



2022-2023

Six Months Unaudited Financial Results Ending 30 April 2023

INDIES PHARMA JAMAICA LIMITED

“Caring for the Nation’s Health”

www.indiespharma.com



2022-2023

Six-months Unaudited Financial Results

Period ending 30 April 2023



INDIES PHARMA JAMAICA LIMITED

"Caring for the Nation's Health"

RELEASE TO SHAREHOLDERS

SIX-MONTHS UNAUDITED FINANCIAL RESULTS - PERIOD ENDING 30 APRIL 2023.

The Board of Directors of Indies Pharma Jamaica Limited is pleased to present to our shareholders, our Six months unaudited financial results for the period ending April 30, 2023.

	3 Months Ended 1 Feb – Apr 30 - 2023	3 Months Ended 1 Feb- Apr 30-2022	Year over Year	6 Months Ended 30 Apr- 2023	6 Months Ended 30 Apr- 2022	Year over Year	Audited Year Ended 31- Oct- 2022
Revenue	231,518,336	250,577,258	-8%	487,161,457	462,882,166	5%	937,282,761
Gross Profit	163,816,988	178,527,166	-8%	339,087,247	335,516,772	1%	655,817,730
Profit from Operations	45,676,261	79,782,134	-43%	122,638,589	144,790,124	-15%	284,971,654
Net Profit for the Period	28,360,951	64,118,597	-56%	88,268,189	114,654,576	-23%	222,972,238
Earnings per share (EPS)	\$0.02	\$0.05	-60%	\$0.07	\$0.09	-22%	\$0.17
Total Assets	2,245,440,529	2,254,953,844	-0.4%	2,245,440,529	2,254,953,844	-0.4%	2,048,228,741
Shareholder's Equity	1,095,055,452	1,071,265,649	2%	1,095,055,452	1,071,265,649	2%	1,156,963,665
Total Liabilities	1,150,385,077	1,183,688,195	-3%	1,150,385,077	1,183,688,195	-3%	891,265,078

For the Six-month period ended April 30, 2023, Indies Pharma Jamaica Limited earned gross revenues of J\$487 million and J\$463 million in the prior comparable quarter of 2022, representing a 5% or J\$24.3M increase. Gross profits for the Six-month period increased to J\$339 million, a 1% increase or J\$3.6 million when compared to the similar period in 2022. Cost of Goods Sold (COS) came in at J\$20.7M or 16% higher than prior year and was mainly responsible for this relatively flat showing. Marketing samples given out in the trade have been identified as a major contributor (approx. J\$12 million) to this increase. The ROI on this "spend" is expected to be realized over the course of the financial year.

Administrative expenses increased by 14% or J\$26 million year over year. This was largely driven by increases in Drug permit costs, Admin Salaries, Wages, usual yearly Royalty expense and Administration. This resulted in the profit from operations declining by J\$22.2 million or 14% compared to similar period in 2022. These were largely responsible for Net Profits for the six-month period being J\$26.4 million or 23% lower than the corresponding period of 2022.

- Total assets at the end of the six-month period stood at J\$2.245 billion, marginally reduced by 0.4% or J\$9.5 million from J\$2.255 billion in the comparative period last year.
- Shareholders' equity has increased by 2.2% or J\$23.2 million this year to J\$1.1 billion compared to J\$1.07 billion in the prior period 2022 and total liabilities decreased by 3% from J\$1.18 billion to J\$1.15 billion.
- Earnings per share (EPS) for the six-month period 2023 fell by 22% to J\$0.07/share from \$0.09/share when compared to the corresponding period last year.

RESULTS FOR THE SECOND QUARTER ENDED APRIL 2023

For the second quarter ended April 2023 revenues decreased by \$19.1 million (9%) to that of the corresponding period 2022. This is attributed to the late arrival of inventory in April 2023 precluding the timely billing of sales for this quarter impacting the revenues. However, this is expected to be realized in subsequent month / quarter. In addition to the above, increased market sampling costs leading to a sudden surge in demand for the key product line, leading to early out of stock situation of the "cash cow" products and therefore the delays in the replenishment lead times. This is a new learning opportunity the company has encountered for the first time. This has led the company to reengineer new strategies to deal with this unprecedented interim shortfall and capitalize as the future benefit.

Gross profits for the quarter fell by \$14.7 million or 8% to \$163.8 million when compared to the previous quarter of 2022. The decrease in Sales revenues combined with the increase in Cost of Sales (COS) are the contributing factors to this decline in Gross Profits.

