

JFP LIMITED

UNAUDITED FINANCIAL STATEMENTS

4th QUARTERLY REPORT

For the twelve months ending 31 December 2023



COMMERCIAL
CONTRACT
FURNITURE
MANUFACTURERS



Sagility 2023



JFP Limited (formerly Jamaica Fibreglass Products Limited)

Index

For the twelve (12) months ended December 31, 2023

TABLE OF CONTENTS

Report to the Shareholders

Financial Statements

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Top 10 Shareholders as at 31 December 2023

Holdings of Directors and Senior Managers

Report to the Shareholders

Despite challenges in the financial year, including disruptions within the supply chain, shipping setbacks, and project hold-ups, we are pleased to share that the outlook for the first quarter of 2024 will be robust, driven by a newly secured contract to supply furnishings within the hospitality industry.

We express our deepest gratitude to our loyal shareholders for your unwavering support and commitment to JFP.

The board of directors is pleased to present the unaudited results of JFP Limited for the twelve-month period ended December 31, 2023.

Profit and Loss

4th Quarter ending December 31, 2023

Revenue remained relatively stable increasing by 1% compared the corresponding quarter last year. Revenue in Q4 was an improvement over Q3 which was the highest since the start of the year.

Cost of sales exhibited a remarkable improvement declining by an impressive 41% resulting in a 228% increase in gross profit. Gross profit margin experienced a notable rise, moving from 16% to 51%. This achievement reflects the team's dedication to efficiency enhancement and cost reduction strategies. As previously documented in the 4th quarter of 2022, there was a significant write-off of inventory which negatively impacted cost of sales for that period. The restructuring of the inventory process has resulted in the improvements in the gross profit in 2023.

Administrative expenses increased by 60%, primarily due to outstanding tax obligation to tax authority which the company has made arrangements to settle.

Selling and distribution expenses saw a decline of 45%, which is attributable to a reduction in sales-related commissions paid to external representatives.

The quarterly operating loss showed an improvement declining by 38%.

Finance costs increased by 91% due to interest payments on the EXIM loan which was used to finance major capital expenditure.

The net loss for the quarter reflected a 19% reduction, reflecting the company's commitment to strategic financial management.

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Report to Shareholders
For the twelve (12) months ended December 31, 2023

12 Months ending December 31,2023

The year-to-date performance provides a comprehensive view of JFP Limited's financial health, navigating challenges and strategically positioning for the future.

Sales experienced a decline and recorded revenue at \$411M, a 14% reduction over 2022.

Cost of sales declined by 18% with a subsequent decrease in the cost of sales as a percentage of revenue.

Gross profit margin increased from 50% to 52% despite the decline in gross profit.

Administrative expenses saw an increase of 21%. Selling and distribution expenses declined by 46% as a result of the decline in sales over the same period last year.

Operating profit declined by 182% resulting in a loss of 30M which further reduced the net profit by 449%.

Balance Sheet

Property, plant, and equipment increased by 68%, reflecting significant investment in cutting-edge tools and equipment to enhance automation and streamline production processes.

Inventory increased by 26%, a strategic decision to guard against supply chain challenges while ensuring uninterrupted operations.

Receivables showed an 8% decline, reflecting effective credit management strategies.

Cash and cash equivalents increased by 10%, indicating improved collections and foreign exchange gains on investments.

Shareholder's equity declined by 27% primarily due to losses.

Non-current liabilities increased, reflecting a new loan facility from EXIM Bank of Jamaica to fund crucial machinery and equipment investments.

We extend our heartfelt appreciation to our dedicated employees, steadfast shareholders, and the supportive network of customers, suppliers, and stakeholders. Your commitment fuels our journey towards sustained growth and success.

JFP Limited remains resolute in its strategic vision and commitment to excellence. Through resilience and strategic decision-making, we are poised for continued success in the ever-evolving business landscape.



