EPPLEY LIMITED

FIRST QUARTER 2022

EPPLEY
LIMITED

58 HALF WAY TREE ROAD
KINGSTON 10, JAMAICA, W.I.
P:(876) 929-8451/4 F:(876) 920-1458

May 13, 2022

Fellow Shareholders,

Eppley produced earnings per share of $0.48 in the first quarter of 2022, a 15% return for shareholders.[1]

Proprietary Investment Portfolio

At the end of the year, we owned a $5.3 billion investment portfolio consisting of cash, loans, leases, receivables and investments in our mezzanine, real estate, infrastructure and asset management joint ventures and subsidiaries. The average income yield of our portfolio was 14% and 15% excluding our cash balances.

Asset Management Business

In addition to our investments, we manage or administer over US$100 million of capital in the Eppley Caribbean Property Fund, Caribbean Mezzanine Fund and other vehicles.

Capitalization and Liquidity

Our leverage was 4.2x our capital at the end of the first quarter and our average cost of debt was 6%. We ended the first quarter with over $449.0 million of cash.

Financial Performance

Our profit after tax for the first three months of 2022 was $91.6 million or 80% ahead of our earnings in the same period last year.

This growth in profitability was driven by a resurgence in our net interest income. We've deployed significant amounts of cash

[1] Based on a cost basis of $3.21 per share which assumes an investor subscribed in the IPO and fully participated in our rights issue.

into our proprietary investments in recent quarters led by the growth of our leasing business. As a result, net interest income in our most recent quarter was over 2.5x its level during the same period last year.

Net interest income continues to be complemented by the recurring, predictable fees we earn managing or administering assets in our real estate, mezzanine and infrastructure strategies.

Dividend

Today the Board of Directors approved a dividend of 5.2 cents per share payable on June 17, 2022, to ordinary shareholders on record as of May 31, 2022. This represents a 40% increase in Eppley's longstanding interim quarterly dividend and reflects the Board's assessment of our increased profitability.

Subject to the discretion of the Board of Directors, we expect to maintain our dividend policy in future periods.

Outlook

As interest rates rise in response to inflation, we expect Eppley's net interest income margins to widen. As credit conditions tighten, we also expect Eppley to originate more attractive risk adjusted returns in our credit, mezzanine, infrastructure and real estate strategies.

Sincerely,

P.B. Scott
Chairman

Nicholas A. Scott
Vice Chairman

Eppley Limited
Consolidated Statement of Comprehensive Income
(Jamaican dollars in thousands)

	Unaudited 3 months ended Mar. 2022	Unaudited 3 months ended Mar. 2021	Audited 12 months ended Dec. 2021
Net Investment Income			
Interest Income	114,677	71,385	386,562
Interest expense	(69,738)	(54,049)	(285,619)
Net interest income	44,939	17,336	100,943
Asset management income	67,429	73,001	219,107
Fees and other operating income	37,410	10,817	139,996
Administrative expenses	(56,729)	(49,514)	(211,686)
Net impairment on financial assets	(165)	285	(1,471)
Share of net profit from joint venture	-	-	21,576
Profit before Taxation	92,884	51,925	268,465
Taxation	(1,266)	(1,041)	(16,834)
Net profit for the period	91,618	50,884	251,631
Other comprehensive income:			
Items that will not be reclassified			
Exchange differences on translation of foreign operations	(2,488)	3,387	14,226
Changes in fair value of equity investments at fair value through other comprehensive income	652	(3,355)	236
Other comprehensive (loss)/income for the period, net of taxes	(1,836)	32	14,462
Total comprehensive income for the period, net of taxes	**89,782**	**50,916**	**266,093**
EARNINGS PER STOCK UNIT (3)	**$0.48**	**$0.26**	**$1.31**

Eppley Limited
Consolidated Statement of Financial Position
(Jamaican dollars in thousands)

