

JFP LIMITED

FINANCIAL STATEMENTS

1st QUARTERLY REPORT

For the period ended 31 March 2022



**COMMERCIAL | CONTRACT
FURNITURE MANUFACTURERS**



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Report to the Shareholders

The directors wish to thank our valued shareholders who showed confidence in the Company and purchased shares in our Initial Public Offering (IPO). As you are aware, the Company was listed on March 14, 2022 on the Junior Market platform of The Jamaican Stock Exchange, thereby changing the status of the Company to a public entity. We endeavour to ensure that your confidence is rewarded by maximising your investment, both by regular dividend payments and an overall increase in value as we continue to improve operations

As the country is showing positive signs of rebounding to a position of stability, we take pleasure in presenting the unaudited financial statements of JFP (the Company) for the 1st quarter financial statements for the period 1 January – 31 March 2022, in regard to the financial year ending 31 December 2022.

JFP opened its Initial Public Offering (IPO) on February 21, 2022 and it was successfully closed on February 28, 2022, with the public taking up their full assignment of shares. In fact, the subscription was oversubscribed with participants receiving only 22% of their requested amount. The Company increased its share capital by 140,000,000 after the initial offer of 280,000,000 shares was taken up by the directors, employees, corporate entities and the general public. The costs associated with the IPO such as brokerage, legal and accounting, advertising and other transaction fees were netted off against the IPO proceeds.

Despite the COVID-19 pandemic, the construction industry has remained resilient. This is demonstrated in the projections provided by the PIOJ that the quarters in 2022 are expected to perform better than corresponding quarters in 2021. Consequently, the PIOJ's projection for growth in output is within the range of 6.0%–10.0% based on the simultaneous/ongoing build-out of capacity which is currently being undertaken in some industries as indicated by the performance of the construction industry. This expected growth in several industries to include manufacturing coupled with continued strategic leadership, product diversification among other areas should positively impact the Company's future performance.

Report to the Shareholders (continued)

Profit and Loss

The board of directors is pleased to present the unaudited results of JFP Limited for the first three months ended March 31, 2022.

JFP saw its revenue increase significantly from \$64.7M to \$110.2M or by 70% relative to the same period of 2021. The sound and agile revenue growth strategies employed by the Company enabled it to build its resilience against the changing circumstances of the COVID-19 pandemic. Many of our customers were also getting back on stream to start or continue with their capital projects.

The increased efficiency of our operations also resulted in a reduction in cost of sales. Cost of sales decreased from \$35.9M to \$33M or by 8% over the corresponding period in the prior year.

The improved efficiency of our operations also translated into an improvement in the Gross Profit which increased by 168% from \$28.9M to 77.3M. The gross profit margin also increased from 45% to 70% relative to the prior period in 2021.

Administrative expenses increased from \$28M to \$41M or 46%. This was mainly due to related transaction costs involved in enabling the company to go public along with the fees associated with the change of name to JFP Limited. Selling and distribution expenses also increased by 189% from \$1.2M to \$3.6M due mostly to increases in commission and advertising expenses. The increase in advertising expenses was mainly linked to building public awareness of the Company becoming a public entity.

Despite a significant increase in our administrative and selling expenses, the company managed to show significant improvement to its operating profit which increased by 237%. The finance costs declined due to the repayment of long terms loan from the proceeds of the IPO, thereby eliminating the finance cost associated with these loans.

As a consequence of the improved operating result, our operating profit before tax increased significantly moving from \$8.7M to \$34.9M; this was an increase of 302%.

Report to the Shareholders (continued)

Balance Sheet

The property, plant and equipment increased by 46% moving from \$134.3M to \$196.6M. This was due to the Company entering into a lease arrangement regarding the factory building, thereby recording a “right of use asset” on the balance sheet.

During the period the investment account with GK Capital Management was closed and the funds, along with that of the IPO were used in restructuring the company.

The inventory increased by 15% moving from \$46.7M to \$53.9M. This was largely due to increase in the number of jobs that are currently in production up to the end of the quarter, 31 March 2022.

Receivables increased significantly. This was due to the success of the company in finalizing the ROK hotel project, being undertaken on the Kingston Waterfront, which was completed at the end of March 2022. Cash and cash equivalents also increased significantly due to the funds received from the IPO along with a material deposit that was received from MBJ Jamaica Limited which is currently one of the company’s major projects in progress as at 31 March 2022. This MBJ project is related to the significant work being undertaken at the Sangster’s Airport in Montego Bay.

