner with the following initiatives / activities:

- Annual New Years' Treat - Barbican
- Period Poverty Drive - Rotaract Club of Kingston
- National Police College of Jamaica, Dept WTT
- Westmoreland Health Department's Diabetics Support Group
- We Care for Cornwall Regional Hospital
- Miss UTECH 2023
- Hope Zoo Easter Event

We would like to thank our superb team and other stakeholders for their role in bringing another successful quarter to a close.


Kevin Chang
Director/Chairman


Anne Chang
Director/CEO





FONTANA LIMITED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) THIRD QUARTER ENDED MARCH 31, 2023

Note	Third Quarter		9 Months		Audited
	2023 \$	2022 \$	2023 \$	2022 \$	
Revenues	1,718,459,135	1,515,331,115	5,496,281,759	4,676,450,868	6,343,076,888
Cost of Sales	(1,114,675,589)	(1,012,316,847)	(3,466,762,990)	(3,014,855,370)	(4,083,488,418)
Gross Profit	603,783,546	503,014,269	2,029,518,769	1,661,595,498	2,259,588,470
Administrative and Other Expenses	(443,916,927)	(357,367,065)	(1,332,882,563)	(1,055,230,756)	(1,435,382,335)
Selling and Promotion	(15,196,709)	(13,027,059)	(80,980,963)	(49,886,563)	(63,596,983)
	(459,113,636)	(370,394,124)	(1,413,863,526)	(1,105,117,320)	(1,498,979,318)
Operating Profit	144,669,910	132,620,145	615,655,243	556,478,179	760,609,152
Other Income	29,130,888	17,740,002	77,670,508	49,939,319	73,018,842
	173,800,797	150,360,148	693,325,751	606,417,498	833,627,994
Finance Costs	7 (27,391,939)	(45,781,079)	(135,528,759)	(191,875,589)	(217,072,789)
Profit before taxation	146,408,858	104,579,069	557,796,992	414,541,909	616,555,205
Taxation Charge	-	-	-	-	(10,356,499)
Net Profit for the period/year	146,408,858	104,579,069	557,796,992	414,541,909	606,198,706
Earnings Per Share	9 0.12	0.08	0.45	0.33	0.49

FONTANA LIMITED

STATEMENT OF FINANCIAL POSITION

(UNAUDITED) AS AT MARCH 31, 2023



Assets	NOTE	UNAUDITED	AUDITED	
		Mar-23	Mar-22	Jun-22
Non-Current Assets				
Property, Plant & Equipment		740,005,144	742,436,809	742,696,132
Right of use Asset		865,189,367	982,253,051	949,632,762
Intangible Asset	8	220,854,802	165,461,145	165,461,145
		1,826,049,313	1,890,151,005	1,857,790,039
Current Assets				
Due from Related Parties		6,685,036	7,786,844	7,040,295
Due from Directors		12,759,203	6,095,259	5,665,290
Trade and other Recievables	3	366,190,803	158,103,310	194,228,415
Taxation Recoverable		4,848,996	1,770,433	2,618,023
Inventories		1,381,307,171	1,056,091,588	991,859,876
Cash & Cash Equivalents		1,439,290,241	1,339,541,680	1,492,173,760
		3,211,081,450	2,569,389,114	2,693,585,659
Total Assets		5,037,130,763	4,459,540,120	4,551,375,698

Equities & Liabilities				
Equity				
Issued Share Capital		252,589,301	252,589,301	252,589,301
Accumulated Surplus		<u>2,341,828,806</u>	<u>1,842,249,982</u>	<u>1,908,969,296</u>
		<u>2,594,418,107</u>	<u>2,094,839,282</u>	<u>2,161,588,597</u>
Non-Current Liabilities				
Bond Payable	5	494,318,900	492,803,940	493,182,680
Deferred Tax Liability		25,323,977	14,967,478	25,323,977
Non Current Portion of Lease Liability		967,083,450	1,074,253,181	1,025,532,775
Bank Loans Payable	4	<u>16,494,992</u>	<u>20,275,870</u>	<u>15,982,671</u>
		<u>1,503,221,320</u>	<u>1,602,300,468</u>	<u>1,560,022,103</u>
Current Liabilities				
Current Portion of Lease Liability		91,483,639	110,532,093	103,164,557
Bank Loans Payable - Current Portion	4	16,962,714	38,963,681	40,100,212
Trade and other Payables	6	<u>831,044,984</u>	<u>612,904,595</u>	<u>686,530,229</u>
		<u>939,491,337</u>	<u>762,400,369</u>	<u>829,794,998</u>
Total Equity & Liabilities		5,037,130,763	4,459,540,120	4,551,375,698


