

Company Limited

"We Foster Rich Customer Service"

Management Discussion & Analysis And Summary Audited Consolidated Financial Statements Year Ended 31 December 2023

The Board of Directors is pleased to report the audited results of FosRich for the year ended 31 December 2023 and to report on the performance of FosRich.

Financial Highlights

- Revenues were \$3,697 million - Up \$ 324 million or 10% compared to the prior period's \$3,373 million.
- Gross profit was \$1,563 million - Up \$171 million or 12% compared to the prior period's \$1,392 million.
- Net profit was \$235 million, compared to the prior period's \$325 million.
- Earnings per stock unit was \$0.05, compared to the prior period's \$0.06.

Business Overview

FosRich is primarily a distributor of lighting, electrical and solar energy products. FosRich aims to differentiate itself from its competitors in the Jamaican marketplace by providing a quality and cost-effective service, and by collaborating with clients on technical solutions. FosRich partners with large global brands seeking local distribution such as Huawei, Philips Lighting, Victron Energy, Siemens, NEXANS and General Electric. FosRich has a staff complement of over two hundred and twenty-seven (227) persons across nine (9) locations in Kingston, Clarendon, Mandeville, and Montego Bay. FosRich also has a team of energy and electrical engineers who offer technical advice and install solar energy systems, solar water heaters and electrical panel boards.

Income Statement

Income

During the year, FosRich generated income of \$3,697 million, compared to \$3,373 million for the prior year. An increase of \$324 million. Gross profit for the year was \$1,563 million, compared to \$1,392 million for the prior year, an increase of \$171 million. The product lines that had significant increases over the prior year were Hardware Products, which grew by 59%, Lighting, PVC, Solar, Wires and Wiring Devices.

Administration, Marketing & Selling Expenses

Administration, marketing and selling expenses for the year were \$1,030 million, reflecting an increase of \$240 million on the prior reporting year's amount of \$790 million. The changes were driven primarily by increased staff related costs for salary adjustments, increased sales commission due to improved sales performance and improvements in staff benefits; increased travelling and motor vehicle expenses; increased insurance costs due to increases in policy renewal rates and increased depreciation due to increases in the carrying values of property plant and equipment, increased professional fees, increased rent and increased security cost.

Finance Cost

Finance cost for the year was \$220 million compared to \$182 million for the prior year, an increase of \$38 million. This increase was driven primarily by increased market interest rates compared to the prior year. In addition, while there has been some run-off in loans, new facilities were obtained for motor vehicles and to support our solar products financing.

Net Profit

Net Profit generated for the year was \$235 million, compared to the \$325 million reported for the prior period.

Earnings Per Stock Unit

Earnings per stock unit was \$0.05 compared to \$0.06 in the prior year.

Balance Sheet

Inventories

The company continues to proactively manage inventory balances and the supply-chain, with a view to ensuring that inventory balances being carried are optimised, relative to the pace of sales, the time between the orders being made and when goods become available for sale, to avoid both overstocking and stock-outs. Monitoring is both at the individual product level and by product categories. Inventories have reduced when compared to the prior period, largely due to a reduction of Goods-in-transit. Shipping delays experienced in the Covid years no longer have a significant impact on the results for the current year. Sales in most categories remain strong and reflects increases over the prior year.

Receivables

While we have experienced an up-tick in sales, trade receivables have remained well controlled, and have reduced when compared to the prior year. We continue to actively manage trade receivables with an emphasis being placed on balances over 180 days. We have implemented strategies to collect these funds as well as to ensure that the other buckets are managed. Sixty-two (62%) of receivables are within the current to 60-day category, up from the fifty-six percent (56%) for the prior reporting period. Receivables also include advance payments made to foreign suppliers for the increasing levels of inventories required to support increasing sales.

Trade Payables

Our trade payables are categorised by foreign purchases, local purchases and other goods and services. While we have concentrated primarily on the foreign payables, as the bulk of our inventories are sourced from overseas. we continue to manage payables, for the most part, within the terms given by our suppliers.

