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Chairman's Report for the Third Quarter Ended January 31, 2023

For the three-month period ended January 31, 2023, Blue Power Group earned revenues of \$194 million (up 43% relative to the prior year) and profits of \$13 million (up 44% relative to the prior year). Blue Power Group generated revenues of \$633 million and earned net profit of \$29 million for the nine-month period ended January 31, 2023. The Group delivered outstanding growth in sales volumes and revenues, in line with its plan to develop and diversify its customer base. Net profits for the year-to date were adversely affected by disruptions to the supply chain and unprecedented increases in raw material prices. These conditions are normalizing and with the growing sales and increased attention to efficiency and innovation, the operating performance of the enterprise is now steadily improving.

Operating Performance

Revenues for Blue Power Group grew 83% for the current year-to-date, relative to the same period in the prior year. We experienced revenue growth in all of our main product categories including our bath soap lines, specialty soaps and our laundry soap business. Revenue growth came from existing and new customers and saw the group gaining market share locally and re-enforcing its reputation as a leading private label manufacturer in the region.

One-off gains on the sale of property and investments during the prior year (amounting to approximately \$171 million) were not repeated in this year. Moreover, this year, our gross margins suffered as a result of dramatic increases in raw materials prices, challenges to the actual availability of products from some of our sources, and a spike in logistics costs (particularly for raw materials originating in Asia). The market for vegetable oils – a basic input in soap production – was also disrupted in the early part of the year due to the war in the Ukraine. The combined effect of these challenges was a reduction in year-to-date net profits relative to the prior year. In the context of these challenges, we believe that the improved year-on-year performance in the third quarter is noteworthy because it reflects growing revenues, improving margins and solid cost management.

Outlook

An important part of our plan for profitable business growth, is our commitment to efficiency, innovation and customer development. During the quarter we continued to undertake capital projects and make improvements to our procurement arrangements, quality systems, labour efficiency, production facilities and product line. We began to see the positive results of these initiatives in the

third quarter and expect this to continue and gather momentum in the financial year ahead.

The Blue Power Group balance sheet, investment portfolio and liquidity remain strong. This has allowed us to increase our inventory levels to manage some of the supply chain disruptions. We expect to be able to liquidate these inventory levels as supply conditions improve.

Our investment in Lumber Depot Limited, which is a significant part of our holdings, has performed satisfactorily during the year but nevertheless faces short-term challenges associated with the impact of higher interest rates on construction activity in Jamaica.

We continue to be optimistic about the competitive position and growth prospects for our business in Jamaica, as well as the opportunity to develop new export markets. We are also well prepared to diversify the business through opportunistic investments in related businesses and in our real estate.

I thank our customers, staff, management team and board for their commitment to the business.

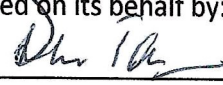
Jeffrey Hall
Chairman

BLUE POWER GROUP LIMITED
Consolidated Statement of Financial Position
As at January 31, 2023