Kevin Chang
Director/Chairman


Anne Chang
Director/CEO

FONTANA LIMITED

STATEMENT OF CHANGES IN EQUITY

(UNAUDITED) THIRD QUARTER ENDED MARCH 31, 2023



	No. of Shares	Share Capital	Accumulated Surplus	Total
	\$	\$	\$	\$
Audited Balance as at June 30, 2021	1,249,374,825	252,589,301	1,552,645,555	1,805,234,856
Dividend Payment	-	-	414,541,909	414,541,909
Net Profit for the period	-	-	(124,937,483)	(124,937,483)
Balance at March 31, 2022	1,249,374,825	252,589,301	1,842,249,981	2,094,839,282
 Audited Balance as at June 30, 2022	 1,249,374,825	 252,589,301	 1,908,969,296	 2,161,558,597
Dividend Payment	-	-	(124,937,483)	(124,937,483)
Net Profit for the period	-	-	557,796,992	557,796,992
Balance at March 31, 2023	1,249,374,825	252,589,301	2,341,828,805	2,594,418,107

FONTANA LIMITED

STATEMENT OF CASH FLOWS (UNAUDITED)

AS AT MARCH 31, 2023



	Unaudited Mar-23	Unaudited Mar-22	Audited Jun- 22
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	557,796,992	414,541,909	616,555,205
Adjustment for items not affecting cash resources:			
Depreciation on property, plant and equipment	52,640,379	48,879,544	133,274,840
Depreciation expense - Lease Related	84,443,395	100,654,550	64,477,189
Lease interest expense	58,401,597	66,992,891	87,540,575
Interest expense	24,822,244	16,502,998	24,982,945
Impairment of solar panels	10,673,531	-	-
Gain on disposal of property, plant and equipment	(473,750)	-	-
Amortization of bond issuance cost	1,136,220	378,740	757,480
	789,440,606	647,950,632	927,588,234
(Increase)/decrease in operating assets:			
Inventories	(389,447,295)	(220,329,741)	(156,098,030)
Due from related parties	355,259	(45,563)	700,986
Trade and other receivables	(171,962,388)	(24,629,474)	(60,754,579)
Taxation recoverable	(2,230,973)	(714,061)	(1,561,650)
Increase/(decrease) in operating liabilities			
Trade and other payables	144,514,756	35,387,710	109,013,344
Due to related parties	-	(3,710,711)	(3,710,711)
Cash flows provided by operating activities	370,669,966	433,908,791	815,177,594
Taxation paid	-	-	-
Net cash provided by operating activities	370,669,966	433,908,791	815,177,594
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	8,490,000	-	-
Acquisition of property, plant and equipment	(124,032,828)	(74,891,920)	(90,748,888)
Net cash used in investing activities	(115,542,828)	(74,891,920)	(90,748,888)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(124,937,483)	(124,937,483)	(249,874,965)
Proceeds from the issue of a bond	-	492,425,200	492,425,200
Proceeds from loans	7,450,000	7,085,000	14,647,000
Repayment of loans	(30,075,117)	(134,165,125)	(144,883,793)
ROU lease liability, net	(128,531,839)	(100,237,240)	(176,872,867)
Director's loans, net	(7,093,913)	(2,374,796)	(1,944,826)
Interest paid	(24,822,244)	(16,502,998)	(24,982,945)
Net cash (used in)/provided by financing activities	(308,010,656)	121,292,558	(91,487,196)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(52,883,519)	480,309,430	632,941,510
CASH AND CASH EQUIVALENTS - Beginning of the period/year	1,492,173,760	859,232,250	859,232,250
CASH AND CASH EQUIVALENTS - End of the period/year	1,439,290,241	1,339,541,680	1,492,173,760
REPRESENTED BY:			
Short term investment	661,675,406	356,524,387	601,351,157
Cash and bank deposits	777,614,835	983,017,292	890,822,603
	1,439,290,241	1,339,541,680	1,492,173,760

FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS

THIRD QUARTER ENDED 31st MARCH 2023 (Unaudited)



1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Fontana Limited (the "Company") is incorporated and domiciled in Jamaica and its registered office is situated at Manchester Shopping Centre, Mandeville, Jamaica.

The Company is publicly listed on the Junior Market of the Jamaica Stock Exchange with an effective date of January 8, 2019.

The principal activity of the Company is the operation of a pharmacy business in each of its six locations dispersed over Jamaica as well as the retailing of consumer goods such as cosmetics, household essentials, school supplies and more.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited interim financial statements for the 9 months ended March 31, 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. These interim financial statements should be read in conjunction with the accounting policies as set out in **Note #2 & #3** of the audited financial statements for the year ended 30 June 2022 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

3. TRADE AND OTHER RECEIVABLES

	31-Mar	
	2023	2022
Trade receivables	\$ 42,975,995	\$ 20,790,230
Other receivables	25,491,593	17,054,714
Pre-payments	282,053,473	103,588,625
Security deposits	15,669,742	16,669,742
	366,190,803	158,103,310