Administration and Other Expenses increased to \$118.7 million for the current quarter in comparison to \$99 million in the corresponding quarter in the previous year; this represents an increase of 20%. Contributing factors are due to increases in servicing cost for fleet vehicles and contractual agreement for Bioprist royalty.

Net Profit for the three-month period also declined, by 56% or J\$35.8 million to J\$28.4 million from J\$64.2 million in the corresponding three-month period in 2022. As indicated above, this transient reduction in the profits during this quarter is mainly because of:

- The late arrival of inventory in April 2023 precluded the timely billing of sales for this quarter impacting the revenues which shall be realized in the subsequent month / quarter.
- "Adoption of IFRS 16" leases and reclassification of maintenance expenses.

- Increase in the cost of sales due to writing off the expired goods and increase in the marketing samples budget to capitalize for the future benefit.

Earnings per share (EPS) for the second quarter (for the three-month period) 2023 fell by 60% to J\$0.02/share from \$0.05/share when compared to the same period last year.

The company has not taken its focus off from managing and implementing strategies to resolutely manage and control expenses and the cost of sales.

The Company continues to remain healthy and fledgling towards the US market despite a few interim minor challenges mentioned above.

The \$805 million bond attained in 2020 towards "Growth Capital" continues to remain on the books as we continue to grow the company through the organic development and approval of two new drugs at the USFDA for the United States Market. It should be noted that we successfully submitted our very first ANDA – Abbreviated New Drug Application (generic drug dossier) on the 25 January 2023 at the USFDA. The same was accepted by the USFDA without any rejections or queries on the 24th of February 2023 with a gold date of approval as November 2023.

The product filed at the USFDA is a patent challenge under the paragraph IV filing** which has now been accepted and gone unopposed by the innovator drug company on the United States market. This is an incredible development that is destined to reap the benefits for the company from the US market in the immediate short future.

We continue to constantly deliver and maintain a consistent upward trend in our performance and positive outlook. Our hallmark and clarion call of "Caring for the Nation's Health" and looking out for the welfare of our end-users could not have been possible without the dedication of our loyal customers and hardworking employees.

We express sincere gratitude to all our shareholders and related stakeholders for their continued support and we wish everyone good health.

Sincerely Yours



Vishnu V. Muppuri (Mrs.)
Co-Founder, Executive Director & COO
JUNE 09, 2023.

<https://www.fda.gov/drugs/abbreviated-new-drug-application-anda/patent-certifications-and-suitability-petitions>

(Paragraph IV Patent Certifications. Under the Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Amendments, a company can seek FDA approval to market a generic drug before the expiration of patents related to the brand-name drug that the generic seeks to copy.)

INDIES PHARMA JAMAICA LIMITED
Unaudited Consolidated Statement of
Comprehensive Income
For The Six-Months Ended 30 April 2023

	Three Months Ended 1 Feb - Apr 30, 2023	Three Months Ended 1 Feb - Apr 30, 2022	Six Months Ended Apr 30, 2023	Six Months Ended Apr 30, 2022	Audited Year Ended October 31, 2022
	\$	\$	\$	\$	\$
REVENUE	231,518,336	250,577,258	487,161,457	462,882,166	917,282,761
COST OF SALES	(67,701,349)	(72,050,091)	(148,074,211)	(127,365,394)	(281,465,031)
GROSS PROFIT	163,816,988	178,527,166	339,087,247	335,516,772	655,817,730
Other operating income	518,941	292,236	959,075	730,695	3,837,635
Administrative and other expenses	164,335,928	178,819,403	340,046,322	336,247,466	659,655,365
	(118,659,667)	(99,037,269)	(217,407,733)	(191,457,343)	(374,683,711)
PROFIT FROM OPERATION	45,676,261	79,782,134	122,638,589	144,790,124	284,971,654
Exchange Gain/(Loss)	(1,170,528)	(887,206)	(1,622,912)	(275,058)	(1,747,697)
Finance Cost (Loan Interest)	(16,144,782)	(14,776,331)	(32,747,488)	(29,860,490)	(60,251,719)
NET PROFIT BEFORE TAXATION	28,360,951	64,118,597	88,268,189	114,654,576	222,972,238
Taxation	-	-	-	-	-
NET PROFIT FOR THE PERIOD	23,360,951	64,118,597	88,268,189	114,654,576	222,972,238
OTHER COMPREHENSIVE INCOME					
Gain on revaluation of Fixed Assets	800,000	-	800,000	-	-
Profit on the sale of Fixed Assets	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	29,160,951	64,118,597	89,068,189	114,654,576	222,972,238
EARNINGS PER SHARE	\$0.02	\$0.05	\$0.07	\$0.09	\$0.17