| | <u>Unaudited</u> <u>January 31, 2023</u> | <u>Unaudited</u> <u>January 31, 2022</u> | <u>Audited</u> <u>April 30, 2022</u> |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 325,956,017 | 263,754,633 | 267,817,851 |
| Right of use asset | 9,501,271 | 10,529,571 | 10,272,496 |
| Interest in associated company | 366,131,298 | - | 354,614,467 |
| Investments | 243,676,029 | 721,693,535 | 271,124,114 |
| | <u>945,264,615</u> | <u>995,977,739</u> | <u>903,828,928</u> |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 8,033,028 | 110,688,426 | 125,085,493 |
| Other Receivables | - | 73,600,000 | - |
| Accounts receivable and prepayments | 166,957,338 | 89,479,980 | 129,774,738 |
| Due from related company | 10,868,478 | 18,840,833 | 13,491,606 |
| Inventories | 437,467,621 | 308,521,989 | 346,950,555 |
| Taxation recoverable | 13,656,806 | - | 15,296,538 |
| | <u>636,983,271</u> | <u>601,131,228</u> | <u>630,598,930</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable | 68,648,155 | 64,435,323 | 58,165,380 |
| Current portion of lease liability | 761,015 | 697,109 | 713,802 |
| Taxation payable | - | 754,098 | - |
| Revolving loan facility | 40,000,000 | - | 20,000,000 |
| | <u>109,409,170</u> | <u>65,886,530</u> | <u>78,879,182</u> |
| NET CURRENT ASSETS | <u>527,574,101</u> | <u>535,244,698</u> | <u>551,719,748</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>1,472,838,716</u> | <u>1,531,222,437</u> | <u>1,455,548,676</u> |
| EQUITY | | | |
| Share capital | 86,900,147 | 86,900,147 | 86,900,147 |
| Investment Revaluation Reserve | 179,501,080 | 226,760,694 | 179,501,080 |
| Retained earnings | 1,180,534,428 | 1,173,433,802 | 1,162,632,337 |
| | <u>1,446,935,655</u> | <u>1,487,094,643</u> | <u>1,429,033,564</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease Liability | 10,055,469 | 10,851,720 | 10,667,520 |
| Long-term loan | - | 30,000,000 | - |
| Deferred tax liability | 15,847,592 | 3,276,074 | 15,847,592 |
| | <u>25,903,061</u> | <u>44,127,794</u> | <u>26,515,112</u> |
| Total Equity And Non-Current Liabilities | <u>1,472,838,716</u> | <u>1,531,222,437</u> | <u>1,455,548,676</u> |

Approved for issue by the Board of Directors on **March 9, 2023** and signed on its behalf by:

 Chairman
 Jeffrey Hall

 Director
 Dhuru Tanna

BLUE POWER GROUP LIMITED
Consolidated Statement of Profit or loss and Other Comprehensive Income
Nine months ended January 31, 2023

| | Unaudited 9 months to <u>January 31, 2023</u> | Unaudited 9 months to <u>January 31, 2022</u> | Unaudited 3 months to <u>January 31, 2023</u> | Unaudited 3 months to <u>January 31, 2022</u> | Audited <u>April 30, 2022</u> |
|---|---|---|---|---|----------------------------------|
| Revenue | 633,393,667 | 346,515,595 | 193,720,437 | 135,419,701 | 526,447,832 |
| Cost of revenue | <u>(505,499,991)</u> | <u>(233,662,107)</u> | <u>(147,975,927)</u> | <u>(102,008,195)</u> | <u>(373,424,307)</u> |
| Gross profit | 127,893,676 | 112,853,488 | 45,744,510 | 33,411,506 | 153,023,525 |
| Impairment gains on trade receivables | 196,868 | 2,151,063 | 923,084 | 1,924,404 | 1,343,953 |
| Impairment loss/gain on investment | (703,465) | (50,608) | 58,493 | 58,493 | 1,706,591 |
| Administrative and other expenses | <u>(136,184,213)</u> | <u>(122,968,687)</u> | <u>(45,912,821)</u> | <u>(37,266,530)</u> | <u>(191,191,267)</u> |
| | (8,797,134) | (8,014,744) | 813,266 | (1,872,127) | (35,117,198) |
| Other income | | | | | |
| Gain on sale of investment property | - | 145,640,234 | - | - | 62,392,382 |
| Other income | 22,143,816 | 55,852,934 | 6,291,670 | 5,587,667 | 145,640,235 |
| Share of profit of associated company | <u>17,558,662</u> | <u>-</u> | <u>4,694,618</u> | <u>-</u> | <u>12,640,717</u> |
| Profit before net finance income and taxation | <u>30,905,344</u> | <u>193,478,424</u> | <u>11,799,554</u> | <u>3,715,540</u> | <u>185,556,136</u> |
| Finance income | 12,807,457 | 23,680,988 | 7,587,392 | 9,624,758 | 26,605,210 |
| Finance cost | <u>(3,123,233)</u> | <u>(2,041,893)</u> | <u>(1,433,812)</u> | <u>(895,999)</u> | <u>(3,067,313)</u> |
| Net finance (cost)/income | <u>9,684,224</u> | <u>21,639,095</u> | <u>6,153,580</u> | <u>8,728,759</u> | <u>23,537,897</u> |
| Profit for the period | 40,589,568 | 215,117,519 | 17,953,134 | 12,444,299 | 209,094,033 |
| Taxation | <u>(11,387,677)</u> | <u>(10,778,448)</u> | <u>(5,144,545)</u> | <u>(3,111,075)</u> | <u>(15,556,427)</u> |
| Profit for the period | 29,201,891 | 204,339,071 | 12,808,589 | 9,333,224 | 193,537,606 |
| Other Comprehensive Loss: | | | | | |
| Items that may not be reclassified to profit or loss: | | | | | |
| Revaluation gain/(loss) on equity investment | <u>-</u> | <u>35,258,754</u> | <u>-</u> | <u>47,259,614</u> | <u>(12,000,860)</u> |
| Total comprehensive income for the period | <u>29,201,891</u> | <u>239,597,825</u> | <u>12,808,589</u> | <u>56,592,838</u> | <u>181,536,746</u> |
| Earnings per stock unit | <u>\$ 0.05</u> | <u>\$ 0.36</u> | <u>\$ 0.02</u> | <u>\$ 0.02</u> | <u>\$ 0.34</u> |