4. BANK LOANS PAYABLE (LONG TERM)

	31-Mar	
	2023	2022
a. BNS Energy Loan 2018 (FV)	\$ -	\$ 1,134,971
b. BNS WATERLOO CAPEX	8,333,318	41,666,654
d. BNS VAN LOAN	3,600,000	5,200,000
e. BNS M/Vehicle Loan	2,354,040	7,000,655
f. BNS M/Vehicle Loan	5,292,655	4,237,272
g. BNS VAN LOAN	6,427,694	-
h. BNS M/Vehicle Line of Credit	7,450,000	-
	33,457,706	59,239,551
	(16,962,714)	(38,963,681)
	16,494,992	20,275,870

Less: Current Portion

5. SENIOR UNSECURED BOND

	31-Mar	
	2023	2022
6% Bond due December 14, 2026	\$ 500,000,000	\$ 500,000,000
Unamortized bond fees (Legal and arranger fees)	(5,681,100)	(7,196,060)
	494,318,900	492,803,940

In December 2021, the Company launched a private placement of Bonds to raise J\$500,000,000. The placement was successfully taken up in total by Scotia Investments Jamaica Limited. Interest is payable quarterly at 6% per annum.

FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS

THIRD QUARTER ENDED 31st MARCH 2023 (Unaudited)



6. TRADE AND OTHER PAYABLES

	2023	31-Mar	2022
Trade payables	\$ 677,335,960		\$ 508,500,943
Statutory liabilities	23,114,428		15,190,265
GCT payable	1,163,893		15,592,792
Salary accruals	7,792,962		4,638,462
Credit cards payable	79,826,324		40,023,550
Other payables and accruals	41,811,417		28,958,582
	831,044,984		612,904,595

7. FINANCE COSTS

	2023	31-Mar	2022
Bank service charges	\$ 2,986,062		\$ 3,356,901
Finance charges	3,451,160		2,838,522
Credit Card Commission	12,137,269		10,769,053
Loss/(Gain) on Investment	1,513,347		(420,110)
Loan interest	7,993,264		9,105,439
Lease interest expense (IFRS 16)	19,065,756		21,352,121
Foreign exchange gain (Revaluation of Lease liability - IFRS 16)	(11,570,276)		(6,989,506)
Foreign exchange (gain)/loss	(8,184,642)		5,768,659
	27,391,939		45,781,079

8. INTANGIBLE ASSETS

	2023	2022
Goodwill	\$ 165,461,145	\$ 165,461,145
Eagle Software (POS) Development	55,393,657	-
	220,854,802	165,461,145

The new POS system (excluding hardware) was implemented in November 2022 and is being amortized over 4 years.

9. EARNINGS PER SHARE

	2023	31-Mar	2022
Profit attributable to shareholders	\$ 557,796,992		\$ 414,541,909
Weighted average number of shares in issue	1,249,374,825		1,249,374,825
Earnings per share	0.45		0.33

**LIST OF TOP TEN (10) LARGEST SHAREHOLDERS
AS AT MARCH 31, 2023**

Shareholder	Units
1. Burbank Holdings Limited	977,946,747
2. Astronomical Holdings Limited	12,931,000
3. Sagicor Select Fund Limited – ('Class C' Shares) Manufacturing & Distribution	10,028,143
4. St. Elizabeth International Limited	9,230,953
5. JCSD Trustee Services Ltd. A/C#76579-02	8,356,138
6. Jacqueline Sharp/Jason Sharp	7,094,000
7. St. Elizabeth Holdings Limited	5,319,000
8. Victory Island Limited	5,319,000
9. SJIML A/C 3119	5,210,875
10. Fontana Employee Share Trust	4,366,124

**SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
AS AT MARCH 31, 2023**

Director	Shareholdings	Connected Parties	Shareholdings
Raymond Therrien	----	Burbank Holdings Limited	977,946,747
Kevin O'Brien Chang	----	Burbank Holdings Limited	977,946,747
		Nicole Watson-Chang	745,850
Shinque (Bobby) Chang	----	Burbank Holdings Limited	977,946,747
Anne Chang	----	Burbank Holdings Limited	977,946,747
Jacqueline Sharp	7,094,000	Jason Sharp (joint holder)	
Heather Goldson	2,070,000	David L. Goldson (joint holder)	

**SHAREHOLDINGS OF OFFICERS AND CONNECTED PARTIES
AS AT MARCH 31, 2023**

Denise Douglas	25,352	Ryan McCalla (joint holder)
Judale Samuels-Smith	613,506	

JOIN
OUR

Rewards Programme



- ★ Earn points that covert to cash
- ★ 20% off on your birthday
- ★ Access to exclusive discounts and sales



SCAN ME
FOR MORE
INFORMATION



SIGN UP AT CHECKOUT!

fontanapharmacy.com | f i g

Kingston • Mandeville • Mobay • Ocho Rios • Portmore • Sav | 888-429-5887

Fontana

PHARMACY

It's All **GOOD** Inside!