INDIES PHARMA JAMAICA LIMITED
Unaudited Consolidated Statement of Financial Position
For the Six-months ended 30 April 2023

	Six Months Ended Apr 30, 2023	Six Months Ended Apr 30, 2022	Audited Year Ended October 31, 2022
	\$	\$	\$
ASSETS			
NON-CURRENT ASSETS:			
Intangible assets	452,906,905	346,024,561	379,311,777
Right-of-use asset	102,143,386	140,213,595	2,019,018
Investment	5,322,015	121,018,441	79,442,695
Property, plant, and equipment	948,664,061	944,402,521	947,382,947
	<u>1,509,036,367</u>	<u>1,551,659,118</u>	<u>1,408,156,437</u>
Related Companies	23,275,617	36,144,278	21,008,330
CURRENT ASSETS			
Inventories	163,744,332	215,379,859	175,509,630
Receivables	147,250,635	180,705,733	166,804,086
Taxation recoverable	1,312,574	901,422	1,094,346
Cash and cash equivalents	349,720,240	260,252,084	234,633,949
Director's Current Account	51,100,765	9,638,951	41,021,964
	<u>713,128,545</u>	<u>665,976,627</u>	<u>619,063,975</u>
TOTAL ASSETS	<u>2,245,440,529</u>	<u>2,254,953,844</u>	<u>2,048,228,741</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	244,576,999	244,576,999	244,576,999
Revaluation reserve	458,484,190	458,484,190	458,484,190
Retained earnings	391,994,263	368,204,460	453,902,474
	<u>1,095,055,452</u>	<u>1,071,265,649</u>	<u>1,156,963,663</u>

INDIES PHARMA JAMAICA LIMITED**Unaudited Consolidated Statement of Financial Position (CONTINUED)****For the Six-months ended 30 April 2022**

	Six Months Ended Apr 30, 2023	Six Months Ended Apr 30, 2022	Audited Year Ended Oct 31, 2022
	\$	\$	\$
NON-CURRENT LIABILITIES			
Long term loan	805,000,000	805,000,000	805,000,000
Lease Liability	70,073,481	70,530,245	1,249,523
Related Companies	49,801,593	63,418,943	24,538,994
	924,875,074	938,949,188	830,788,517
CURRENT LIABILITIES			
Payables	40,343,288	45,626,534	51,391,655
Short Term loans	-	4,103,516	7,864,823
Dividend Payable	150,976,402	150,576,642	
Taxation		-	
Current portion of Lease Liability	34,190,312	44,432,316	1,220,083
	225,510,003	244,739,008	60,476,561
TOTAL EQUITY AND LIABILITIES	2,245,440,529	2,254,953,844	2,048,228,741

Approved for issue by the Board of Directors and signed on its behalf by:



Guna Sekhar Muppuri – Director



Vishnu Vandana Muppuri – Director



INDIES PHARMA JAMAICA LIMITED
Unaudited Consolidated Statement of Changes in Equity
For the Six-months ended 30 Apr 2023

	Number of Stock Units \$	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
Balance at 1 November 2021	1,332,536,649	244,576,999	458,484,190	383,687,850	1,086,749,039
Dividends paid	-	-	-	((150,576,641))	((150,576,641))
Revaluation	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-
NET PROFIT FOR THE PERIOD	-	-	-	220,791,265	220,791,265
Balance at 31 October 2022	1,332,536,649	244,576,999	458,484,190	453,902,474	1,156,963,663
Balance at 1 November 2022	1,332,536,649	244,576,999	458,484,190	453,902,474	1,156,963,663
Dividend Paid	-	-	-	(150,976,402)	(150,976,402)
Revaluation	-	-	-	-	-
Other Comprehensive Income	-	-	-	800,000	800,000
NET PROFIT FOR THE PERIOD	-	-	-	88,268,189	88,268,189
Balance at 30 April 2023	1,332,536,649	244,576,999	458,484,190	391,994,261	1,095,055,450

INDIES PHARMA JAMAICA LIMITED
Unaudited Consolidated Statement of Cash Flows
For the Six-months ended 30 April 2023

