

JFP LIMITED

UNAUDITED FINANCIAL STATEMENTS

3rd QUARTERLY REPORT

For the period ended 30 September 2023



COMMERCIAL
CONTRACT
FURNITURE
MANUFACTURERS



Sagility 2023



JFP Limited (formerly Jamaica Fibreglass Products Limited)

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For the nine (9) months ended September 30, 2023

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Report to the Shareholders

JFP Limited, despite the challenges, has rebounded positively in the third quarter to record a modest profit. Business prospects remain favourable as domestic and international remodels have grown within the hospitality and retail industry. With emerging brands, we are proud to announce that JFP has secured a new franchise further cementing our footprint as we outfit a brand-new brick-and-mortar store in Guyana soon.

Discussions are underway to reshape our business model to allow for new product offerings, finishes and price point offerings all aimed at bolstering our financial stability. This strategic transformation will chart the course for sustainable profit margins, growth and expansion.

Our partnership with the HEART Trust NSTA allowed for the placement of twelve students here at JFP who will undergo a six-month training program. This initiative will allow them to transition seamlessly into the workforce fully equipped to contribute their skills and knowledge.

We are confident with our growth trajectory and financial outlook and our ability to improve our balance sheet while investing in our growth initiatives to provide healthy returns for our shareholders.

The board of directors is pleased to present the unaudited results of JFP Limited (the “company”) for the nine-month period ended September 30, 2023.

Profit and Loss

Quarterly

Despite revenue declining by 2% compared to the same period last year, Q3 revenue in 2023 was the highest it has been since the start of the year.

Cost of sales increased by 13% which resulted in the same percentage loss in the gross profit. The team continues to actively seek ways to improve efficiency and reduce costs.

There has been an improvement in our investment portfolio resulting in a significant decline in losses.

Administrative expenses declined by 12%. The decline was due to reduced spending for expenses such as fixed asset repairs, secondary staff expenses and casual labour.

Selling and distribution expenses declined by 60%. This decrease was due to a reduction in sales-related commissions paid to external sales representatives.

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Report to shareholders
For the nine (9) months ended September 30, 2023

Year to date

JFP experienced a decline in sales and recorded revenue of \$263M, a 20% decline over the previous year. Gross profit margin declined from 65% to 53%.

Year to date losses on other income has also shown an improvement resulting in 18% decline.

Administrative expenses increased by 2%. Selling and distribution expenses declined by 46% which is a result of a decline in sales over the same period last year.

Profit declined by 169% resulting in a net loss of 30M.

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Report to shareholders
For the nine (9) months ended September 30, 2023

Balance Sheet

Property, plant and equipment increased by 73% compared to the same period last year. This was as a result of the purchase of major tools and equipment which includes an edge bander, cutting machines and pipe bender. These machines are expected to improve efficiency of production by making the processes more automated.

Inventory remained stable compared to the same period last year.

There was a decline in receivables for the period which is attributable to the increased ability of the company to convert receivables into cash.

Cash and cash equivalents increased by 108%. There were increased cash collections as well as foreign exchange gains on investments and deposits held.

Payables declined by 2% due to increase in cash collections.

Shareholder's equity declined by 26% compared to the same period last year due to losses made in the previous three quarters.

There was an increase in non-current liabilities due to the new loan facility of 32M provided by EXIM Bank of Jamaica which the company has used to finance the investment in major machinery and equipment.

Although JFP Limited is still reporting a year-to-date loss, we are anticipating a significant recovery in the fourth quarter which is also expected to generate a profit. The benefits to be derived from the company's investment in new equipment is expected to contribute significantly to improved financial performance. We are also anticipating the completion of a significant number of projects which should also be reflected in the fourth quarter.

We are appreciative to our employees, shareholders and all our supportive customers, suppliers and other stakeholders for their unwavering commitment to our brand.