	Unaudited Mar. 2022	Unaudited Mar. 2021	Audited Dec. 2021
ASSETS			
Cash and deposits	449,010	795,931	661,397
Taxation recoverable	17,874	14,759	17,132
Other receivables	525,161	220,717	424,025
Insurance premium financing receivables	84,755	100,520	105,216
Loans receivable	1,455,624	1,333,054	1,417,606
Lease receivables	1,669,894	708,849	1,703,998
Investment securities	1,037,132	1,023,365	1,089,769
Investment in joint ventures	79,917	58,339	79,917
Deferred tax assets	8,741	15,251	8,741
Right-of-use-asset	-	5,075	1,354
Property, plant and equipment	8,823	15,481	9,897
Total assets	**5,336,931**	**4,291,341**	**5,519,052**
LIABILITIES			
Due to related parties	1,653	1,653	1,653
Taxation payable	2,582	2,451	3,930
Deferred tax liabilities	4,188	-	4,188
Borrowings	4,071,201	2,962,266	4,129,536
Lease liability	-	5,195	1,374
Other liabilities	280,753	424,610	289,507
Total liabilities	**4,360,377**	**3,396,175**	**4,430,188**
Share capital	492,343	492,343	492,343
Other reserves	13,630	5,279	16,118
Fair value reserves	60,999	56,756	60,347
Retained earnings	409,582	340,788	520,056
Total stockholders' equity	**976,554**	**895,166**	**1,088,864**
Total Liabilities and Equity	**5,336,931**	**4,291,341**	**5,519,052**

Approved by the Board of Directors on May 13, 2022, and signed on its behalf by:

Paul. B. Scott
Chairman

Nicholas A. Scott
Vice Chairman

Eppley Limited
Consolidated Statement of Changes in Equity
(Jamaican dollars in thousands)

	Share Capital	Fair value Reserves	Other Reserves	Retained Earnings	Total
Balance as at 31 December 2020	492,343	60,111	1,892	449,653	1,003,999
Net Profit for the period	-	-	-	50,884	50,884
Other comprehensive income for the period	-	(3,355)	3,387	-	32
Total comprehensive income for the period	-	(3,355)	3,387	50,884	50,916
Dividends	-	-	-	(159,749)	(159,749)
Balance as at 31 March 2021	**492,343**	**56,756**	**5,279**	**340,788**	**895,166**
Balance as at 31 December 2021	492,343	60,347	16,118	520,056	1,088,864
Net Profit for the period	-	-	-	91,618	91,618
Other comprehensive income for the period	-	652	(2,488)	-	(1,836)
Total comprehensive income for the period	-	652	(2,488)	91,618	89,782
Dividends	-	-	-	(202,092)	(202,092)
Balance as at 31 March 2022	**492,343**	**60,999**	**13,630**	**409,582**	**976,554**

Eppley Limited
Consolidated Statement of Cash Flows
(Jamaican dollars in thousands)

	Unaudited 3 months ended Mar. 2022	Unaudited 3 months ended Mar. 2021	Audited 12 months ended Dec. 2021
Cash Flows from Operating Activities			
Net profit	91,618	50,884	251,631
Adjustments for:			
Depreciation	1,084	2,434	8,446
Amortisation of right-of-use-asset	1,384	1,130	5,191
Interest income	(114,677)	(71,385)	(386,562)
Dividend income	(21,534)	(18,846)	(34,228)
Interest expense	69,738	54,049	285,619
Unrealised gains on investment securities	2,575	12,267	6,441
Net impairment on financial assets	164	(285)	1,471
Exchange (gains)/losses on foreign currency denominated balances	(20,325)	581	(76,325)
Share of profits from joint venture	-	-	(21,576)
Taxation	1,266	1,041	16,834
	11,293	31,870	56,942
Changes in non-cash working capital components:			
Other receivables	(78,948)	(20,288)	(269,968)
Insurance premium financing receivables	20,606	36,579	33,473
Loans receivable	(39,162)	130,524	103,044
Lease receivables	34,909	(121,444)	(1,116,171)
Interest received	116,515	73,941	387,384
Dividend received	21,534	18,846	34,228
Other liabilities	(8,940)	209,593	67,468
	77,807	**359,621**	**(703,600)**
Tax withheld at source	(742)	(316)	(2,689)
Tax paid	(2,614)	(3,729)	(7,597)
Interest paid	(71,455)	(48,339)	(248,049)
Net cash provided by/(used in) operating activities	**2,996**	**307,237**	**(961,935)**