BLUE POWER GROUP LIMITED
Consolidated Statement of Changes in Equity
Nine months ended January 31, 2023

| | <u>Share Capital</u> | <u>Investment Revaluation Reserve</u> | <u>Retained earnings</u> | <u>Total</u> |
|---|----------------------|---|--------------------------|----------------------|
| | \$ | \$ | \$ | \$ |
| Balances as at April 30, 2021 (audited) | 86,900,147 | 191,501,940 | 978,134,571 | 1,256,536,658 |
| Total comprehensive income for the quarter: | | | | |
| Dividends Paid | | | (9,039,840) | (9,039,840) |
| Profit for the period | - | - | 195,039,460 | 195,039,460 |
| Fair value loss on investment | - | (12,000,860) | - | (12,000,860) |
| Balance as at January 31, 2022 (unaudited) | <u>86,900,147</u> | <u>179,501,080</u> | <u>1,164,134,191</u> | <u>1,430,535,418</u> |
| Balances as at April 30, 2022 (audited) | 86,900,147 | 179,501,080 | 1,162,632,337 | 1,429,033,564 |
| Dividends Paid | | | (11,299,800) | (11,299,800) |
| Total comprehensive income for the quarter: | | | | |
| Profit for the period | - | - | 29,201,891 | 29,201,891 |
| Balance as at January 31, 2023 (unaudited) | <u>86,900,147</u> | <u>179,501,080</u> | <u>1,180,534,428</u> | <u>1,446,935,655</u> |

BLUE POWER GROUP LIMITED
Consolidated Statement of Cash Flows
Nine months ended January 31, 2023

