



**STATIONERY &
OFFICE SUPPLIES
LTD.**



Agents for



Kingston: 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies. Tel: (876) 926-5688, 926-2649 Fax: (876) 968-8200
Montego Bay: Unit #8, Fairview Office Park, Alice Eldermire Drive. Tel: (876) 953-6351 Fax: (876) 953-6386
Website: www.sosjm.com Email: mail@sosjm.com

AUDITED FINANCIAL STATEMENTS:

- 4TH QUARTER 2023
- 12 MONTHS ENDED DECEMBER 31ST, 2023



EVOLVE





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AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST & 4TH QUARTER 2023

The Board of Directors of Stationery & Office Supplies is pleased to present the audited results for the company for the year and the 4th quarter ended December 31st, 2023.

SOS entered 2023 on an incredible high as the company had just come off a record-breaking year. All the plans to achieve our desired objectives were put in motion at the beginning of 2022. These plans were implemented and executed, and the net results allowed the company to once again take a giant leap forward. Due to this, there was an immense amount of pressure placed on the shoulders of the management team to get creative to find and develop ways to continue this momentum through 2023. Once discussions were completed, the team looked at the following aspects of the business that could be either implemented and/or improved upon to make sure that during 2023, SOS would continue to grow and flourish as Jamaica's number one stationery and office supplies dealer. The areas of the business that were targeted were:

1 - REGIONAL EXPANSION

For years it was believed that if SOS was able to maintain a high enough level of inventory, we had enough potential clients throughout the Caribbean who would be willing to partner with us. SOS's inventory level was extremely important to this process as the benefit of purchasing from us would be the availability of the products and a quick delivery time. With this in mind we were able to forge partnerships with "The Office Authority" in Trinidad, the "Apex Group" in Cayman and "Décor Office" in St. Lucia. The end results saw SOS almost tripling its regional sales within the first year.

2 – SEEK EXPANSION

In 2022, sales of SEEK products reached its highest level in its history with SOS, but we believe that there is still a significant amount of business available to further expand our presence in the Jamaican market. With the additional machinery purchased mid-way through 2022, we anticipated with all of our equipment operating for a full year that we would see the improved results at the end of 2023, and we did. SEEK once again had its highest revenues recorded growing by almost 25% year on year.

3 – DELIVERY FLEET EXPANSION

To continue to grow our revenues as well as our customer base and keep up with the ever changing needs of our clients we had to ensure that we would also continue to keep our commitment to a high quality service. To do so we looked at the need for additional delivery vehicles and personnel to manage this expected increase in revenues. During 2023, SOS added a total of four (4) vehicles to its delivery fleet for Montego Bay and Kingston.



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4 – WAREHOUSE CAPACITY EXPANSION

As SOS continues to grow, inventory management becomes even more important and to be able to keep up with the rapid changes, SOS has to continue to grow its warehousing capacity. The additional space will allow for better handling of products thus lowering loss due to damages, faster access to products in order to speed up the delivery process as well as space to house and store products for clients who have special needs. During 2023, SOS increased its storage capabilities in Montego Bay by 3,000 square feet and also built an additional 5,000 square foot building on its Beechwood Avenue property bringing its total warehousing space up to just over 50,000 square feet. In addition to this, at the end of 2023, SOS purchased 2 new properties in Kingston with plans to erect two additional warehouses in order to increase our storage capacity by an additional 40%.

With all the above changes and improvements, it is clear why SOS has continued to soar and in 2023 we reached new heights. Another milestone that was successfully achieved in 2023 was the plan to do a stock split. It became evident that the number of SOS shares trading on the JSE was not nearly enough as there was a high demand for these shares but very few available for trading. With this in mind SOS's management team recommended a stock split to the board. This recommendation was approved and a 9 to 1 stock split was tabled to the shareholders at our AGM held on July 25th. The split was voted on and unanimously approved, increasing SOS's total number of ordinary shares to just over 2.2 billion shares. Just prior to the approval of the stock split, SOS's share price sold for as high as \$34.

For 2023, it can be seen that SOS continued its upward trajectory as the following all-time highs were recorded:

1. **REVENUES** – In 2023 SOS surpassed its highest revenue figure in any year with sales of \$1.94B. This exceeded our previous high in 2022 by 11% and just falling short of \$2 billion in revenues.
2. **GROSS PROFIT** – Gross profit in 2023 reached \$991M surpassing the \$836M generated in 2022. Just as important, SOS was able to increase its GP percentage by 4% which created an overall increase in the gross profit year over year by 19%. This can be attributed to better inventory management as damages and various losses were reduced throughout the year.
3. **PRE-TAX PROFIT** – For the year SOS was able to substantially grow its pre-tax profit by 21% to an all-time high of \$335M. Profit after tax for the year also increased year on year by a smaller amount of 12% (\$257M - \$287M) but this was attributable to 2023 being the first year since listing that tax on profits was paid on the total year's earnings. In 2022, tax was only paid on profits recorded after August as that was when our 5-year tax free incentive expired.
4. **SEEK** – SEEK had its best year ever totalling \$97M in revenues. This performance continues to show strong growth year on year.
5. **EVOLVE** – The Evolve furniture line is only in its second year since the launch in the Jamaican market and continues to impress, surpassing over \$100M in sales for the year and growing its monthly sales average by more than 60% compared to its initial sales during the final 5 months of 2022.