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Metry Seaga
Chief Executive Officer


JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Comprehensive Income
For the nine (9) months ended September 30, 2023

	Nine months to		Three months to		
	September 2023	September 2022 \$	September 2023	September 2022 \$	December 2022
Revenue	262,686,013	328,686,841	112,644,647	115,052,735	476,393,146
Cost of Sales	(124,405,906)	(116,280,302)	(54,376,398)	(48,034,203)	(239,600,604)
Gross Profit	138,280,107	212,406,539	58,268,249	67,018,532	236,792,543
Other Income/(Loss)	107,771	131,116	(217,107)	(3,733,492)	11,753,106
	138,387,877	212,537,654	58,051,142	63,285,040	248,545,649
Administrative expenses	145,481,574	142,949,107	43,547,085	49,280,654	194,562,789
Selling and distribution expenses	7,898,515	14,684,401	1,176,587	2,916,862	17,306,982
	153,380,089	157,633,508	44,723,672	52,197,515	211,869,771
Operating Profit	(14,992,211)	54,904,147	13,327,471	11,087,524	36,675,878
Finance Income	6,901	47,796	2,182	1,663	49,479
Finance Costs	(14,907,546)	(11,819,178)	(4,840,239)	(3,553,441)	(20,589,532)
	(14,900,645)	(11,771,382)	(4,838,057)	(3,551,778)	(20,540,053)
Operating profit before tax	(29,892,856)	43,132,764	8,489,414	7,535,746	16,135,824
Taxation	-	-	-	-	(1,128,709.00)
Net profit, being total comprehensive income for the year	(29,892,856)	43,132,764	8,489,414	7,535,746	15,007,115
Earnings per stock unit (EPS)	(0.027)	0.040	0.008	0.007	0.013

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Financial Position
September 30, 2023

	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months</u> <u>Ended</u> <u>September</u> <u>2023</u> <u>\$</u>	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months</u> <u>Ended</u> <u>September</u> <u>2022</u> <u>\$</u>	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2022</u> <u>\$</u>
Non-current assets:			
Property, plant and equipment	78,120,853	45,180,132	46,405,187
Right-of-use assets	123,903,360	139,075,200	135,282,240
Investments	9,372,000	50,490,027	10,400,000
Deferred tax asset	12,239,125	12,239,125	12,239,125
Current assets:			
Inventories	117,006,130	117,200,643	92,800,610
Receivables (Note 8)	110,081,080	152,608,181	166,070,787
Taxation recoverable	1,950,183	1,950,183	1,950,183
Related party	5,547,797	2,189,539	2,189,539
Directors' current account	9,644,467	11,171,523	11,535,546
Cash and cash equivalents	57,403,954	27,650,855	42,474,685
Current liabilities:			
Payables (Note 9)	179,551,470	183,973,421	172,954,033
Related party balance	-	-	-
Taxation	-	-	1,128,709
Current portion of finance lease obligations	359,522	3,554,891	3,163,713
Current portion- rights of use	31,352,598	20,053,852	23,007,338
Current portion of long-term loans	3,346,947	-	-
Bank overdraft	-	-	-
	214,610,537	207,582,164	200,253,793
Net current (liabilities) / assets	87,023,074	105,188,759	116,767,557
	310,658,412	352,173,244	321,094,109
Shareholders' equity:			
Share capital	121,274,271	121,274,271	121,274,271
Retained earnings	41,215,920	99,234,425	71,108,776
	162,490,191	220,508,696	192,383,047
Non-current liabilities			
Finance lease obligations	-	-	-
Lease liability	119,512,566	131,664,548	128,711,062
Long term loans	28,655,655	-	-
	310,658,412	352,173,244	321,094,109

Approved for issue by the Board of Directors on November 7, 2023 and signed on its behalf by:


 Metry Seaga - Chief Executive Officer


 Stephen Sirgany - Chief Operating Officer

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statements of Changes in Equity
For the nine (9) months ended September 30, 2023