	Six Months Ended April 30, 2023 \$	Six Months Ended April 30, 2022 \$	Audited Year Ended October 31, 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	88,268,819	114,654,576	220,791,265
Adjustment for			
Depreciation	29,392,937	31,043,776	56,841,143
Interest expense	32,883,321	30,075,233	56,195,583
Interest Income	(872,901)	(508,464)	(945,902)
Interest expense – ROU Assets			4,056,136
Gain on disposal of property, plant and equipment	(800,000)	-	(1,877,500)
	148,871,546	175,265,121	335,060,725
Changes in operating assets and liabilities			
Trade Receivables	19,553,451	(19,226,467)	(5,324,820)
Inventories	11,765,298	7,216,397	47,086,627
Trade payables	(11,048,367)	(2,559,448)	3,205,671
Related company	22,995,313	(652,166)	(24,123,768)
Director's a/c	(10,078,801)	(8,882,805)	(40,265,818)
GCT Recoverable/Recoverable	(218,228)	(127,115)	(320,040)
	32,968,667	(24,231,603)	(19,742,148)
Taxation paid	-	-	-
Net Cash used in operating activities	93,572,023	151,033,518	315,318,577
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	872,901	508,464	945,902
Purchase of fixed assets	(10,043,478)	(14,246,976)	(26,369,252)
Right of use assets	(100,124,368)	(121,539,064)	-
Purchase of intangible assets	(73,595,128)	(28,395,593)	(61,682,809)
Purchase of investments	74,120,680	25,733,123	67,308,869
Disposal Proceed of fixed assets	800,000		1,877,500
Net cash used in investing activities	(107,969,393)	(137,940,046)	(17,919,790)

INDIES PHARMA JAMAICA LIMITED**Unaudited Consolidated Statement of Cash Flows (CONTINUED)****For the Six-months ended 30 April 2023**

	Six Months Ended Apr 30, 2023	Six Months Ended Apr 30, 2022	Audited Year Ended Oct 31, 2022
	\$	\$	\$
CASH FLOWS FROM FINANCE ACTIVITIES			
Interest paid	(32,883,321)	(30,075,233)	(56,195,583)
Loan received	(7,864,823)	665,816	3,431,817
Dividends paid	-	-	(150,576,641)
Lease liabilities	82,928,520	88,823,483	(48,164,282)
Net cash provided by financing activities	42,180,376	59,414,066	(251,504,689)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	27,783,008	72,507,539	45,894,098
Cash and cash equivalents at beginning of year	233,638,643	187,744,545	187,744,545
CASH AND CASH EQUIVALENT AT YEAR END	261,421,651	260,252,084	233,638,643

1. IDENTIFICATION AND ACTIVITIES

INDIES PHARMA JAMAICA LIMITED is a limited liability company incorporated under the laws of Jamaica on the 09th day of December 2003 and domiciled in Jamaica. The registered office of the company is Unit #5 Montego Bay Trade Centre, Catherine Hall, Montego Bay, St James. The principal activity of the company is the distribution and retailing of pharmaceutical and auxiliary products.

The company by special resolution dated 4th November 2014 converted from a private to a public company. **The Company's** shares were listed on the Junior Market of the Jamaica Stock Exchange on the August 15th, 2018.

2. BASIS OF PREPARATION

These condensed unaudited interim financial statements for the Six ended April 30, 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the audited financial statements ended 31st October 2022 which have been prepared in accordance with The International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB). The accounting policies are consistent with those applied to the audited financial statements for the year ended 31 October 2022.

- ❖ The financial statements are expressed in Jamaican Dollars.

IFRS 16 'Leases'

The company has adopted IFRS 16 from 1 November 2019 and has not restated comparatives for the prior reporting period as submitted under the specific transitional provisions in the standard in applying the simplified transition approach. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening statement of financial position on 1 November 2019.

INDIES PHARMA JAMAICA LIMITED
Notes to the Unaudited Financial Statements (CONTINUED)
For the Six-months ended 30 April, 2023

IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognize a lease **liability reflecting future lease payments and a “right-of-use-asset” for virtually all lease contracts**. The standard includes an optional exemption for certain short-term leases of low value assets. For lessors the accounting stays almost the same.

Effective 1 November 2019, leases are recognized as a “right-of-use-asset” and a corresponding liability at the date at which the lease asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability each period. The **right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on the straight-line basis**. Assets and liabilities arising from a lease are initially measured on a present value basis.

3. INVESTMENTS

	Unaudited Year to date Apr 2023	Unaudited Year to date Apr 2022
	\$	\$
Proven Investment Limited	5,322,015	121,018,441
	5,322,015	121,018,441

This represents participation in an indexed linked US\$ note issued by Proven Investment Limited.