Non-current Liabilities

Non-current liabilities have increased by \$476 million in contrast to the decrease of \$428 million in the prior period. This movement is caused primarily by the secured and unsecured bonds, which were current in the prior period, but have now been refinanced long-term.

Liquidity

At balance sheet date the excess of current assets over current liabilities amounted to \$1,826 million, (2022 - \$888 million). It is expected that FosRich will continue to be able to generate sufficient cash to meet obligations when they fall due. Liquidity is provided primarily from sales revenues and loan financing.

Shareholders' Equity

Shareholders' equity for the first time now exceeds \$2 Billion, and stands at \$2,042 million, up by \$257 million from \$1,785 million on 31 December 2022. The net increase of \$257 million arose as a result of retained profits for the year amounting to \$235 million, share issue of \$130 million, net of dividend paid amounting to \$107 million.

We now have 5,373 shareholders, an increase of 287 on the 5,086 on 31 December 2022.

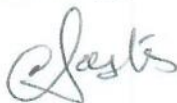
Other Matters

New Activities

Construction of our new FosRich Superstore & Corporate Offices at 76 Molyne's Road is now at an advanced stage. The completion date is projected to be Q3, 2024. We have opened a new retail outlet in St Ann, and will shortly take possession of another retail outlet in St James.

The result for this, our sixth full year since our listing on the Junior Market of the Jamaica Stock Exchange on 19 December 2017, reflects the implementation of the specific strategies as outlined within our strategic plan. We are cognizant that despite the challenges ahead within our local operating space and the wider global space, we have the right talents and leadership to deliver on our plans for the ensuing period. We will continue to execute on our plans to ensure that we remain competitive and deliver value solutions to our customers.

As we report on the performance of FosRich, we thank our shareholders, employees, customers, and other stakeholders for their support as we continue to expand our business and bring greater value to our various stakeholders.



Managing Director

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023

	Note	2023 \$	2022 \$
Turnover		3,696,595,282	3,372,945,924
Cost of Sales	4{a}	<u>(2,134,064,789)</u>	<u>(1,980,686,522)</u>
Gross profit		1,562,530,493	1,392,259,402
Other income:			
Other operating income	5	<u>81,007,060</u>	<u>10,470,066</u>
		1,643,537,553	1,402,729,468
Administration, marketing and selling expenses	4{a}	<u>(1,029,888,365)</u>	<u>(790,011,425)</u>
Profit before depreciation and finance costs		613,649,188	612,718,043
Depreciation - owned assets	9	(67,214,031)	(58,208,436)
Depreciation - leased assets	10{iii}	<u>(49,483,702)</u>	<u>(46,353,156)</u>
Profit before finance costs		496,951,455	508,156,451
Finance costs	6	<u>(219,567,127)</u>	<u>(182,418,122)</u>
Net profit before taxation		277,384,328	325,738,329
Taxation	7	<u>(42,146,183)</u>	<u>(1,026,088)</u>
Net profit		235,238,145	324,712,241
Other comprehensive income:			
Items that will not be reclassified to profit or loss -			
Fair value gain on investment	13{b}	6,481,800	-
Unrealised fair value (loss)/gain on available-for-sale investments	13{a}	<u>(290,625)</u>	<u>600,625</u>
Total comprehensive income for the year		<u>241,429,320</u>	<u>325,312,866</u>
Earnings per stock unit	23	<u>\$0.05</u>	<u>\$0.06</u>

