

# Regency Petroleum Company Limited

## Un-Audited Financial Statements

### 1ST QUARTERLY REPORT

#### FOR THE PERIOD ENDED 31 MARCH 2023



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# Management Discussion and Analysis

Q1 2023

On behalf of the Board of Directors of Regency Petroleum Company Limited or "RPL" we present the first quarterly report of the company since listing on the Jamaica Stock Exchange on December 15, 2022. This report covers the period January 1, 2023 - March 31, 2023 and conforms with International Financial Reporting Standards (IFRS) as prescribed by the International Accounting Standard Board (IASB).

## HIGHLIGHTS



### HIGHLIGHTS



**\$183.48M**  
Sales



**\$32.50M**  
Gross Profit



**17.71% YOY**  
Gross Margin



**\$19.74M**  
Net Profit

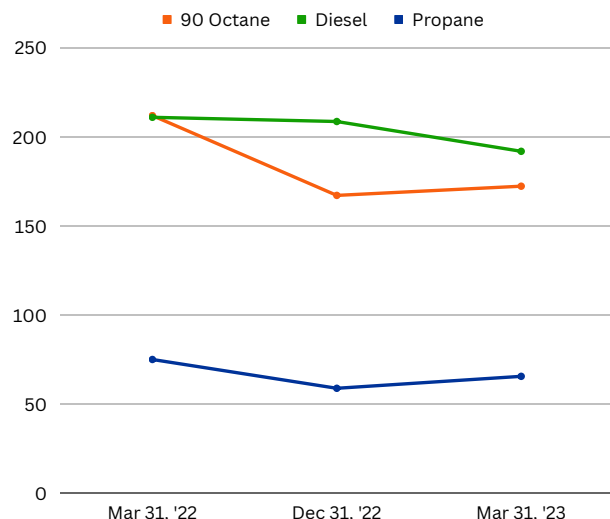


**\$0.014**  
Earnings per Share

Regency achieved \$183.48 million in sales for the period, a 21% improvement to the \$152.16 million earned in 2022. This was driven by increased volumes sold for our LPG and gasoline products as consumers became more familiar with the RPL brand as we aim to maximize our full potential with our current capacity. Gross profit increased by 15% to \$32.50 million, but gross margins decreased from 18.62% to 17.71%. This decrease can be attributed to increased trucking costs to deliver fuel to our locations.

The company does not control the market prices offered on petroleum products and instead directs its attention on volumes and gross profits.

## PRODUCT PRICES (FROM REFINERY) YEAR OVER YEAR



\*Product prices taken from <https://www.petrojam.com/price/>



## HIGHLIGHTS



Total expenses were 105% higher at \$12.81 million as the company incurred higher accounting fees, bank charges, advertising and promotion and JCSD costs related to our listing on the Jamaica Stock Exchange. There was a donation expense of \$1.16 million, of which, \$750,000 related to the Jamaica Social Stock Exchange's telethon.

After accounting for higher finance costs, profit before taxation decreased 16% to \$19.74 million. However, due to our 5-year tax remission, we did not incur income tax which resulted in our net profit being 10% higher than the \$17.91 million in 2022. Due to the company having new ordinary shares related to our initial public offering (IPO), earnings per share (EPS) declined from \$0.016 to \$0.014.

## BALANCE SHEET



Our asset base increased 156% from \$176.45 million to \$452.19 million as our non-current assets nearly tripled and current assets doubled. The bulk of the increase in our property, plant and equipment is related to work in progress of our 2 new service stations which were supposed to have been commissioned in January 2023. However, delays related to supply chain disruptions pushed the timeline further into 2023. Part of our receivables is related to a new LPG trailer which is en route for delivery. The company's cash position was \$49.83 million at the end of the first quarter.

Total liabilities were cut in half to \$43.62 million as we are debt free in the current period. Shareholders equity grew 353% to \$408.6 million as we gained 6,970 shareholders at our IPO and increased our retained earnings balance.

## HIGHLIGHTS

**DEBT  
FREE**

Debt free in current period



Cut total liabilities by 50%



Shareholder's Equity

**↑ 353%**

Service station under construction in Westmoreland.



## OUTLOOK



### Service Stations

We are expecting to launch two (2) fully operational service stations by the end of the second quarter at Paradise Pen and Negril, Westmoreland. Both stations are at the same stage for completion and are currently awaiting final apparatus to be delivered. These new stations will allow the company to introduce Ultra Low Sulphur Diesel (ULSD) and 87 Octane fuel at the pumps and translate to increased revenue for RPL.

Also, the company's visibility would improve as customers will be able to purchase our LPG products and become more familiar with the offerings of the business.

With regards to staffing, we currently have several resumes from interested applicants and have not had trouble finding talent for our locations.