4. RECEIVABLES

	Unaudited Year to date Apr 2023	Unaudited Year to date Apr 2022
	\$	\$
Trade Receivables	118,477,145	148,759,231
Other	28,773,490	31,946,502
	147,250,635	180,705,733

INDIES PHARMA JAMAICA LIMITED**Notes to the Unaudited Financial Statements (CONTINUED)****For the Six-months ended 30 April, 2023****5. RELATED COMPANIES**

	Unaudited Year to date Apr 2023 \$	Unaudited Year to date Apr 2022 \$
Due From -		
Mercury Wireless Limited	23,275,617	36,144,278
Bioprist Las Americas	-	
	23,275,617	36,146,678
Due to -		
Bioprist Holdings Inc	49,801,593	63,418,943
	49,801,593	63,418,943

6. LONG-TERM LOANS

	Unaudited Year to date Apr 2023 \$	Unaudited Year to date Apr 2022 \$
Sagicor Bank Jamaica Ltd	805,000,000	805,000,000
	805,000,000	805,000,000

7. PAYABLES

	Unaudited Year to date Apr 2023 \$	Unaudited Year to date Apr 2022 \$
Trade Payables	(14,224,483)	17,229,985
General Consumption Tax	28,711,743	12,166,447
Statutory Tax	8,150,432	3,475,686
Other Payables and Accruals	17,705,597	12,803,155
	40,343,288	45,626,534

INDIES PHARMA JAMAICA LIMITED
Notes to the Unaudited Financial Statements (CONTINUED)
For the Six-months ended 30 April, 2023

8. LEASES IFRS 16

	Unaudited as at Apr 2023 \$	Unaudited as at Apr 2022 \$
Right of Use Asset -		
Lease properties on recognition November 1, 2019	235,579,696	236,363,819
Less: accumulated depreciation charge	<u>(133,436,310)</u>	<u>96,150,224)</u>
Balance	<u>102,143,386</u>	<u>140,213,595</u>
Lease Liabilities		
Contractual discounted cash flows	104,263,793	114,962,561
Less: current portion	<u>(34,190,312)</u>	<u>(44,432,316)</u>
Non-current portion	70,073,481	70,530,245

The company adopted IFRS 16 "Leases" as on 1 November 2019 and recognized right of use asset and lease liability. Right of use assets are generally depreciated over the lease term on a straight-line basis. It should be stated that the Lease has been renewed for a further 3 years, effective November 2022.

9. DIVIDEND DECLARED

	Unaudited Year to date Apr 2023 \$	Unaudited Year to date Apr 2022 \$
Dividend Declared	150,976,402	150,576,641

The company by its Board of Directors declared interim dividend on record as of 12th April 2023 at 11.33 cents per share to shareholders. The scheduled payment was on 19th May 2023, subsequent to the end of the quarter.

TOP TEN (10) SHAREHOLDERS

SHAREHOLDERS	NUMBER OF UNITS	SHAREHOLDING %
Bioprist Holdings Inc.	1,042,858,249	78.26%
GK Investments Limited	50,985,218	3.83%
Sunand Gogineni	44,903,438	3.37%
Venugopal Naidu Kuntamukkala	23,171,070	1.74%
VM Wealth Equity Fund	18,062,249	1.36%
SAGICOR Select Fund Limited (Class C Shares) Manufacturing & Distribution	10,688,828	0.80%
Sagicor Pooled Equity Fund	8,172,077	0.61%
E Penny Barron	6,192,281	0.46%
NCB Capital Markets Ltd.	5,554,405	0.42%
Star Holdings Ltd	5,120,895	0.38%
TOTAL	1,215,708,710	91.23%
Other Minority Shareholders	116,827,939	8.77%
TOTAL ISSUED SHARES	1,332,536,649	100%

SHAREHOLDINGS OF DIRECTORS

DIRECTORS	TOTAL SHAREHOLDINGS	DIRECT	CONNECTED PARTIES
Dr. Guna S. Muppuri	1,042,858,249	-	1,042,858,249
Mrs. Vishnu Muppuri	1,042,858,249	-	1,042,858,249
Prof. Trevor McCartney	200,000	200,000	-
Mr. Kevin Donaldson	660,801	660,801	-
Mr. Lissant Mitchell	200,000	200,000	-
Dev Kumar Singh	NIL	-	-

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED PARTIES
Venice Williams-Gordon	NIL	-	--

MANAGEMENT HOLDINGS

SENIOR MANAGERS / EXECUTIVES	TOTAL SHAREHOLDINGS	DIRECT	CONNECTED PARTIES
Richard Peters	NIL	-	-
Ricardo Stephenson	101,000	101,000	-
Sabrina Serrant	15,000	15,000	-
Dwight Brown	50,000	50,000	-