

UNAUDITED FINANCIAL STATEMENTS



For Second Quarter Ended December 31, 2023





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DIRECTORS' REPORT

TO SHAREHOLDERS



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

We are excited that with the result of a massive team effort and significant investment, our Portmore store opened on November 8, 2023. This seventh store in our chain opened in time for the busy Christmas season, and we are pleased with the strong response so far. We are happy to be serving the Portmore community and expanding our footprint across Jamaica.

Our revenue for the quarter was a record \$2.35 billion, representing an increase of 10.2% over the \$2.13 billion for the corresponding quarter of the previous year. Transaction count and average spend per customer both grew by 10.8% and 1.5% respectively.

Gross profit also increased to \$953.5 million or 13.9% higher than the \$836.9 million recorded in Q2/2022. This was due to increased revenues and an overall improvement in gross margins by 3.4% as we continue to capitalize on economies of scale in our procurement, and the efficiencies from our new point of sale system.

Our operating expenses increased by 20.7% to \$592.2 million, up from \$490.5 million over prior year. Apart from the expenses of opening a new store, we also incurred costs in preparing to comply with the new Data Protection Act 2022. Like other businesses, we continue to face increased staff costs as we strive to improve staff retention and build our bench-strength for future growth. Significant increases in security guard costs and insurance rates also impacted our operating costs. Despite these factors, operating profit increased to \$361.3 million, up 4.3% from the \$346.5 million earned last year.

Finance costs increased marginally by 1.7% to \$54.9 million compared to \$53.9 million in the prior corresponding quarter.

Other income saw an 11% increase to \$34.7 million compared to \$31.2 million earned last year and is expected to grow as other income streams come onboard with Portmore. Our short-term investments continue to yield relatively good returns.

Net profit closed the quarter at \$341 million compared to the \$323.8 million earned last year, breaking another record for Fontana. This represented \$0.27 earnings per share, versus \$0.26 for the prior corresponding quarter. For the six months ending December 31, net profit was \$402 million, down 2% from the same prior period.

Total assets at the end of the quarter stood at \$5.8 billion, up from \$5 billion in the previous comparative period, reflecting an increase of 15%. Our cash and cash equivalents remain favourable at \$1.66 billion compared to \$1.68 billion for the previous comparative period. Shareholder's equity grew to \$2.7 billion, up from \$2.4 billion or 11% over the prior year.

January 2024 marks the end of our first 5 years on the Junior Market of the JSE. As we approach the next 6 months, we will continue to be diligent, positioning ourselves to capitalize on all opportunities as we return to paying corporate income taxes.

Fontana continues to support meaningful causes and invest in the communities in which we live and work. Among our many outreach projects in this quarter were the following initiatives/activities:

- Montego Bay United FC Team Sponsorship
- Fontana Foundation UTECH Scholarship Handover to recipients: Dominique Stanford and Keron Harrison
- Fontana Foundation UWI Scholarship Handover to recipients: Jermaine Golding and Ajani English
- St. James Municipal Corporation Christmas Tree Lighting
- Emily Shields Hotline Elderly Giveaway
- Annual Wishing Tree Initiative - Donation of 192 gifts to 6 children's homes and Savanna-la-Mar Hospital Pediatric Ward
- Barbican Community Treat
- Bellefield High School Annual Barbeque
- North-East Regional Health Authorities Parenting Conference
- Rotary Club of Portmore Christmas Care Packages
- Mustard Seed Communities Dare to Care Programme

We are forever grateful to our resilient Team, who continue to go above and beyond despite the many challenges that presents themselves. We also want to thank our other stakeholders who continue to keep us on our toes especially our awesome Customers!



