

EPPLEY
L I M I T E D

2023

FOURTH QUARTER

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2023 Fourth Quarter Financial Highlights

Net profit
\$507 million

Dividend Declared
\$1.17/share

Stockholders' Equity
\$1.4 billion

Investment Portfolio
\$6 billion

Interest Income
\$427 million

Asset Management Income
\$327 million

Eppley is a growing, diverse Caribbean investment company that has a track record of producing high and consistent returns for our shareholders.

Our investment strategy is focused on private markets in credit, mezzanine, real estate and infrastructure.

Letter to Shareholders

February 13, 2024

Fellow Shareholders,

Eppley earned \$2.64 per share for the year ended December 31 2023, generating an 82% return for shareholders.¹

Proprietary Investment Portfolio

At the end of December 2023, we owned a \$6 billion investment portfolio consisting of cash, loans, leases, receivables and investments in our mezzanine, real estate, infrastructure and asset management joint ventures, subsidiaries and associates. The average normalized income yield of our portfolio was 15%.

Asset Management Business

In addition to our proprietary portfolio, we also manage or administer the equivalent of over US\$131 million of capital primarily through the Eppley Caribbean Property Fund, Caribbean Mezzanine Fund and Capital Infrastructure Group.

Capitalization and Liquidity

Our leverage was 3.2x our capital at the end of the quarter and our average cost of debt was 7%. We closed the quarter with \$1.3 billion of cash.

Financial Performance

Our profit after tax attributable to shareholders for the year ended December 31, 2023 of \$507 million was 112% higher than the

\$239 million earned in the prior year. The outturn for 2023 is the highest ever achieved by the company.

The financial performance for 2023 reflects consolidation of the Eppley Caribbean Property Fund-Development Fund and the impact of the gain on bargain purchase from the acquisition.

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

Excluding the impact of the Development Fund transaction, our profitability would have been approximately \$303 million. This is 27% above the net profit earned in 2022.

Net interest income fell mainly due to repayments of loans and factoring facilities during the period coupled with higher interest expenses and penalties associated with repayments of maturities during the year.

The 15% growth in asset management income to \$327 million is in line with our strategy of increasing fee income from managing or administering assets in our real estate, mezzanine and infrastructure strategies.

This provides stability as our asset management income alone can cover our interest expenses.

Dividend

Today the Board of Directors approved a dividend of \$1.17 per share payable on March 29, 2024 to ordinary shareholders on record as of March 13, 2024.

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

Outlook

In addition to investing in commercial loans and leases, our plans remain centred on expanding our fee-based income by increasing our assets under management.

We will continue to prioritise investing in the development of our people in 2024. We are armed with significant liquidity that will be used to pursue large scale opportunities that can meaningfully drive further profitability and increase the quality of our business.

Sincerely,



P.B. Scott
Chairman



Nicholas A. Scott
Vice Chairman

Shareholders

TEN LARGEST SHAREHOLDERS

(at December 31, 2023)

Stony Hill Capital Limited	48,097,800
ATL Group Pension Fund Trustees Nom Ltd.	38,421,665
Caribprop Limited	27,500,000
Perseverance Limited	23,353,134
Coldharbour Partners Inc.	10,774,674
Curmudgeon Limited	8,284,000
Michael Subratie	8,259,863
Caona Investments Limited	6,076,923
Ravers Limited	5,348,700
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	1,172,613

SHAREHOLDINGS OF DIRECTORS

(at December 31, 2023)

	DIRECT	CONNECTED *
Alexander Melville	-	-
Byron Thompson	483,750	-
Jennifer Scott	-	23,786,884
Keith Collister	-	38,421,665
Maxim Rochester	956,850	-
Melanie Subratie	-	62,871,336
Nicholas Scott	-	19,495,424
P.B. Scott	-	99,387,684
Sharon Donaldson	868,074	436,750
Justin Nam	851,420	-

SHAREHOLDINGS OF EXECUTIVES

(at December 31, 2023)

	DIRECT	CONNECTED *
Jacquelin Watson	1,024,650	-
Denise Gallimore	197,368	-
Keisha Smith	-	-
Samantha Summerbell	500	-

