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Derrimon Reports Rebound in its Gross Profit Margins in First Quarter 2026

...Group net loss narrows 73%; parent company returns to profitability

KINGSTON, Jamaica: Derrimon Trading Company Limited (DTL) has reported a rebound in gross profit margins for the first quarter ended 31 March 2026, with consolidated revenues of \$2.96 billion and gross profit climbing 120.93% to \$944.20 million.

The Group's net loss narrowed significantly to \$169.26 million, 73% down from the restated loss of \$628.09 million in the same period last year. At the parent company level, DTL returned to profitability in the quarter, posting a net profit of \$77.10 million, compared to a net loss of \$611.37 million in the prior year. These improvements resulted from action taken during this reporting period to reposition the Group for sustainable profitability. DTL undertook a comprehensive restructuring of the margin profiles within the operating Enterprise Resource Planning (ERP) retail system. Additionally, work commenced on rationalising operations, improving the Group's cost base and realigning our business segments to leverage existing internal platforms and external partnerships more effectively. The expectation going forward is to operate a leaner organisation with stronger cost management across all divisions.

The deficiencies discovered in the Group's ERP system that adversely impacted the 2025 results have been significantly remedied. Consequently, this first quarter report reflects significant margin recovery and reliable inventory balances. In addition, implemented cost management measures are already contributing to the turnaround.

Retail Segment Back on Solid Ground

A primary driver of the Q1 2026 improvement was the restoration of the gross profit margin within the Group's retail business segment, which operates under the Sampars and Select Grocers brands.

During 2025, the retail segment's gross profit margin was adversely and materially affected by incorrect unit cost and unit of measurement configurations within the Group's ERP system. The anomaly suppressed reported margins throughout the year and was the principal contributor to the Group's full-year 2025 loss and the restatement of its 2025 unaudited financial statements.

A full inventory correction was completed in the fourth quarter of 2025, encompassing a recalculation of unit costs across the retail segment's product range and thus, a reclassification of comparative period figures. The segment now operates on a corrected and reliable cost basis post ERP implementation.

“The company views the negative impact on the gross margin of the retail segment as an extraordinary event that disrupted one of its most stable and profitable business segments. The return to normalcy coupled with other strategic initiatives across the Group augurs well for the business going forward,” said Ian Kelly, Group CEO.

Debt Reduction Remains a Priority

DTL has maintained its focus on strengthening its balance sheet, following a period of accelerated acquisition and growth activity in prior years that expanded the Group's overall debt portfolio. As at 31 March 2026, the Group's total liabilities stood at \$13.59 billion, which was flat compared to the year ended 31 December 2025, as the Group balances continued expansion with its longer-term deleveraging objectives.

DTL's debt management strategy remains centered on generating cash from improved operating performance and on selectively monetising identified assets, including assets with the capacity to contribute to the Group's other income line on an ongoing basis. The Group expects this strategy to translate into measurable debt reduction as operating improvements are delivered through the remainder of the year.

Kelly described the Q1 2026 result as an early but meaningful indicator of the Group's improving trajectory, while acknowledging that the operating environment remains complex. Supply chain conditions continue to be influenced by geopolitical volatility, and consumer spending in the Jamaican market remains under pressure from the sustained squeeze on household disposable income.

In response to these conditions, the Group is focused on product innovation and building its carrying inventory of products aligned to current consumer demand, with the objective of maximising sales performance through the remainder of 2026.

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