Kevin Chang
Director/Chairman



Anne Chang
Director/CEO





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FONTANA LIMITED

STATEMENT OF FINANCIAL POSITION

(UNAUDITED) AS AT DECEMBER 31, 2023



	NOTE	UNAUDITED		AUDITED
		DEC-23	DEC-22	JUN-23
Assets				
Non-Current Assets				
Property, Plant & Equipment		1,284,881,454	730,116,546	1,126,432,667
Right of use Asset		975,239,764	891,100,920	839,277,815
Intangible Asset	8	209,776,071	224,547,712	217,161,891
		<u>2,469,897,288</u>	<u>1,845,765,178</u>	<u>2,182,872,373</u>
Current Assets				
Due from Related Parties		6,183,522	6,027,377	5,707,438
Due from Directors		9,450,153	15,302,394	10,175,094
Trade and other Receivables	3	211,892,475	161,761,647	138,017,661
Taxation Recoverable		15,069,240	4,542,365	8,841,647
Inventories		1,381,913,419	1,285,633,716	1,229,494,854
Cash & Cash Equivalents		1,659,089,003	1,684,177,803	1,557,781,594
		<u>3,283,597,812</u>	<u>3,157,445,303</u>	<u>2,950,018,288</u>
Total Assets		5,753,495,100	5,003,210,481	5,132,890,661

Equities & Liabilities				
Equity				
Issued Share Capital		252,589,301	252,589,301	252,589,301
Accumulated Surplus		2,466,880,625	2,195,419,948	2,189,358,947
		<u>2,719,469,926</u>	<u>2,448,009,249</u>	<u>2,441,948,248</u>
Non-Current Liabilities				
Bond Payable	5	495,455,120	493,940,160	494,697,640
Deferred Tax Liability		26,892,766	25,323,977	26,892,766
Non Current Portion of Lease Liability		1,087,764,051	998,927,607	959,012,208
Bank Loans Payable	4	29,348,930	12,599,213	23,963,893
		<u>1,639,460,866</u>	<u>1,530,790,957</u>	<u>1,504,566,507</u>
Current Liabilities				
Due to Related Parties		-	732,332	181,163
Current Portion of Lease Liability		125,618,709	95,585,455	89,614,469
Bank Loans Payable - Current Portion	4	14,887,784	23,433,552	12,026,896
Trade and other Payables	6	1,254,057,816	904,658,936	1,084,553,378
		<u>1,394,564,309</u>	<u>1,024,410,275</u>	<u>1,186,375,906</u>
Total Liabilities		5,753,495,100	5,003,210,481	5,132,890,661

Kevin O'Brian Chang
Director/Chairman



Anne Chang
Director/CEO



FONTANA LIMITED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) SECOND QUARTER ENDED DECEMBER 31, 2023

	Note	Second Quarter Ended Dec 31		6 Months Ended Dec 31		Audited Jan 30, 2023
		2023 \$	2022 \$	2023 \$	2022 \$	\$
Revenues		2,352,544,117	2,134,726,341	4,131,661,356	3,777,822,624	7,317,436,676
Cost of Sales		(1,399,068,163)	(1,297,778,223)	(2,574,995,503)	(2,352,087,401)	(4,688,547,527)
Gross Profit		953,475,953	836,948,119	1,556,665,853	1,425,735,223	2,628,889,149
Administrative and Other Expenses		(570,569,065)	(464,866,719)	(1,075,319,750)	(888,965,636)	(1,779,152,746)
Selling and Promotion		(21,638,410)	(25,604,306)	(39,228,531)	(65,784,254)	(103,990,303)
		(592,207,475)	(490,471,025)	(1,114,548,281)	(954,749,890)	(1,883,143,049)
Operating Profits		361,268,479	346,477,094	442,117,572	470,985,333	745,746,100
Other Income		34,661,207	31,240,068	67,804,617	48,539,620	107,001,073
		395,929,685	377,717,162	509,922,189	519,524,954	852,747,173
Finance Costs	7	(54,852,107)	(53,911,298)	(107,463,029)	(108,136,820)	(195,976,285)
Profit before taxation		341,077,579	323,805,864	402,459,160	411,388,134	656,770,888
Taxation Charge		-	-	-	-	(1,568,789)
Net Profit for the period/year		341,077,579	323,805,864	402,459,160	411,388,134	655,202,099
Earnings Per Share	9	0.27	0.26	0.32	0.33	0.52

