



Lumber Depot Limited
17C Gordon Town Road, Papine
Kingston 6, Jamaica
Phone: (876) 977-5075
Fax: 876-970-1302
email: lumberdepotblue@gmail.com

Head Office
4 Victoria Avenue
Kingston CSO
Phone: 876-648-5976

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

On behalf of the board of directors of Lumber Depot Limited, I am pleased to share with you the results of our operations for nine-month period ended January 31, 2023. Lumber Depot generated year-to-date net profits of \$106.7 million on revenues of \$1.150 billion. Our annualized return on equity continues to be strong and exceeds 18%. Importantly, the business is highly cash generative and earned cash from operations of over \$110 million and now retains cash and investments of in excess of \$275 million.

Over the course of this financial year, our customer base reacted to uncertain economic conditions, including high interest rates, challenges with the availability of certain key hardware items, and – at the beginning of the year -- a spike in commodity prices. These conditions are now evident in the slow-down of the construction sector generally across Jamaica. For Lumber Depot, the prevailing economic circumstances have led to some softening in sales (down 1% relative to the prior year) and some compression in gross margins. As a result of these factors, net profit was down relative to the prior year net profit of \$142.9 million.

Lumber Depot operates a full-service hardware store in Papine that serves the needs of large and small-scale building contractors, as well as homeowners doing construction projects, renovations and repairs. The Lumber Depot business has been in operation for over 20 years and during this time has established a market leading position in the communities we directly serve and a strong reputation for excellent service and good value across the wider corporate area.

We are pleased that despite the current challenges Lumber Depot has continued to trade positively and to deliver strong results and, importantly, to maintain excellent service levels and customer endorsements. Our strategy is to consistently offer competitive prices on our products and to maintain our service standards and inventory availability. We have been generally successful with this and in turn this has improved our standing with key customers.

We consider our location in Papine to be an important part of our success. The facility in Papine is now owned by the company. Papine is a vibrant and fast-growing university community that also serves as a main access point to the St. Andrew hills. Our location is immediately within the most trafficked part of the community, is purpose built and well established. The immediate plan is to further develop the facility in Papine through continuous investments in our physical space, operating systems, plant and equipment and our service team.

Over the year ahead, we will continue to judiciously manage our cash and inventory levels with a view to paying dividends and improving shareholder returns. Our board and management is also completely committed to placing the business in a strong financial and management position to boldly seize and

execute on the expansion opportunities that we expect to arise in Jamaica as soon as economic normalcy returns.


I thank our board, management and staff for their effective work in successfully managing through a challenging business environment to deliver strong results for shareholders.


Jeffrey Hall
Chairman

LUMBER DEPOT LIMITED
Statement of Financial Position
As at January 31, 2023

	Unaudited <u>January 31, 2023</u>	Unaudited <u>January 31, 2022</u>	Audited <u>April 30, 2022</u>
ASSETS:			
Non-current assets			
Property, plant and equipment	177,272,530	181,795,911	179,835,007
Investments	165,568,206	119,050,117	111,135,448
	<u>342,840,736</u>	<u>300,846,028</u>	<u>290,970,455</u>
Current assets			
Cash and cash equivalents	111,569,334	84,280,745	82,808,589
Accounts receivable and prepayments	47,658,096	42,889,576	39,800,066
Inventories	157,866,076	158,491,221	167,852,845
Taxation recoverable	2,237,031	1,884,440	1,821,875
	<u>319,330,537</u>	<u>287,545,982</u>	<u>292,283,375</u>
Current liabilities			
Accounts payable	112,733,916	75,177,403	102,635,452
Other Payables [Cotrade]	-	73,600,000	-
Due to related company	677,357	1,820,632	1,873,618
	<u>113,411,273</u>	<u>150,598,035</u>	<u>104,509,070</u>
Net Current Assets	<u>205,919,264</u>	<u>136,947,947</u>	<u>187,774,305</u>
Total assets less current liabilities	<u>548,760,000</u>	<u>437,793,975</u>	<u>478,744,760</u>
EQUITY			
Share capital	170,061,991	170,061,991	170,061,991
Retained earnings	378,698,009	267,731,984	308,682,769
	<u>548,760,000</u>	<u>437,793,975</u>	<u>478,744,760</u>
Total Equity	<u>548,760,000</u>	<u>437,793,975</u>	<u>478,744,760</u>