.....
Metry Seaga
Chief Executive Officer


JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Comprehensive Income
For the twelve (12) months ended December 31, 2023

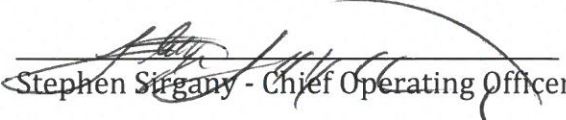
	Twelve months to		Three months to	
	December 2023	December 2022	December 2023	December 2022
		\$		\$
Revenue	411,154,058	476,393,146	148,468,045	147,706,305
Cost of Sales	(197,455,043)	(239,600,604)	(73,049,137)	(124,688,835)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Profit	213,699,015	236,792,543	75,418,908	23,017,470
Other Income/(Loss)	640,747	11,753,106	532,976	11,621,991
	<hr/>	<hr/>	<hr/>	<hr/>
	214,339,761	248,545,649	75,951,884	34,639,461
Administrative expenses	234,895,067	194,562,789	89,413,493	55,988,638
Selling and distribution expenses	9,351,576	17,306,982	1,453,061	2,622,581
	<hr/>	<hr/>	<hr/>	<hr/>
	244,246,643	211,869,771	90,866,555	58,611,219
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Profit	(29,906,882)	36,675,878	(14,914,671)	(23,971,758)
Finance Income	12,919	49,479	6,017	1,683
Finance Costs	(22,545,823)	(20,589,532)	(7,638,277)	(4,009,506)
	<hr/>	<hr/>	<hr/>	<hr/>
	(22,532,904)	(20,540,053)	(7,632,260)	(4,007,823)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit before tax	(52,439,786)	16,135,824	(22,546,930)	(27,979,581)
Taxation	-	(1,128,709)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net profit, being total comprehensive income for the year	(52,439,786)	15,007,115	(22,546,930)	(27,979,581)
Earnings per stock unit (EPS)	(0.047)	0.013	(0.020)	-0.026

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Financial Position
December 31, 2023

	<u>Unaudited</u> <u>4th Quarter</u> <u>12 months</u> <u>Ended</u> <u>December</u> <u>2023</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	78,087,635	46,405,187
Right-of-use assets	120,110,400	135,282,240
Investments	9,448,000	10,400,000
Deferred tax asset	12,239,125	12,239,125
Current assets:		
Inventories	116,654,207	92,800,610
Receivables (Note 8)	152,520,485	166,070,787
Taxation recoverable	1,950,183	1,950,183
Related party	8,305,111	2,189,539
Directors' current account	21,161,384	11,535,546
Cash and cash equivalents	46,915,795	42,474,685
Current liabilities:		
Payables (Note 9)	244,272,737	172,954,033
Related party balance		-
Taxation	-	1,128,709
Current portion of finance lease obligations		3,163,713
Current portion- rights of use	34,535,002	23,007,338
Current portion of long-term loans	3,818,605	-
Bank overdraft	-	-
	<u>282,626,344</u>	<u>200,253,793</u>
Net current (liabilities) / assets	<u>64,880,821</u>	<u>116,767,557</u>
	<u>284,765,981</u>	<u>321,094,109</u>
Shareholders' equity:		
Share capital	121,274,271	121,274,271
Retained earnings	18,668,990	71,108,776
	<u>139,943,261</u>	<u>192,383,047</u>
Non-current liabilities		
Finance lease obligations	-	-
Lease liability	116,330,162	128,711,062
Long term loans	28,492,558	-
	<u>284,765,981</u>	<u>321,094,109</u>

Approved for issue by the Board of Directors on February 7, 2024 and signed on its behalf by:


 Metry Seaga - Chief Executive Officer


 Stephen Srigany - Chief Operating Officer

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statements of Changes in Equity
For the twelve (12) months ended December 31, 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		-	15,007,115	15,007,115
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 31 December 2022	1,120,000,000	121,274,271	71,108,776	192,383,047
Net profit, being total comprehensive income		-	(52,439,786)	(52,439,786)
Issue of shares during the year				
Balance at 31 December 2023	1,120,000,000	121,274,271	18,668,990	139,943,261