### Partnerships and Acquisitions

Since RPL remains debt free with a strong balance sheet, we are exploring possible partnerships and acquisitions to grow our core LPG business. This forms part of our 5-year strategy as cooking gas demand continues to increase across the island. Our expansion plans are geared towards Southern Jamaica where a larger portion of the Jamaican population lives. These plans can take the form of new business segments, alignment with other companies or any myriad of strategies to build our business. This means that portions of future profits will be reinvested into capital expenditure which includes additional cylinders, fuel tank trailers and other key apparatus to enable growth.



## OUTLOOK (CONT'D)



We have new ventures on the table for consideration in 2023 to expand our service station footprint. Firstly, we are in negotiations with a company who has received approval from all relevant authorities to construct a service station and convenience store in the Kingston 10 area. This company is seeking a partner to construct and lease the station for a 17 year period. If feasible and approved, this would see RPL achieving its 4th Service Station.

We have also begun exploring other service station opportunities as more commerce moves through the country from improved roadways that make commuting more amenable to the average person. These new stations can be manifested through our own capital or through a lease arrangement similar to the new Negril location. Our financial advisor GK Capital Management Limited is being consulted along with the Board of Directors on the most appropriate route to be taken. The remaining ventures will be outlined in the upcoming Annual Report and subsequent reports.

It is my intention to continue to explore expansion and diversification options. I believe this is critical to our existence, growth and development as we aim to ensure RPL becomes a household name. This also will keep our shareholders interested in and excited about our company resulting in a continually growing stock price. RPL's stock price increased from \$1.59 to \$2.31 in the first quarter, a 45% improvement that translated to a market capitalization of \$3.32 billion.

We'd like to thank our numerous shareholders, customers and other stakeholders for giving us the opportunity to play our part in Jamaica's economic growth and development. We will not take the confidence vested in us for granted and seek to leverage all possible avenues to grow shareholder capital and give our final consumers a competitively priced product that gives value for money.

*Andrew Williams*

FOUNDER & CEO  
REGENCY PETROLEUM COMPANY LIMITED



## TOP 10 SHAREHOLDERS

#	Name	# of Shares	% of Issued Shares
1	Andrew Williams	1,148,629,416	80%
2	GK Investments Limited	101,710,629	7.1%
3	Glen Sabul	24,650,000	1.7%
4	Donique Gayle	14,161,000	1%
5	Tashua Brown-Williams	10,000,000	0.7%
6	QWI Investments Limited	5,000,000	0.35%
6	Tatiana Answer	5,000,000	0.35%
7	Domonick Ffrench	3,988,878	0.28%
8	Jerry Grant	2,631,702	0.18%
9	Colin Steele	2,350,100	0.16%
10	Claudine Murphy	2,171,540	0.15%
		<b>1,320,293,265</b>	<b>92%</b>

**TOTAL ISSUED SHARES**

**1,435,786,770**



**SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGERS**  
**31 MARCH 2023**

Names	Direct	Connected Party	Total
Andrew Williams	1,148,629,416	-	1,148,629,416
Dr. Andre Foote	2,000,000	-	2,000,000
Radcliff Knibbs	-	-	-
Edgar Bennett	-	-	-
Andrew Cocking	500,000	-	500,000
<b>Senior Managers</b>			
Jerry Grant	2,631,702	-	2,631,702
Lancelot Anderson	-	1,440,000	1,440,000
Dilton Pike	-	-	-
<b>Company Secretary</b>			
Janice Grant-Taffe	-	500,000	500,000







Regency Petroleum Company Limited  
Statement of Comprehensive Income  
For the Three (3) Months Ended 31 March 2023 (Q1)

	<u>Note</u>	<u>Unaudited</u> <u>1<sup>st</sup> Quarter</u> <u>3 Months Ended</u> <u>March 2023</u>	<u>Unaudited</u> <u>1<sup>st</sup> Quarter</u> <u>3 Months Ended</u> <u>March 2022</u>	<u>Audited</u> <u>Year Ended</u> <u>December</u> <u>2022</u>
		\$	\$	\$
<b>Operating Revenue</b>		183,483,633	152,156,856	681,143,499
Cost of sales: direct expenses		150,981,395	123,827,993	568,269,342
<b>Gross Profit</b>		32,502,238	28,328,863	112,874,157
<b>Other Operating Income</b>				
Loyalty credits		46,007	1,355,564	4,736,650
Interest & other income		-	-	111,485
		32,548,245	29,684,427	117,722,292
<b>Less operating expenses:</b>				
Administrative	1	11,958,766	5,151,459	34,423,608
Selling & distribution	1	85,753	7,528	128,441
		12,044,519	5,158,987	34,552,049
<b>Profit before finance costs</b>		20,503,726	24,525,440	83,170,243
Finance costs		(764,941)	(1,087,737)	(10,334,226)
<b>Profit before taxation</b>		19,738,785	23,437,703	72,836,017
Taxation		-	(5,527,726)	(16,508,484)
<b>Profit being total comprehensive income for the year</b>		19,738,785	17,909,977	56,327,533
		\$	\$	\$
<b>Earnings per share</b>		.014	.016	0.049