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Please see the below chart that shows the comparative figures for SOS between the years 2023 and 2022.

#	ITEM	2023	2022	% INCREASE/DECREASE
1	REVENUE	\$ 1,935,164,646.00	\$ 1,748,142,622.00	11%
2	GROSS PROFIT	\$ 990,083,401.00	\$ 836,225,978.00	19%
3	EXPENSES	\$ 660,957,825.00	\$ 609,771,025.00	8%
4	PRE-TAX PROFIT	\$ 343,724,513.00	\$ 283,842,703.00	21%
5	INVENTORY	\$ 341,624,218.00	\$ 368,619,712.00	7%
6	GROSS PROFIT %	51%	48%	6%

The 4th quarter of 2023 as usual, was our weakest quarter for the entire year and for good reason. During December of 2023 there were only 15 working days which limited SOS’s monthly output. There were also several projects that could not be completed due to companies closing for the holiday season. These projects extended into the new year.

Even though the 4th quarter was not as profitable as we had hoped for, there were still many positive steps taken during this time. These include:

- 1 – The 5th & 6th containers of the year were exported to “The Office Authority” in Trinidad.
- 2 – Confirmation of a new regional dealer “Décor Office” in St. Lucia that will contribute to our continued regional expansion plans.
- 3 – An order was placed to purchase new machinery for Seek to help boost production. This new machinery is expected to arrive mid-2024 and is expected to double Seek’s output.
- 4 – The acquisition of 2 additional properties to aid in the further expansion of SOS going into 2024 and beyond.
- 5 – The completion of the 3,000 square foot warehouse expansion at our Montego Bay office.

Please see the below chart that shows the comparative figures for the 4th Quarter 2023 and 2022.

#	ITEM	2023	2022	% INCREASE/DECREASE
1	REVENUE	\$408M	\$430M	5%
2	GROSS PROFIT	\$204M	\$207M	1.5%
3	EXPENSES	\$182M	\$166M	10%
4	PRE-TAX PROFIT	\$24M	\$41.2M	40%



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FINANCIAL POSITION

At the end of the year SOS increased its total assets by 25% from \$1.39B at the end of 2022 to \$1.74B at the end of 2023. The most noticeable changes in the total asset base were an increase in bank and cash that rose by 103% year on year as well as receivables and prepayments that rose by 37%. Fixed assets also rose by 36% with the additional 2 properties that were purchased.

During 2023 a dividend payment of \$.20 was paid to shareholders (\$50M) compared to \$.18 paid in 2022 (\$45M).

Earnings per share at the end of 2023 was \$1.15, an increase of \$.12 compared to the \$1.03 at the end of 2022.

We wish to thank all of our valued partners, customers and especially our shareholders for your continued support throughout the year and we look forward to continued success in 2024.

Allan McDaniel

Managing Director

Marjorie McDaniel

Chief Administrative officer & Company Secretary



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SOS TOP 10 SHAREHOLDERS AS OF DECEMBER 31ST, 2023

#	<u>SHARE HOLDER</u>	<u>SHAREHOLDING</u>	<u>% SHARES ISSUED</u>
1	OUTLOOK LIMITED	1,800,867,600	80.0
2	QWI INVESTMENTS LIMITED	66,510,000	3.0
3	ANJANETTE MARIANNA MCDANIEL	48,851,334	2.2
4	JASON CARL CARBY	37,812,915	1.7
5	KENDALL MARIE TODD	16,064,100	0.7
6	NIGEL COKE	14,794,863	0.7
7	BARITA INVESTMENTS	14,608,653	0.7
8	BRIDGETOWN MANAGEMENT SERVICES LTD	14,393,506	0.6
9	DAVID ANTHONY STEPHENS	9,500,000	0.4
10	JCDC TRUTEE SERVICES LTD	9,381,717	0.4

DIRECTORS SHARE HOLDINGS AS OF DECEMBER 31ST, 2023

#	<u>DIRECTORS NAMES</u>	<u>SHAREHOLDING</u>	<u>CONNECTED PARTY</u>	<u>SHAREHOLDING</u>
1	DAVID MCDANIEL	NIL	OUTLOOK LTD	1,800,867,600
2	MARJORIE MCDANIEL	NIL	OUTLOOK LTD	1,800,867,600
3	ALLAN MCDANIEL	NIL		
4	KELLI MUSCHETT	NIL	OUTLOOK LTD	1,800,867,600
5	STEPHEN TODD	NIL	OUTLOOK LTD	1,800,867,600
6	KERRI TODD	NIL	OUTLOOK LTD	1,800,867,600
7	ANTHONY BELL	NIL	-	
9	JERMAINE DEANS	NIL	-	
10	R. EVAN D. THWAITES	253,485	-	

SENIOR MANAGERS SHARE HOLDING AS OF DECEMBER 31ST, 2023

#	<u>SHARE HOLDER</u>	<u>SHAREHOLDING</u>	<u>% SHARES ISSUED</u>
1	DENISE MCINTOSH	2,660,850	0.12