

Radio Jamaica Limited (RJRGLEANER) Report to Stockholders

The directors are pleased to present the audited financial results of the RJRGLEANER Communications Group (the Group) for the year ended March 31, 2023.

The financial year under review featured two major developments with contrasting impact on the group. On the one hand, the prolonged global economic challenges, including higher inflation, the ongoing global impact of the Russia/Ukraine conflict, especially on commodity prices and the supply chain problems still fully unresolved, as well as the negative impact of increasing energy and newsprint costs, created major challenges for our core media business. On the other hand, the court-approved amalgamation of 1834 Investments Limited and Radio Jamaica Limited created a bargain purchase gain with positive impact on our financial position.

The Group recorded a pre-tax profit of \$191 million and an after-tax profit of \$197 million for the year, compared to a pre-tax profit of \$409 million and an after-tax profit of \$342 million for the prior year period.

Primary contributors to this year's performance were: -

- Bargain Purchase Gain of \$444 million arising from the amalgamation of Radio Jamaica Limited (RJL) and 1834 Investments Limited (1834).
- A decrease of \$275 million (5%) in the Group's revenues, driven mainly by decreases in the Audio/Visual division of \$275 million (10%) and in the Audio division of \$27 million (3%), offset by an increase of \$27 million (1%) in the Print and Online division. The Group continued to experience softness in the overall advertising market as businesses reported continued impact from the aforementioned local and global economic conditions.
- Other income increased of \$25 million (19%) compared to the prior year, arising from compensation for damages for legal disputes and interest income earned on investments acquired upon amalgamation with 1834.
- Direct expenses were higher on prior year's results by \$353 million (14%), which included an over 40% increase in newsprint costs resulting from increased production activities at higher market prices, along with increased electricity, special events, traveling and distribution expenses in addition to other increased input prices in the global market.
- Selling expenses were lower by \$167 million (20%), driven by lower selling-related costs, impacted by reduced revenues.
- Administrative expenses increased by \$50 million (4%) compared with the prior year, driven primarily by increased depreciation charges relating to infrastructure upgrades, 1834's operating costs for period December 2022 to March 2023 and one-off consultancy costs.
- Other operating expenses increased by \$184 million (25%) compared with the prior year; driven primarily by return to utilization of facilities by the full staff complement resulting in increased utility costs of \$33 million (18%); higher repair and maintenance costs (includes increased fuel costs aligned with increased motor vehicle usage) by \$31 million as outside broadcast and outdoor activities returned to normal; full year increase in technology licenses and software costs by \$24 million (13%); as the Group continues to improve software and systems infrastructure to support the digital mandate.

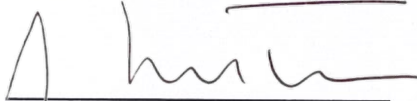
The transformation of our operations to be digitally driven continued. The Broadcast division has completed more than 80% of a project for the installation of a new digital backhaul network to transport all its audio and audio-visual services to transmitters across the country.

This network is taking the High-Definition Services of the Group to the newly installed NextGen Television services in Kingston and St. James. Significant work continues as the Group continuously improves its Over-The-Air coverage island wide, eventually moving towards the full rollout of the ATSC 3.0 digital standard for high-definition TV services.

The digital transformation of the group which involves the transformation of business, broadcast and print systems is at the heart of significant reinvestment being undertaken in the business. It will be strongly supported going forward through the resources gained in the amalgamation with 1834 Investments Limited. During the year under review, by an order dated November 24, 2022, the Supreme Court of Jamaica approved the Scheme of Arrangement to amalgamate Radio Jamaica Limited (RJL) with 1834 Investments Limited (1834). Accordingly, all assets and liabilities of 1834 have been assumed by and vested in RJL. In exchange, RJL paid 1834 shareholders in cash, or by issue of new shares in RJL. The asset base of the group expanded by \$1.7 billion through the amalgamation, including cash and near-cash resources of approximately \$1 billion.

Despite challenging circumstances, the Group continues its commitment to digital transformation, adding new revenue streams and engaging in joint ventures that will diversify the portfolio of activities in the Group. The Board of Directors expresses its appreciation for the continued support of stakeholders, including staff, shareholders, advertisers, readers, listeners and viewers.

Approved for issue by the Board of Directors on July 6, 2023, and signed on its behalf by:



Joseph M. Matalon, CD
Chairman



Gary Allen CD, JP
Chief Executive Officer