Regency Petroleum Company Limited  
Statement of Financial Position  
31 March 2023

	Note	Unaudited 1 <sup>st</sup> Quarter 3 Months Ended March 2023 \$	Unaudited 1 <sup>st</sup> Quarter 3 Months Ended March 2022 \$	Audited Year Ended December 2022 \$
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant, and equipment	2	314,508,558	122,061,698	259,191,495
Right of use asset		6,770,019	-	6,951,359
<b>Current assets</b>				
Inventories		3,303,928	10,198,224	4,108,305
Receivables		36,686,076	26,779,463	35,893,686
Due from related parties		28,856,562	15,561,384	30,461,384
Director's current account		602,167	471,152	602,167
Cash and cash equivalents		49,825,359	1,376,939	94,669,703
		119,274,092	54,387,162	165,735,245
<b>Current liabilities</b>				
Payables		20,179,801	24,415,124	19,504,388
Taxation payable		16,508,484	26,432,882	16,508,484
Current portion-lease liability		451,105	-	437,738
		37,139,390	50,848,006	36,450,610
<b>Net current assets</b>		82,134,702	3,539,156	129,284,635
<b>Total assets less current liabilities</b>		415,048,589	125,600,854	395,427,489
<b>Equity</b>				
Issued capital		260,152,400	8,000	260,152,400
Retained earnings		148,414,012	90,257,671	128,675,227
		408,566,412	90,265,671	388,827,627
<b>Non-current liabilities:</b>				
Lease liability		6,482,177	-	6,599,862
Long term borrowings		-	35,335,183	-
Directors' loans		-	-	-
<b>Total equity and non-current liabilities</b>		415,048,589	125,600,854	395,427,489

Approved for issue by the Board of Directors on May 8, 2023 and signed on its behalf by:

Andrew W.L. Williams - Chief Executive Officer

Dr. Andre Foote - Chairman



Regency Petroleum Company Limited  
Statement of Cash Flows  
For the Three (3) Months ended 31 March 2023

Note	<u>Unaudited</u> <u>1<sup>st</sup> Quarter</u> <u>3 Months</u> <u>Ended March</u> <u>2023</u> \$	<u>Unaudited</u> <u>1<sup>st</sup> Quarter</u> <u>3 Months</u> <u>Ended March</u> <u>2022</u> \$	<u>Audited</u> <u>2022</u> \$
<b>Cash flows from operating activities</b>			
Net profit	19,738,785	17,909,977	56,327,533
<b>Adjustment for:</b>			
Depreciation	3,752,861	3,112,451	14,987,985
Depreciation- right of use	181,340	-	302,233
Operating cash flows before movements in working capital	23,672,986	21,022,428	71,617,751
<b>Changes in operating assets and liabilities:</b>			
Inventories	804,377	12,739,320	18,829,239
Receivables	(792,390)	(13,055,457)	(22,169,680)
Payables	675,414	3,814,216	(1,096,520)
Related party balances	1,604,822	(990,000)	(15,890,000)
Taxation	-	5,527,725	(4,396,673)
Director's current account	-	4,506,281	4,375,266
	2,292,223	12,542,085	(20,348,368)
Net cash flow provided by operating activities	25,965,209	33,564,513	51,269,383
<b>Cash flows from investing activities:</b>			
Purchase of property, plant & equip.	(70,705,236)	(39,981,623)	(188,986,955)
Finance lease-rights of use	-	-	(7,253,592)
Net cash flow used by investing activities	(70,705,236)	(39,981,623)	(196,240,547)
<b>Cash flows from financing activities</b>			
Directors' loan repaid	-	(1,939,993)	(1,939,993)
Issue of shares, net of transaction costs	-	-	260,144,400
Finance lease	-	-	7,253,592
Finance lease-repaid	(104,317)	-	(215,992)
Long term loans repaid	-	8,375,183	(26,960,000)
Net cash flow provided by/(used in) financing activities	(104,317)	6,435,190	238,282,007
Net increase in cash and cash equivalents	(44,844,344)	18,080	93,310,844
Cash resources at the beginning of the year	94,669,703	1,358,859	1,358,859
<b>Cash resources at the end of period</b>	<b>49,825,359</b>	<b>1,376,939</b>	<b>94,669,703</b>



Regency Petroleum Company Limited  
Statement of Changes in Equity  
For the Three (3) Months ended 31 March 2023