| | <u>Unaudited</u> <u>January 31, 2023</u> | <u>Unaudited</u> <u>January 31, 2022</u> | <u>Audited</u> <u>April 30, 2022</u> |
|--|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the period | 29,201,891 | 204,339,071 | 193,537,606 |
| Adjustments for: | | | |
| Exchange gain on foreign currency balances | 1,602,220 | - | (6,102,957) |
| Depreciation and amortisation | 24,386,226 | 15,169,432 | 23,268,184 |
| Interest Income | (14,409,678) | (17,275,861) | (20,502,253) |
| Dividend income | - | (4,079,570) | (4,079,570) |
| Gain on sale of investment | - | - | (25,720,000) |
| Share of profit in associated company | (17,558,662) | - | (12,640,717) |
| Interest expense | 2,732,620 | 1,852,367 | 2,769,327 |
| Gain on sale of investment property | - | (145,640,234) | (145,640,235) |
| Write-off on property, plant and equipment | - | - | 12,802 |
| Taxation | 11,387,677 | 10,778,448 | 15,556,427 |
| Cash generated before changes in working capital | <u>37,342,294</u> | <u>65,143,653</u> | <u>20,458,614</u> |
| (Decrease)/increase in current assets: | | | |
| Accounts receivables and prepayments | (37,182,600) | (26,042,202) | (65,801,201) |
| Other receivables | - | (73,600,000) | - |
| Inventories | (90,517,066) | (9,933,849) | (48,362,415) |
| Due from related party | 71,988,985 | 10,253,312 | 15,602,539 |
| Increase/(decrease) in current liability: | | | |
| Accounts payable | <u>10,482,775</u> | <u>831,145</u> | <u>(1,516,914)</u> |
| Cash used by operations | (7,885,612) | (33,347,941) | (79,619,377) |
| Interest paid | (2,732,620) | (1,852,367) | (2,769,327) |
| Taxation paid | <u>(9,749,238)</u> | <u>(20,896,443)</u> | <u>(29,153,540)</u> |
| Net cash used by operating activities | <u>(20,367,470)</u> | <u>(56,096,751)</u> | <u>(111,542,244)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | (144,400,606) | (129,812,488) | (140,823,934) |
| Investments, net | 27,448,085 | (27,496,322) | (2,041,782) |
| Proceeds from sale of investment property | - | 160,307,500 | 159,401,250 |
| Proceeds from sale of investment | - | - | 64,720,000 |
| Interest received | 15,029,388 | 17,275,861 | 19,966,494 |
| Dividends received | <u>6,041,831</u> | <u>4,079,570</u> | <u>4,079,570</u> |
| Net cash (used)/provided by investing activities | <u>(95,881,302)</u> | <u>24,354,121</u> | <u>105,301,598</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Revolving loan received | 20,000,000 | 40,000,000 | 40,000,000 |
| Revolving loan repaid | - | (10,000,000) | (20,000,000) |
| Dividends paid | (11,299,800) | (9,039,840) | (9,039,840) |
| Lease, net | <u>(529,603)</u> | <u>(483,044)</u> | <u>(650,551)</u> |
| Cash provided by Financing Activities | <u>8,170,597</u> | <u>20,477,116</u> | <u>10,309,609</u> |
| Net decrease in cash and cash equivalents | (108,078,175) | (11,265,514) | 4,068,963 |
| Effects of exchange rate fluctuations on cash and cash equivalents | 8,974,290 | - | (937,410) |
| Cash and cash equivalents at beginning of the period | <u>125,085,493</u> | <u>121,953,940</u> | <u>121,953,940</u> |
| Cash and cash equivalents at end of period | <u><u>8,033,028</u></u> | <u><u>110,688,426</u></u> | <u><u>125,085,493</u></u> |

Blue Power Group Limited

Notes to the Unaudited Financial Statements

January 31, 2023

1 Identification and principal activities

Blue Power Group Limited (the company) is incorporated and domiciled in Jamaica. The registered office of the company is located at 4 Victoria Avenue, Kingston CSO. The company is listed on the Junior Market of the Jamaica Stock Exchange. The company and its two wholly-owned subsidiaries are referred to as the "group"

The main activities of the company and the group comprise the manufacture and sale of soaps and the sale of lumber ,hardware supplies and other related products.

2 Basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

(b) Basis of consolidation:

(i) Subsidiaries:

A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the company and its wholly-owned subsidiaries, Papine Properties Limited and Cotrade Limited made up to April 30, 2022. Cotrade Limited is a wholly owned subsidiary of Papine Properties Limited, which is owned by Blue Power Group Limited. The company and its subsidiaries are collectively referred to as "the group". These subsidiaries are currently dormant, and the shareholdings are the same for 2022 and 2021. Cotrade Limited is the group's nominee for holding properties from which the group manages its operations. The parent company administers the affairs of the subsidiaries and bears the related expenses. Papine Properties Limited is registered in the British Virgin Islands and Cotrade Limited is registered in Jamaica.