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Note	2023 \$	2022 \$
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	886,130,896	846,110,055
Lease - right-of-use assets	10	646,476,503	605,568,225
Related party	11	393,034,362	689,522,593
Investments - fixed deposits	12	22,520,931	21,966,959
Investments - Other	13	16,090,744	6,830,791
Investment in associated company	16	226,000,000	226,000,000
		<u>2,190,253,436</u>	<u>2,395,998,623</u> *
Current Assets			
Inventories	17	2,118,750,405	2,248,793,424
Trade receivables	18	303,190,590	377,326,589
Other receivables and prepayments	18	119,837,084	92,634,440
Related party - current portion	11	745,451,364	80,000,000
Associated company	16	133,202,200	-
Cash and bank balances	19	67,858,120	103,799,830
		<u>3,488,289,763</u>	<u>2,902,554,283</u> *
Current Liabilities			
Payables	20	1,081,849,871	792,852,601
Bank overdraft		4,694,815	-
Associated company	16	-	357,037,639
Current portion of long-term liabilities	24	498,394,957	812,885,218
Taxation payable		7,144,998	1,026,089
Lease - right-of-use liabilities	10	69,879,526	50,434,215
		<u>1,661,964,167</u>	<u>2,014,235,762</u> *
Net Current Assets			
		<u>1,826,325,596</u>	<u>888,318,521</u>
		<u>4,016,579,032</u>	<u>3,284,317,144</u>

* Adjusted to conform with current year's presentation

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Note	2023 \$	2022 \$
Equity			
Share capital	21	491,293,055	369,620,810
Capital reserves	22	569,101,976	562,910,801
Retained earnings		981,170,992	852,581,037
		<u>2,041,566,023</u>	<u>1,785,112,648</u>
Non-Current Liabilities			
Right-of-use liabilities	10	552,520,716	532,357,775
Long-term liabilities	24	1,372,904,752	921,539,811
Deferred tax liability	14	12,275,509	-
Director's loan	25	37,312,032	45,306,910
		<u>1,975,013,009</u>	<u>1,499,204,496</u>
		<u>4,016,579,032</u>	<u>3,284,317,144</u>

The financial statements set out on pages 1 to 39 were approved for issue by the Board of Directors on

March 11, 2024 and signed on its behalf by:

Marion Foster Director
 Marion Foster

Peter Knibb Director
 Peter Knibb

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2023

	Share capital \$	Capital reserves \$	Retained earnings \$	Total \$
Balance at January 1, 2022	361,499,399	67,096,070	588,141,862	1,016,737,331
Unrealised gain on available-for-sale investments	-	600,625	-	600,625
Net profit	-	-	324,712,241	324,712,241
Unrealised surplus on revaluation of freehold properties		495,214,106		495,214,106
Transactions with owners:				
Sale of treasury shares (note 21)	8,121,411	-	-	8,121,411
Dividend paid (note 8)	-	-	(60,273,066)	(60,273,066)
Balance at December 31, 2022	369,620,810	562,910,801	852,581,037	1,785,112,648
Unrealised loss on available-for-sale investments	-	(290,625)	-	(290,625)
Fair value adjustment to financial instruments		6,481,800		6,481,800
Net profit	-	-	235,238,145	235,238,145
Transactions with owners:				
Purchase of treasury shares (note 21)	(8,706,945)			(8,706,945)
Issue of shares	130,379,190			130,379,190
Dividend paid (note 8)	-	-	(106,648,190)	(106,648,190)
Balance at December 31, 2023 (see notes 21 & 22)	491,293,055	569,101,976	981,170,992	2,041,566,023