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

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

	Unaudited 12 months ended Dec. 2023	Audited 12 months ended Dec. 2022	Unaudited 3 months ended Dec. 2023	Unaudited 3 months ended Dec. 2022
Net Investment Income				
Interest Income	426,866	438,363	110,278	106,643
Interest expense	(314,557)	(300,392)	(88,479)	(80,608)
Net interest income	<u>112,309</u>	<u>137,971</u>	<u>21,799</u>	<u>26,035</u>
Asset management income	326,949	283,343	100,895	80,138
Fees and other operating income	171,268	91,483	35,697	50,937
Gain on bargain purchase	230,270	-	678	-
Administrative expenses	(330,739)	(243,004)	(97,835)	(74,665)
Net impairment on financial assets	485	(2,895)	46	(2,779)
Share of net profit from joint venture	14,433	2,944	(117)	(59)
Profit before Taxation	<u>524,975</u>	<u>269,842</u>	<u>61,163</u>	<u>79,607</u>
Taxation	(17,834)	(31,045)	3,135	(28,960)
Net profit for the period	<u>507,141</u>	<u>238,797</u>	<u>64,298</u>	<u>50,647</u>
Other comprehensive income:				
<i>Items that will not be reclassified</i>				
Exchange differences on translation of foreign operations	3,396	(3,245)	(3,927)	(435)
Changes in fair value of equity investments at fair value through other comprehensive income	(1,408)	4,980	17,763	130
Other comprehensive income/(loss) for the period, net of taxes	<u>1,988</u>	<u>1,735</u>	<u>13,836</u>	<u>(305)</u>
Total comprehensive income for the period, net of taxes	<u>509,129</u>	<u>240,532</u>	<u>78,134</u>	<u>50,342</u>
Net profit/(loss) attributable to:				
Owners of the company	507,263	238,797	64,352	50,647
Non-controlling interests	(122)	-	(54)	-
	<u>507,141</u>	<u>238,797</u>	<u>64,298</u>	<u>50,647</u>
Total comprehensive income/(loss) attributable to:				
Owners of the company	509,251	240,532	78,188	50,342
Non-controlling interests	(122)	-	(54)	-
	<u>509,129</u>	<u>240,532</u>	<u>78,134</u>	<u>50,342</u>
EARNINGS PER STOCK UNIT (3)	\$2.64	\$1.24	\$0.33	\$0.26

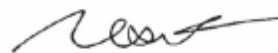
Eppley Limited
Consolidated Statement of Financial Position
(Jamaican dollars in thousands)

	Unaudited	Audited
	Dec. 2023	Dec. 2022
ASSETS		
Cash and deposits	1,381,094	1,031,327
Taxation recoverable	22,525	19,136
Other receivables	519,411	477,084
Insurance premium financing receivables	18,563	16,389
Loans receivable	1,173,886	1,209,960
Lease receivables	1,627,572	1,698,775
Investment securities	1,153,908	1,041,057
Investment in joint ventures	97,294	82,860
Investment in associated company	304,536	-
Real estate available-for-sale	701,345	-
Deferred tax assets	-	420
Right-of-use-asset	2,058	7,273
Property, plant and equipment	38,233	25,925
Total assets	7,040,425	5,610,206
LIABILITIES		
Due to related parties	1,653	1,653
Taxation payable	10,230	10,416
Deferred tax liabilities	17,093	15,419
Borrowings	4,444,862	4,111,658
Lease liability	1,540	7,374
Other liabilities	441,694	366,407
Total liabilities	4,917,072	4,512,927
EQUITY		
Share capital	492,343	492,343
Other reserves	16,269	12,873
Fair value reserves	63,919	65,327
Retained earnings	811,506	526,736
Equity attributable to owners of the company	1,384,037	1,097,279
Non-controlling interests	739,316	-
Total equity	2,123,353	1,097,279
Total Liabilities and Equity	7,040,425	5,610,206

Approved by the Board of Directors on February 13, 2024, 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	Non-controlling Interests	Total
Balance as at 1 January 2022	492,343	60,347	16,118	520,056	-	1,088,864
Net Profit for the year	-	-	-	238,797	-	238,797
Other comprehensive income for the year	-	4,980	(3,245)	-	-	1,735
Total comprehensive income for the year	-	4,980	(3,245)	238,797	-	240,532
Dividends	-	-	-	(232,117)	-	(232,117)
Balance as at 31 December 2022	492,343	65,327	12,873	526,736	-	1,097,279
Balance as at 1 January 2023	492,343	65,327	12,873	526,736	-	1,097,279
NCI on acquisition of subsidiary	-	-	-	-	739,438	739,438
Net Profit for the year	-	-	-	507,263	(122)	507,141
Other comprehensive income for the year	-	(1,408)	3,396	-	-	1,988
Total comprehensive income for the year	-	(1,408)	3,396	507,263	739,316	1,248,567
Dividends	-	-	-	(222,493)	-	(222,493)
Balance as at 31 December 2023	492,343	63,919	16,269	811,506	739,316	2,123,353