	Number of Shares	Share Capital \$	Retained Earnings \$	Total \$
Balance at 31 December 2021	980,000,000	1,980	56,101,660	56,103,640
Net profit, being total comprehensive income		-	43,132,764	43,132,764
Adjustment			1	1
Issue of shares during the year	140,000,000	140,000,000	-	140,000,000
Transaction costs		(18,727,709)	-	(18,727,709)
Balance at 30 September 2022	1,120,000,000	121,274,271	99,234,425	220,508,696
Net profit, being total comprehensive income	-	-	(28,125,649)	(28,125,649)
Issue of shares during the year				
Balance at 31 December 2022	1,120,000,000	121,274,271	71,108,776	192,383,047
Net profit, being total comprehensive income	-	-	(29,892,856)	(29,892,856)
Adjustment				-
Issue of shares during the year				
Balance at 30 September 2023	1,120,000,000	121,274,271	41,215,920	162,490,191

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Cash Flows
For the nine (9) months ended September 30, 2023

	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months Ended</u> <u>September</u> <u>2023</u> \$	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months Ended</u> <u>September</u> <u>2022</u> \$	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2022</u> \$
Cash flows from operating activities:			
Net profit	(29,892,856)	43,132,764	15,007,116
Items not affecting cash resources:			
Depreciation	5,649,391	7,684,940	9,418,556
Amortization of leases	11,378,880	11,378,880	15,171,840
Interest income	(6,901)	(47,796)	(49,479)
Gain on disposal	9,866	53,408	53,408
Prior year adjustment	-	-	-
Non-cash adjustment	-	-	-
Interest expense	9,922,835	11,058,421	14,927,728
	(2,938,785)	73,260,617	54,529,169
Changes in operating assets and liabilities:			
Inventories	(24,205,520)	(71,427,798)	(47,027,765)
Receivables	55,989,707	(116,307,700)	(129,770,307)
Payables	6,597,437	80,661,113	69,641,725
Related party	(3,358,258)	(33,654,159)	(33,654,159)
Directors current accounts	1,891,079	(2,732,306)	(3,096,328)
Taxation recoverable	-	-	-
Taxation payable	(1,128,709)	(1,048,006)	80,703
	35,785,736	(144,508,856)	(143,826,131)
Cash provided by operating activities	32,846,951	(71,248,239)	(89,296,962)
Cash flows from investing activities			
Purchase of property, plant, and equipment	(37,374,923)	(1,977,825)	(4,936,569)
Finance lease-rights of use	-	-	-
Proceeds from sale of fixed asset	-	-	-
Investment	1,028,000	(11,424,760)	28,665,267
Interest received	6,901	47,796	49,479
Cash used in investing activities	(36,340,022)	(13,354,789)	23,778,150
Cash flows from financing activities			
Interest paid	(9,922,835)	(11,058,421)	(14,927,728)
Share Capital	-	121,272,291	121,272,291
Finance Lease	(3,657,427)	(6,773,964)	(7,165,043)
Dividend paid	-	-	-
Loans, net (repayments)/receipts	32,002,602	-	-
Cash used in financing activities	18,422,340	103,439,907	99,179,520
Net increase in cash and cash equivalents	14,929,269	18,836,878	33,660,708
Net cash and cash equivalents at beginning of period	42,474,685	8,813,977	8,813,977
Net cash and cash equivalents at end of the period	57,403,954	27,650,855	42,474,685

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the nine (9) months ended September 30, 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

JFP Limited, (the Company) is incorporated and domiciled in Jamaica. The registered office of the company and principal place of business is located at 155 Spanish Town Road, Kingston, Jamaica. Under Section 17 of the Companies Act, the Company changed its name to JFP Limited, effective 3rd December 2021.