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


 _____ Chairman
 Jeffrey Hall


 _____ Director
 Noel Dawes

LUMBER DEPOT LIMITED
Statement of Profit or loss and Other Comprehensive Income
Nine months ended January 31, 2023

	Unaudited 9 Mths Ended January 31, 2023	Unaudited 9 Mths Ended January 31, 2022	Unaudited 3 Mths Ended January 31, 2023	Unaudited 3 Mths Ended January 31, 2022	Audited April 30, 2022
Revenue	1,149,620,758	1,160,133,257	372,872,886	400,194,313	1,573,825,502
Cost of revenue	<u>(926,066,981)</u>	<u>(902,735,538)</u>	<u>(301,536,213)</u>	<u>(318,301,685)</u>	<u>(1,233,511,236)</u>
Gross profit	223,553,777	257,397,719	71,336,673	81,892,628	340,314,266
Impairment gains/(losses) on trade receivables	3,103,027	393,447	(847,206)	(705,204)	2,588,044
Impairment (losses)/gains on investments	30,568	119,520	5,276	7,286	844,263
Administrative and other expenses	<u>(121,656,601)</u>	<u>(119,630,364)</u>	<u>(42,964,823)</u>	<u>(44,145,847)</u>	<u>(165,374,290)</u>
	105,030,771	138,280,322	27,529,920	37,048,863	178,372,283
Other income	<u>2,506,858</u>	<u>9,229,341</u>	<u>817,451</u>	<u>16,783</u>	<u>12,771,189</u>
Profit before net finance costs and taxation	<u>107,537,629</u>	<u>147,509,663</u>	<u>28,347,371</u>	<u>37,065,646</u>	<u>191,143,472</u>
Finance income	5,661,481	2,254,600	2,345,126	651,746	3,145,381
Finance cost	<u>(6,459,521)</u>	<u>(6,826,169)</u>	<u>(2,153,790)</u>	<u>(1,983,320)</u>	<u>(10,399,974)</u>
Net financial income/(cost)	<u>(798,040)</u>	<u>(4,571,569)</u>	<u>191,336</u>	<u>(1,331,574)</u>	<u>(7,254,593)</u>
Profit for the period	106,739,589	142,938,094	28,538,707	35,734,072	183,888,879
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit attributable to members, being total comprehensive income for the period	<u>106,739,589</u>	<u>142,938,094</u>	<u>28,538,707</u>	<u>35,734,072</u>	<u>183,888,879</u>
Earnings per stock unit	<u>\$ 0.15</u>	<u>\$ 0.20</u>	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>\$ 0.26</u>

LUMBER DEPOT LIMITED
Statement of Changes in Equity
Nine months ended January 31, 2023

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
Balances as at April 30, 2021 (audited)	170,061,991	153,043,390	323,105,381
Dividends Paid		(28,249,500)	(28,249,500)
Profit for the period, being total comprehensive income for the quarter	<u>-</u>	<u>142,938,094</u>	<u>142,938,094</u>
Balances as at January 31, 2022 (unaudited)	<u>170,061,991</u>	<u>267,731,984</u>	<u>437,793,975</u>
Balances as at April 30, 2022 (audited)	170,061,991	308,682,769	478,744,760
Dividends Paid		(36,724,349)	(36,724,349)
Profit for the period, being total comprehensive income for the quarter	<u>-</u>	<u>106,739,589</u>	<u>106,739,589</u>
Balances as at January 31, 2023 (unaudited)	<u>170,061,991</u>	<u>378,698,009</u>	<u>548,760,000</u>