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	<u>Number of Shares</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
		\$	\$	\$
<b>Balances: 31 December 2020</b>	8,000	8,000	13,399,914	13,407,914
Profit for the year	-	-	58,947,780	58,947,780
<b>Balances: 31 December 2021</b>	8,000	8,000	72,347,694	72,355,694
Profit for the year	-	-	56,327,533	56,327,533
Shares converted during the year	1,148,613,416	-	-	-
Shares issued during the year	287,165,354	260,144,400	-	260,144,400
<b>Balances: 31 December 2022</b>	1,435,786,770	260,152,400	128,675,227	388,827,627
Profit for the year	-	-	19,738,785	19,738,785
<b>Balances: 31 March 2023</b>	1,435,786,770	260,152,400	148,414,012	408,566,412



## 1. EXPENSES BY NATURE

	<u>March</u> <u>2023</u> \$	<u>March</u> <u>2022</u> \$	<u>December</u> <u>2022</u> \$
<b>Selling &amp; distribution:</b>			
Commission	85,753	7,528	128,441
	<u>85,753</u>	<u>7,528</u>	<u>128,441</u>
<b>Administrative:</b>			
Depreciation	3,752,861	3,112,451	14,987,985
Depreciation- right of use assets	181,340	-	302,233
Audit and accounting fees	1,680,000	90,000	3,355,000
Repairs and maintenance	616,203	339,594	1,516,712
Motor vehicle expense	-	-	649,132
Staff costs	518,165	263,004	1,414,578
Telephone	-	-	34,677
Advertising & promotion	633,305	-	1,404,070
Accommodation	70,000	-	-
Office supplies and stationery expense	-	83,615	187,711
Electricity	262,236	135,356	717,208
Insurance	10,959	29,339	377,253
Interest & penalties	-	-	2,459,334
License, permits and other fees	--	31,500	43,000
Directors' fees	-	-	310,000
Rental	-	180,000	420,000
Contracted worker	825,000	825,000	3,213,000
Bad debt expense	-	-	2,341,081
Donation	1,155,000	-	121,400
	<u>9,705,069</u>	<u>5,089,859</u>	<u>33,854,374</u>
<b>Finance Costs:</b>			
Interest Expense	135,683	720,470	9,186,965
Bank Charges	629,258	367,267	1,147,267
	<u>764,941</u>	<u>1,087,737</u>	<u>10,334,226</u>
Other expenses	2,253,697	61,600	569,234
	<u>12,809,460</u>	<u>6,246,724</u>	<u>44,886,275</u>



## 2. PROPERTY, PLANT AND EQUIPMENT

**2023**

	WIP	Motor Vehicle	Filing Plant & Site Office	Storage Tanks	Gas Cylinders	Land	Furniture, Fixture \$ Equipments	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At cost -</b>								
31 December 2022	123,248,187	4,000,000	28,048,426	19,283,647	104,375,118	12,101,500	2,846,168	23,903,046
Additions	70,341,636	-	-	258,000	-	-	105,600	70,705,236
<b>31 March 2023</b>	<b>193,589,823</b>	<b>4,000,000</b>	<b>28,048,426</b>	<b>19,541,647</b>	<b>104,375,118</b>	<b>12,101,500</b>	<b>2,951,768</b>	<b>364,608,282</b>
<b>Depreciation -</b>								
31 December 2022	-	400,000	10,806,371	2,536,843	20,134,621	-	833,717	34,711,552
Charge for the period	-	100,000	701,211	268,479	2,609,378	-	73,794	3,752,862
<b>31 March 2023</b>	<b>-</b>	<b>500,000</b>	<b>11,507,582</b>	<b>2,805,322</b>	<b>22,743,999</b>	<b>-</b>	<b>907,511</b>	<b>38,464,414</b>
<b>NET BOOK VALUE:</b>								
<b>31 March 2023</b>	<b>193,589,823</b>	<b>3,500,000</b>	<b>16,540,844</b>	<b>16,736,325</b>	<b>81,631,119</b>	<b>12,101,500</b>	<b>2,044,257</b>	<b>326,143,868</b>
<b>31 December 2022</b>	<b>123,248,187</b>	<b>3,600,000</b>	<b>17,242,055</b>	<b>16,746,804</b>	<b>84,240,497</b>	<b>12,101,500</b>	<b>2,012,451</b>	<b>259,191,494</b>

# OUR COMMITMENT TO OUR SHAREHOLDERS

As we seek to remain transparent with our shareholders as a now publicly listed company, Regency Petroleum Limited (RPL) is committed to hosting quarterly Earnings Calls for our 2023 financial year.

These calls will be hosted by Learn Grow Invest Limited and will facilitate regular touchpoints between our shareholders and the leadership of RPL.

Stay tuned to our social media pages, website and the Jamaica Stock Exchange for the details of these calls throughout the year.

*Thank you*



**Regency Petroleum Ltd.**



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