FONTANA LIMITED

STATEMENT OF CHANGES IN EQUITY

(UNAUDITED) SECOND QUARTER ENDED

DECEMBER 31, 2023



	No. of Shares \$	Share Capital \$	Accumulated Surplus \$	Total \$
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	-	-	411,388,134	411,388,134
Balance at December 31, 2022	<u>1,249,374,825</u>	<u>252,589,301</u>	<u>2,195,419,947</u>	<u>2,488,009,249</u>
Audited Balance as at June 30, 2023	1,249,374,825	252,589,301	2,189,358,947	2,441,948,248
Dividend declared	-	-	(124,937,483)	(124,937,483)
Net Profit for the period	-	-	402,459,160	402,459,160
Balance at December 31, 2023	<u>1,249,374,825</u>	<u>252,589,301</u>	<u>2,466,880,624</u>	<u>2,719,469,926</u>

FONTANA LIMITED

STATEMENT OF CASH FLOW (UNAUDITED) AS AT

DECEMBER 31, 2023



ASSETS	Unaudited		Audited
	Dec-23	DEC-22	30-Jun-23
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	402,459,160	411,388,134	656,770,888
Adjustment for items not affecting cash resources:			
Depreciation on property, plant and equipment	43,235,899	32,532,113	73,262,830
Depreciation expense - Lease Related	68,995,095	58,531,842	110,354,947
Lease interest expense	41,236,548	39,335,841	77,082,216
Interest expense	16,656,161	16,828,979	32,974,603
(Gain)/Loss on disposal of property, plant and equipment	(127,634)	10,673,531	12,250,120
Amortization of bond issuance cost	757,480	757,480	1,514,960
	573,212,708	570,047,920	964,210,564
(Increase)/decrease in operating assets:			
Inventories	(152,418,565)	(293,773,840)	(237,634,978)
Due from related parties	(476,084)	1,012,918	1,332,858
Trade and other receivables	(73,874,814)	32,466,768	56,210,754
Taxation recoverable	6,227,593)	(1,924,342)	(6,223,624)
Increase/(decrease) in operating liabilities:			
Trade and other payables	294,441,920	218,128,709	148,148,185
Due to related parties	(181,163)	732,332	181,163
Cash flows provided by operating activities	634,476,409	526,690,464	926,224,922
Taxation paid	-	-	-
Net cash provided by operating activities	634,476,409	526,690,464	926,224,922
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	127,634	7,750,000	6,439,620
Acquisition of intangible asset	-	-	(59,086,567)
Acquisition of property, plant and equipment	(583,581,622)	(97,462,625)	(75,550,485)
Cost of work in progress	392,752,800	-	(392,752,800)
Net cash used in investing activities	(190,701,188)	(89,712,625)	(520,950,232)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(249,874,965)	(124,937,483)	(124,937,483)
Proceeds from loans	15,210,000	-	21,040,000
Repayment of loans	(6,964,075)	(20,050,118)	(41,132,095)
ROU lease liability, net	(84,907,552)	(73,520,111)	(157,152,871)
Director's loans, net	724,941	(9,637,104)	(4,509,804)
Interest paid	(16,656,161)	(16,828,979)	(32,974,603)
Net cash used in financing activities	(342,467,812)	(244,973,796)	(339,666,856)
NET INCREASE IN CASH AND CASH EQUIVALENTS	101,307,409	192,004,043	65,607,834
CASH AND CASH EQUIVALENTS -Beginning of the period/year	1,557,781,594	1,492,173,760	1,492,173,760
CASH AND CASH EQUIVALENTS - End of the period/year	1,659,089,003	1,684,177,803	1,557,781,594
REPRESENTED BY:			
Short term investment	697,691,430	665,887,831	676,125,513
Cash and bank deposits	961,397,573	1,018,289,972	881,656,081
	1,659,089,003	1,684,177,803	1,557,781,594