LUMBER DEPOT LIMITED
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 quarter	106,739,589	142,938,094	183,888,879
Adjustments for:			
Depreciation	5,808,248	8,433,689	10,544,609
Adjustment to property, plant and equipment	-	(3,985)	(3,985)
Gain on termination of Leased Property	-	(1,259,767)	-
Interest Income	(1,897,971)	(2,895,843)	(3,145,381)
Loss on disposal of PPE	128,333		
Interest expense	-	1,064,497	1,064,497
Cash generated before changes in working capital	110,778,199	148,276,685	192,348,619
Accounts receivables and prepayments	(7,858,030)	(658,739)	2,559,575
Inventories	9,986,769	(26,892,532)	(36,254,156)
Accounts payable	10,098,464	(51,347,137)	(23,889,088)
Other Payables [Cotrade]	-	73,600,000	-
Due from/to related party	(1,196,261)	(2,573,107)	(2,520,121)
Taxation recoverable	(415,156)	(1,081,848)	(1,019,283)
Cash provided by operations	121,393,985	139,323,322	131,096,742
Taxation paid	-	-	-
Net cash provided by operating activities	121,393,985	139,323,322	131,096,742
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(3,374,104)	(165,767,072)	(165,935,268)
(Purchase/Sale) of investments	(54,432,758)	(1,583,766)	6,330,903
Interest paid	-	(1,064,497)	(1,064,497)
Interest received	1,897,971	2,895,843	3,016,577
Net cash used by investing activity	(55,908,891)	(165,519,492)	(157,523,481)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(36,724,349)	(28,249,500.00)	(28,249,500)
Lease liability, net	-	(3,935,503)	(5,177,090)
Net cash used by financing activities	(36,724,349)	(32,185,003)	(33,426,590)
Net increase in cash and cash equivalents	28,760,745	(58,381,173)	(59,853,329)
Cash and cash equivalents at beginning of the period	82,808,589	142,661,918	142,661,918
Cash and cash equivalents at end of period	111,569,334	84,280,745	82,808,589

LUMBER DEPOT LIMITED
Notes to the Unaudited Financial Statements
JANUARY 31, 2023

1 Identification and principal activities

Lumber Depot Limited (the company) was incorporated and domiciled in Jamaica on July 30, 2019. The registered office of the company is located at 4 Victoria Avenue Kingston CSO, with retail outlet at 17c Gordon Town Road, Kingston 6. The company is listed on the Junior Market of the Jamaica Stock Exchange since December 16, 2019.

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

The company commenced operations on August 1, 2019. Also, as at August 1, 2019 Blue Power Group Limited sold its' Lumber division to the company, and at that time certain assets and liabilities of the Lumber division were transferred at book value to the company (see note 3).

2 Basis of preparation

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.

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 Significant accounting policies

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the period ended April 30, 2022.

8 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.

9 Finance cost

Finance cost comprises bank charges, foreign exchange losses and lease interest and is recognised in profit or loss.



January 31, 2023

TOTAL SHARES OUTSTANDING:
706,237,500

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
NOEL DAWES*	SELF	16,627,150	2.3543
VIKRAM DHIMAN	SELF	100,000	0.0142
LISA KONG	SELF	100,000	0.0142
GEORGE OVERTON	SELF	100,000	0.0142
JEFFREY HALL (SWEE TEEN CHUA)***	SELF	0	0.0000
PAUL SCOTT****	SELF	0	0.0000
MELANIE SUBRATIE****	SELF	0	0.0000
*KAREL DAWES	CONNECTED PARTY	38,070	0.0054

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
STONY HILL CAPITAL LIMITED****	116,189,064	16.4518
BLUE POWER GROUP LIMITED***	116,189,064	16.4518
J KENNETH BENJAMIN & SHEILA BENJAMIN	59,954,650	8.4893
PAM- POOLED EQUITY FUND	32,111,858	4.5469
MARY J. FRAY	30,954,000	4.3829
JN FUND MANAGERS LIMITED	23,919,341	3.3900
QWI INVESTMENTS LTD	17,783,269	2.5180
NOEL DAWES	16,627,150	2.3543
JPS EMPLOYEES SUPERAN.FUND		
-PRIME ASSET MANAGEMENT	10,102,288	1.4304
THE MAYBERRY FOUNDATION	10,000,000	1.4160

TOTAL UNITS OWNED BY TOP 10	433,830,684	61.4284
-----------------------------	-------------	---------