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

	Unaudited 12 months ended Dec. 2023	Audited 12 months ended Dec. 2022
Cash Flows from Operating Activities		
Net profit	507,141	238,797
Adjustments for:		
Depreciation	13,731	11,098
Amortisation of right-of-use-asset	5,429	1,384
Interest income	(426,866)	(438,363)
Dividend income	(63,653)	(53,058)
Interest expense	314,557	300,392
Unrealised gains on investment securities	(17,103)	(15,719)
Net (gain)/loss on financial assets	(444)	2,705
Gain on bargain purchase	(230,270)	-
Gain on sale of property, plant and equipment	-	(4,783)
Gain on disposal of leases	(31,229)	-
Gain on disposal of real estate available-for-sale	(22,922)	-
Exchange (gains)/losses on foreign currency denominated balances	(29,424)	9,132
Share of profit from joint venture	(14,433)	(2,942)
Share of loss from associated company	1,048	-
Taxation	17,834	31,045
	<hr/> 23,396	<hr/> 79,688
Changes in non-cash working capital components:		
Other receivables	(161,538)	(14,355)
Insurance premium financing receivables	(2,012)	89,024
Loans receivable	57,174	182,342
Lease receivables	(177,301)	5,106
Interest received	429,900	440,455
Dividend received	61,922	34,111
Other liabilities	37,436	75,459
	<hr/> 268,976	<hr/> 891,830
Tax withheld at source	(3,389)	(2,004)
Tax paid	(16,038)	(4,955)
Interest paid	(283,295)	(295,086)
Net cash (used in)/generated from operating activities	<hr/> (33,746)	<hr/> 589,785

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

	Unaudited 12 months ended Dec. 2023	Audited 12 months ended Dec. 2022
Cash Flows from Investing Activities		
Acquisition of investment securities	(78,636)	-
Acquisition of a subsidiary, net of cash acquired	(304,117)	-
Proceeds from sale of investment securities	2,640	52,313
Proceeds from sale of leases	279,482	-
Proceeds from sale of real estate available-for-sale	316,486	-
Additions to property, plant and equipment	(26,039)	(27,126)
Proceeds from sale of property, plant and equipment	-	4,783
Net cash generated from investing activities	189,816	29,970
Cash Flows from Financing Activities		
Dividends paid	(222,493)	(232,117)
Lease liability repaid	(5,967)	(1,384)
Loans received	1,622,837	193,852
Loans repaid	(1,307,802)	(193,388)
Net cash generated from/(used in) financing activities	86,575	(233,037)
Increase in net cash balance	242,645	386,718
Effects of foreign exchange rates changes on cash and cash equivalents	(3,891)	(20,718)
Cash and cash equivalents at beginning of year	971,471	605,471
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,210,225	971,471

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, 2022. 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 12 months ended 31-12-23	Audited 12 months ended 31-12-22	Unaudited 3 months ended 31-12-23	Unaudited 3 months ended 31-12-22
Net profit attributable to stockholders (\$'000)	507,263.00	238,797.00	64,352.00	50,647.00
Weighted average number of stock units outstanding ('000)	<u>192,468.30</u>	<u>192,468.30</u>	<u>192,468.30</u>	<u>192,468.30</u>
Earnings per stock unit (\$)	2.64	1.24	0.33	0.26

4. **Cash and Cash Equivalents**

	Unaudite 12 Dec.	Audited 12 Dec. 2022
Cash and bank balances	652,433	516,154
Term deposits	<u>728,661</u>	<u>515,173</u>
	1,381,094	1,031,327
Less: Restricted Cash	(169,074)	(58,644)
Less: interest receivable	<u>(1,794)</u>	<u>(1,212)</u>
	<u>1,210,225</u>	<u>971,471</u>