The Company's principal activities are the manufacturing and distribution of custom-built commercial furnishings and the financial statements are stated in Jamaica dollars, which is the functional currency of the Company.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on March 14, 2022. As a consequence of listing, the Company's profit will be subjected to 100% tax remission for the first five (5) years and thereafter, will be subjected to 50% tax remission for the next 5 years as long as the Company complies with certain Junior Market regulations.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with IAS 34, Interim financial reporting.

The condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRSs and comply with the provisions of the Jamaican Companies Act.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these un-audited financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2022.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2022.

(i) Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation.

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the nine (9) months ended September 30, 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

4. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(ii) Depreciation:

Depreciation is recognized on profit or loss on the straight- line basis, over the estimated useful lives of property, plant and equipment.

(iii) Borrowings:

Borrowings are recognized initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method with any difference between proceeds net of transactions costs and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

(iv) Impairment:

Impairment provisions for trade receivables are recognized based on the simplified approach allowable under IFRS 9 using a provision matrix in the determination of the expected credit losses (ECL).

5. EARNINGS PER STOCK UNIT

The earnings per share (EPS) is computed by dividing the profit for the period by number of shares in issue for the nine (9) month period of 1,120,000,000 (2022 – 1,083,076,923).

6. SHARE CAPITAL

Authorized:

10,000,000,000 shares (2022 – 10,000,000,000 shares)

Issued and fully paid:

1,120,000,000 shares (2022 – 1,120,000,000 shares)

7. TAXATION

Remission of income tax

By notice dated 13th August 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMSE) if certain conditions were achieved after the date of initial admission.

Effective March 14, 2022, the Company's shares were listed on the Junior Market of the JSE. Consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below;

Years 1 to 5 (15 March 2022 – 11 March 2027) – 100%

Years 6-10: (15 March 2027 – 11 March 2032) – 50%

Provided the following conditions are met:

(i) The Company remains listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.

(ii) The Subscribed Participating Voting Share Capital of the Company does not exceed J\$500million

(iii) The Company has at least 50 Participating Voting Shareholders

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the nine (9) months ended September 30, 2023

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

8. RECEIVABLES

	2023	2022
	\$	\$
Trade receivables	87,613,099	114,675,277
Prepayments and other receivables	22,467,981	37,932,904
	<u>110,081,080</u>	<u>152,608,181</u>

9. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade payables	16,971,447	35,764,892
Customer deposits	110,115,832	83,973,918
Accruals and other payables	52,464,192	64,234,611
	<u>179,551,470</u>	<u>183,973,421</u>

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Information regarding Shareholders
For the nine (9) months ended September 30, 2023

JFP Limited
Unaudited Financial Statements
For the nine (9) Months ended September 30, 2023

INFORMATION REGARDING SHAREHOLDERS

AS AT September 30, 2023

TEN LARGEST SHAREHOLDERS	NO. of Stock Units
JKZ Limited	269,476,394
Richard Sirgany (Mrs. Nicola Sirgany)	193,636,394
Eurobian Limited	192,680,425
Total Office (2006) Limited	108,250,819
GK Investment	78,296,414
Metry Seaga	75,955,968
JFP Property Investment Ltd	9,539,000
Claudine Murphy (Jade Speer, Chanel Grainger)	5,542,060
PAM-Pooled Equity Fund	4,338,525
Grace-Ann Cooper	4,056,883
SHAREHOLDINGS OF DIRECTORS	
JKZ Limited (Owned by Stephen Sirgany)	269,476,394
Richard Sirgany (Mrs. Nicola Sirgany)	193,636,394
Eurobian Limited (Owned by Metry Seaga)	192,680,425
Metry Seaga	75,955,968
Stephen Sirgany (Mrs Lisa Sirgany)	250,000
Adrian Mitchell	30,000
SHAREHOLDING OF SENIOR OFFICERS	
JKZ Limited (Owned by Stephen Sirgany)	269,476,394
Metry Seaga	75,955,968
Eurobian Limited (Owned by Metry Seaga)	192,680,425
Stephen Sirgany (Mrs Lisa Sirgany)	250,000