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023	2022
	\$	\$
CASH FLOWS WERE PROVIDED BY/ (USED IN):		
Operating Activities		
Net profit	235,238,145	324,712,241
Items not affecting cash resources		
Depreciation - owned assets	67,214,031	58,208,436
Depreciation - leased assets	49,483,700	46,353,156
Interest on lease liability	11,161,536	13,284,240
Profit on disposal of items if property, plant and equipment	(3,549,940)	-
Taxation charge	42,146,183	1,026,088
Interest income	(67,799,404)	(116,504)
Interest expense	181,534,066	137,870,868
	<u>515,428,317</u>	<u>581,338,525</u>
Changes in non-cash working capital components:		
Inventories	130,043,019	(464,551,344)
Receivables	74,135,999	(103,293,269)
Other receivables and prepayments	(27,202,644)	(97,575,069)
Payables	288,192,029	196,674,654
Taxation paid	(20,786,930)	-
Related parties	(368,963,133)	(198,785,914)
Associated company	(264,239,839)	252,640,176
Rent paid	(80,248,187)	(74,317,281)
	<u>246,358,631</u>	<u>92,130,478</u>
Cash provided by operating activities		
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	(107,234,872)	(59,573,637)
Proceeds from disposal of items of property, plant and equipment	3,549,940	-
(Purchase)/Encashment of investment	(3,068,778)	6,348,953
	<u>(106,753,710)</u>	<u>(53,224,684)</u>
Cash used in investment activities		
FINANCING ACTIVITIES		
Directors' loans repaid	(7,994,878)	(2,496,078)
Loans received	1,265,911,880	381,635,723
Loans repaid	(1,279,849,846)	(196,346,118)
Dividend paid	(106,648,190)	(60,273,066)
Interest received	1,384,638	116,504
Issue of shares	130,379,190	-
Acquisition of treasury shares	(8,706,945)	8,121,411
Interest paid	(174,717,295)	(137,870,868)
	<u>(180,241,446)</u>	<u>(7,112,492)</u>
Cash used in financing activities		
(DECREASE)/INCREASE IN NET CASH BALANCES	<u>(40,636,525)</u>	<u>31,793,302</u>

* Adjusted to conform with current year's presentation

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023	2022
	\$	\$
(DECREASE)/INCREASE IN NET CASH BALANCES		
NET CASH BALANCES - Beginning of year	(40,636,525)	31,793,302
NET CASH BALANCES - End of year	103,799,830	72,006,528
	<u>63,163,305</u>	<u>103,799,830</u>
 REPRESENTED BY:		
Cash and bank balances	67,858,120	103,799,830
Bank overdraft	(4,694,815)	-
	<u>63,163,305</u>	<u>103,799,830</u>

STOCKHOLDER INFORMATION

31 December 2023

Top 10 Stockholders

Name	Shares Held	
	Number	Percentage
1 Cecil Foster & Marion Foster, Madison-Grace Foster	2,037,802,570	40.1%
2 Marion Foster	2,023,664,260	39.8%
3 JCSD Trustee Services Ltd. - Barita Unit Trust Capital Growth Fund	186,116,448	3.7%
4 Peter Knibb & Elizabeth Knibb, Janelle Knibb, Jenine Knibb, Brandon Knibb	136,187,192	2.7%
5 Barita Investment Ltd - Long A/C (Trading)	67,178,772	1.3%
6 JCSD Trustee Services Ltd. - Sigma Global Ventures	47,042,690	0.9%
7 Jamaica Money Market Brokers Ltd	43,776,000	0.9%
8 Sagicor Select Fund Limited - Class C - Manufacturing & Distribution	40,289,600	0.8%
9 PAM Pooled Equity Fund	23,543,802	0.5%
10 Nigel Coke	22,539,895	0.4%
Total of Top Ten	4,628,141,229	91.1%
Others	450,343,968	8.9%
Total Shares Allotted	5,078,485,197	100%
Total Number Of Stockholders	5,373	

Stockholding of Directors, Board Committees Members &

Name	Shares Held
Directors	
1 Cecil Foster & Marion Foster, Madison-Grace Foster	2,037,802,570
2 Marion Foster	2,023,664,260
3 Peter Knibb & Elizabeth Knibb, Janelle Knibb, Jenine Knibb, Brandon Knibb	136,187,192
4 Ian Kelly	2,666,667
5 Steadman Fuller	Nil
6 Marva Chang	Nil
Board Committee Member	
7 Clive Nicholas	Nil

Stockholding of Senior Managers & Connected Persons

Name	Shares Held
1 Cecil Foster & Marion Foster, Madison-Grace Foster	2,037,802,570
2 Peter Knibb & Elizabeth Knibb, Janelle Knibb, Jenine Knibb, Brandon Knibb	136,187,192
3 Warren Riley & Cheryl Riley	2,115,337
4 Michelle Thame	213,500
5 Vincent Mitchell	74,840
6 Hector Mendoza	Nil