FONTANA LIMITED – NOTES TO THE FINANCIAL STATEMENTS SECOND QUARTER ENDED 31ST DECEMBER 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 seven 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 6 months ended December 31, 2023 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 2023 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

3. TRADE AND OTHER RECEIVABLES

	2023 \$	31-Dec 2022 \$
Trade receivables	63,057,053	39,992,580
Other receivables	68,018,790	47,247,303
Pre-payments	53,649,886	58,852,021
Interest Receivable	9,517,614	-
Security deposits	17,649,132	15,669,742
	211,892,475	161,761,647

4. BANK LOANS PAYABLE (LONG TERM)

	2023 \$	31-Dec 2022 \$
a. BNS Motor Vehicle Loan	11,325,000	-
b. BNS Energy Loan 2018 (FV)	-	-
c. BNS WATERLOO CAPEX	-	16,666,652
d. BNS VAN LOAN	2,400,000	4,000,000
e. BNS M/Vehicle Loan	941,616	2,824,848
f. BNS M/Vehicle Loan	3,964,210	5,735,470
g. BNS VAN LOAN	5,293,388	6,805,796
h. BNS M/Vehicle Line of Credit	6,053,125	-
i. BNS Vehicle Line of Credit	14,259,375	-
	44,236,714	36,032,765
<i>Less: Current Portion</i>	(14,887,784)	(23,433,552)
	29,348,930	12,599,213

5. SENIOR UNSECURED BOND

	2023 \$	31-Dec 2022 \$
6% Bond due December 14, 2026	500,000,000	500,000,000
Unamortized bond fees (Legal and arranger fees)	(4,544,880)	(6,059,839.96)
	495,455,120	493,940,160

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 SECOND QUARTER ENDED 31ST DECEMBER 2023 (UNAUDITED)



31-Dec

6. TRADE AND OTHER PAYABLES

	2023 \$	2022 \$
Trade payables	902,752,214	779,853,819
Dividend payable	106,249,957	-
Statutory liabilities	36,201,110	28,288,339
GCT payable	66,665,953	60,245,837
Salary accruals	971,997	1,763,185
Credit cards payable	73,269,008	1,338,675
Other payables and accruals	67,947,577	33,169,082
	1,254,057,816	904,658,936

7. FINANCE COSTS

	2023 \$	2022 \$
Bank service charges	3,640,823	3,715,291
Finance charges	3,828,876	3,347,222
Credit Card Commission	16,159,272	15,762,833
(Gain)/Loss on Investment	(702,055)	1,362,065
Loan interest	8,433,651	8,329,916
Lease interest expense (IFRS 16)	22,435,947	19,515,541
Foreign exchange loss (Revaluation of Lease liability - IFS 16)	697,097	4,988,174
Foreign exchange loss	358,496	(3,109,744)
	54,852,107	53,911,298

8. INTANGIBLE ASSETS

	2023 \$	2022 \$
Goodwill	165,461,145	165,461,145
Eagle Software (POS) Development	44,314,926	59,086,567
	209,776,071	224,547,712

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

	2023 \$	2022 \$
Profit attributable to shareholders	402,459,160	411,388,134
Weighted average number of share in issue	1,249,374,825	1,249,374,825
Earnings per share	0.32	12 0.33

FONTANA LIMITED

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

SHAREHOLDERS

Shareholder Units

1. Burbank Holdings Limited	977,946,747
2. Astronomical Holdings Limited	12,931,000
3. Sagicor Select Fund Limited – ('Class C' Shares)	10,028,143

Manufacturing & Distribution

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 DECEMBER 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 DIRECTORS AND CONNECTED PARTIES AS AT SEPTEMBER 30, 2023

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



1968-2023