Eppley Limited
Consolidated Statement of Cash Flows (Cont'd)
(Jamaican dollars in thousands)

	Unaudited 3 months ended Mar. 2022	Unaudited 3 months ended Mar. 2021	Audited 12 months ended Dec. 2021
Cash Flows from Investing Activities			
Acquisition of investment securities	-	(43,993)	(97,006)
Proceeds from sale of investment securities	50,717	(2,554)	-
Additions to property, plant and equipment	(10)	(482)	(910)
Net cash provided by/(used in) investing activities	**50,707**	**(47,029)**	**(97,916)**
Cash Flows from Financing Activities			
Dividends paid	(202,092)	(159,749)	(181,228)
Lease liability repaid	(1,384)	(1,130)	(5,191)
Loans received	-	-	2,626,138
Loans repaid	(45,194)	-	(1,518,373)
Net cash (used in)/provided by financing activities	**(248,670)**	**(160,879)**	**921,346**
(Decrease)/Increase in net cash balance	(194,967)	99,329	(138,505)
Effects of foreign exchange rates changes on cash and cash equivalents	(17,166)	13,459	63,612
Cash and cash equivalents at beginning of year	**605,471**	**680,364**	**680,364**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**393,338**	**793,152**	**605,471**

Ten Largest Shareholders

(at March 31, 2022)

Stony Hill Capital Limited	48,097,800
ATL Group Pension Fund Trustees Nom Ltd.	38,428,635
Caribprop Limited	27,500,000
Perseverance Limited	23,353,134
Coldharbour Partners Inc.	10,774,674
Curmudgeon Limited	8,284,000
Michael Subratie	8,243,606
Caona Investments Limited	6,076,923
Ravers Limited	5,348,700
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	1,166,279

Shareholdings of Directors

(at March 31, 2022)

	Direct	Connected *
Alexander Melville	-	-
Byron Thompson	483,750	-
Jennifer Scott	-	23,786,884
Keith Collister	-	38,428,635
Maxim Rochester	956,850	-
Melanie Subratie	-	62,855,079
Nicholas Scott	-	19,495,424
P.B. Scott	-	99,387,684
Sharon Donaldson	786,450	1,223,200

Shareholdings of Executives

(at March 31, 2022)

	Direct	Connected *
Jacquelin Watson	1,024,650	-
Justin Nam	851,420	-

* Includes connections by virtue of directorships and other affiliations in addition to indirect shareholdings.

1. Identification and Activities

Eppley Limited is a limited liability company incorporated and domiciled in Jamaica. The company is listed on the Main Market of the Jamaica Stock Exchange. The registered office of the company is located at 58 Half Way Tree Road, Kingston 10.

The principal activity of the company is investing in credit products including insurance premium financing, lease and loan financing and providing asset management services.

2. Statement of Compliance and Basis of Preparation

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and the relevant provisions of the Companies Act.

The interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets carried at fair value.

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2021. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

3. Earnings Per Stock Unit

	Unaudited 3 months Mar. 2022	**Unaudited 3 months Mar. 2021**	**Audited 12 months Dec. 2021**
Net profit attributable to stockholders ($'000)	91,618	50,884	251,631
Weighted average number of stock units outstanding ('000)	192,468	192,468	192,468
Earnings per stock unit ($)	**0.48**	**0.26**	**1.31**

4. Cash and Cash Equivalents

	Unaudited 3 months Mar. 2022	Unaudited 3 months Mar. 2021	Audited 12 months Dec. 2021
Cash and bank balances	343,788	407,887	305,263
Term deposits	105,222	388,044	356,134
	449,010	795,931	661,397
Less: restricted cash	(54,880)	-	(54,880)
Less: interest receivable	(792)	(2,779)	(1,046)
	393,338	793,152	605,471