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Cash Flows
For the twelve (12) months ended December 31, 2023

	<u>Unaudited</u> <u>4th Quarter</u> <u>12 months Ended</u> <u>December</u> <u>2023</u> <u>\$</u>	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2022</u> <u>\$</u>
Cash flows from operating activities:		
Net profit	(52,439,786)	15,007,116
Items not affecting cash resources:		
Depreciation	7,844,730	9,418,556
Amortization of leases	15,171,840	15,171,840
Interest income	(12,919)	(49,479)
Gain on disposal	56,947	53,408
Prior year adjustment	-	-
Non-cash adjustment	-	-
Interest expense	14,009,003	14,927,728
	(15,370,185)	54,529,169
Changes in operating assets and liabilities:		
Inventories	(23,853,597)	(47,027,765)
Receivables	13,550,303	(129,770,307)
Payables	71,318,704	69,641,725
Related party	(6,115,573)	(33,654,159)
Directors current accounts	(9,625,838)	(3,096,328)
Taxation recoverable	-	-
Taxation payable	(1,128,709)	80,703
	44,145,290	(143,826,131)
Cash provided by operating activities	28,775,105	(89,296,962)
Cash flows from investing activities		
Purchase of property, plant, and equipment	(39,584,126)	(4,936,569)
Finance lease-rights of use	-	-
Proceeds from sale of fixed asset	-	-
Investment	952,000	28,665,267
Interest received	12,919	49,479
Cash used in investing activities	(38,619,207)	23,778,150
Cash flows from financing activities		
Interest paid	(14,009,003)	(14,927,728)
Share Capital	-	121,272,291
Finance Lease	(4,016,949)	(7,165,043)
Dividend paid	-	-
Loans, net (repayments)/receipts	32,311,163	-
Cash used in financing activities	14,285,212	99,179,520
Net increase in cash and cash equivalents	4,441,110	33,660,708
Net cash and cash equivalents at beginning of period	42,474,685	8,813,977
Net cash and cash equivalents at end of the period	46,915,795	42,474,685

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the twelve (12) months ended December 31, 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 twelve (12) months ended December 31, 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 twelve (12) month period of 1,120,000,000 (2022 – 1,092,383,561.64).

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 twelve (12) months ended December 31, 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	137,589,365	150,766,734
Prepayments and other receivables	14,931,120	15,304,053
	<u>152,520,485</u>	<u>166,070,787</u>

9. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade payables	25,393,657	36,724,516
Customer deposits	125,008,347	73,622,606
Accruals and other payables	93,870,733	62,606,911
	<u>244,272,737</u>	<u>172,954,033</u>

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Information regarding Shareholders
For the twelve (12) months ended December 31, 2023

JFP Limited
Unaudited Financial Statements
For the twelve (12) Months ended December 31, 2023

INFORMATION REGARDING SHAREHOLDERS

AS AT December 31, 2023

TEN LARGEST SHAREHOLDERS	NO. of Stock Units
JKZ Limited	272,976,394
Eurobian Limited	268,636,393
Richard Sirgany (Mrs. Nicola Sirgany)	190,136,394
Total Office (2006) Limited	108,250,819
GK Investment	81,997,394
JFP Property Investment Ltd	9,539,000
Claudine Murphy (Jade Speer, Chanel Grainger)	5,542,060
Stephen Cole	4,948,930
PAM-Pooled Equity Fund	4,338,525
Grace-Ann Cooper	4,159,916
SHAREHOLDINGS OF DIRECTORS	
JKZ Limited (Owned by Stephen Sirgany)	272,976,394
Richard Sirgany (Mrs. Nicola Sirgany)	190,136,394
Eurobian Limited (Owned by Metry Seaga)	268,636,393
Stephen Sirgany (Mrs Lisa Sirgany)	250,000
Adrian Mitchell	30,000
Lisa Bell	-
Chantal Bennett	-
Lissant Mitchell	-
Cristina Matalon(Company Secretary)	-
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