(ii) Associates:

Associates are all entities over which the group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

The group's investment is carried at the group's share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies. Should the group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group will not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

(iii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the company and its subsidiaries are eliminated to the extent of the company's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) New and amended standards that became effective during the period

Certain new and amended standards which were in issue, came into effect during the current financial period. The adoption of these standards did not have any impact on the amounts recognized or disclosures in the financial statements.

3 Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates.

4 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents and accounts receivable. Financial liabilities comprise accounts payable and due to related party.

5 Revenue:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

6 Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are measured at historical cost, are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss.

7 Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

8 Finance cost

Finance cost comprises bank charges, loan interests and lease interest, and is recognised in profit or loss.



JANUARY 31, 2023

TOTAL SHARES OUTSTANDING: 564,990,000

DIRECTORS AND CONNECTED PARTIES REPORT

| PRIMARY HOLDER (JOINT HOLDER) | RELATIONSHIP | UNITS | PERCENTAGE |
|--------------------------------------|---------------------|--------------|-------------------|
| KENNETH BENJAMIN** | SELF | 31,302,000 | 5.540 |
| FELICE CAMPBELL | SELF | 0 | 0.000 |
| NOEL DAWES*** | SELF | 14,127,150 | 2.500 |
| CATHERINE GOODALL | SELF | 0 | 0.000 |
| JEFFREY HALL* (SWEE TEEN CHUA) | SELF | 2,151,363 | 0.381 |
| PETER MILLINGEN**** | SELF | 8,211,000 | 1.453 |
| DHIRU TANNA* (LAURA TANNA) | SELF | 100,000 | 0.017 |
| LAURA TANNA* | SELF | 0 | 0.000 |
| *ANTIBES HOLDINGS LTD | CONNECTED PARTY | 283,008,000 | 50.090 |
| **SHEILA BENJAMIN MCNEIL | CONNECTED PARTY | 1,552,650 | 0.274 |
| **GUARDSMAN GROUP | CONNECTED PARTY | 6,872,850 | 1.216 |
| ***KAREL DAWES | CONNECTED PARTY | 38,070 | 0.006 |

SENIOR MANAGERS REPORT

| PRIMARY HOLDER (JOINT HOLDER) | RELATIONSHIP | UNITS | PERCENTAGE |
|--------------------------------------|---------------------|--------------|-------------------|
| LISA KONG-LEE | SELF | 0 | 0.0000 |
| VISHWANATH TOLAN | SELF | 0 | 0.0000 |

TOP 10 SHAREHOLDERS

| PRIMARY HOLDER (JOINT HOLDER) | UNITS | PERCENTAGE |
|--------------------------------------|--------------------|-------------------|
| ANTIBES HOLDINGS LIMITED* | 283,008,000 | 50.09 |
| MAYBERRY JAMAICAN EQUITIES LTD | 112,159,443 | 19.85 |
| KENNETH BENJAMIN & SHEILA MCNEIL** | 32,854,650 | 5.82 |
| JANE FRAY | 30,954,000 | 5.48 |
| NOEL DAWES*** | 14,127,150 | 2.50 |
| SILVER INVESTMENTS LIMITED | 10,778,160 | 1.91 |
| JPS EMPLOYEE SUPERANNUATION | 9,214,220 | 1.63 |
| PAM-POOLED EQUITY | 8,914,510 | 1.58 |
| PETER MILLINGEN**** | 8,211,000 | 1.45 |
| GUARDSMAN GROUP LTD** | 6,872,850 | 1.22 |
| TOTAL UNITS OWNED BY TOP 10 | 517,093,983 | 91.52 |