Our total current liabilities increased by 45%. This was due significantly to the current portion of the new lease liability for the factory coupled with increased payables related to imported supplies of raw materials to complete the increased number of jobs in progress as at 31 March 2022.

The retained earnings decreased from 211M to 91 M or 56.9% due to dividends being declared at the end of December 2021.

Report to the Shareholders (continued)

Summary

As we continue to successfully manoeuvre these unprecedented times, we see significant opportunities not only here at home but internationally. To this end, JFP is setting its sights further afield whilst still paying keen attention to domestic market.

With the company's excellent performance in Q1 and its confirmed jobs in hand, we expect to have our best year ever in our 37 year history both in terms of sales and profits.

In closing, we again thank all our stakeholders for the confidence shown in the local furniture manufacturing sector. We will endeavour to fulfil all your expectations of our company.



Metry Seaga
Chief Executive Officer



Bringing your ideas to life!

A large red trapezoidal graphic on the right side of the page. It contains a dark red horizontal band with white text. The background of the trapezoid shows faint, semi-transparent silhouettes of people sitting at a table and a person standing, suggesting a social or business setting.

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JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Comprehensive Income
For the three (3) months ended March 31, 2022

	<u>Unaudited</u> <u>1st Quarter</u> <u>3 months</u> <u>Ended March</u> <u>2022</u>	<u>Unaudited</u> <u>1st Quarter</u> <u>3 months</u> <u>Ended March</u> <u>2021</u>	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended</u> <u>December</u> <u>2021</u>
	\$	\$	\$
Revenue	110,279,818	64,690,699	233,736,393
Cost of sales: direct expenses	(33,008,989)	(35,859,014)	(129,097,818)
Gross Profit	77,270,829	28,831,686	104,638,574
Other income	3,397,118	11,151,747	77,308,514
	80,667,947	39,983,433	181,947,088
Administrative expenses:	(41,009,915)	(28,020,275)	(148,536,864)
Selling and distribution expenses	(3,648,649)	(1,263,141)	(7,437,262)
	(44,658,564)	(29,283,416)	(155,974,125)
Operating profit	36,009,383	10,700,017	25,972,963
Finance income	6,912	45,292	53,713
Finance costs	(1,109,628)	(2,059,081)	(17,700,234)
	(1,102,716)	(2,013,789)	(17,646,521)
Operating profit before taxation	34,906,667	8,686,228	8,326,441
Taxation (estimated)	-	(650,061)	-
Net profit, being total comprehensive income for the year	34,906,667	8,036,167	8,326,441
Earnings per stock unit (EPS)	0.03	80,361	0.054

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Financial Position
March 31, 2022

	Unaudited 1st Quarter 3 months Ended March 2022 \$	Unaudited 1st Quarter 3 months Ended March 2021 \$	Audited Full-year 12 months Ended December 2021 \$
Non-current assets:			
Property, plant and equipment	50,063,674	134,386,694	50,940,655
Right-of-use assets	146,661,120	-	150,454,00
Investments	-	35,803,148	39,065,267
Deferred tax asset	12,239,125	12,239,125	12,239,125
Current assets:			
Inventories	53,898,062	46,743,647	45,772,845
Receivables	99,931,706	86,269,432	36,300,480
Taxation recoverable	1,950,183	-	1,950,183
Directors' current account	10,127,471	55,126,804	8,439,217
Cash and cash equivalents	146,896,414	6,228,703	12,393,722
	312,803,835	194,368,586	104,856,447
Current liabilities:			
Payables	138,438,693	97,613,417	103,312,308
Related party balance	13,810,461	-	31,464,620
Taxation	-	1,048,006	1,048,006
Current portion of finance lease obligations	4,016,536	3,585,784	7,796,601
Current portion- rights of use	10,864,672	-	10,663,788
Current portion of long-term loans	-	13,223,877	-
Bank overdraft	-	-	3,579,745
	167,130,362	115,471,083	157,865,068
Net current (liabilities) / assets	145,673,473	78,897,503	(53,008,621)
	354,637,393	261,326,471	199,690,506
Shareholders' equity:			
Share capital	121,274,271	1,000	1,980
Retained earnings	91,008,327	211,011,385	56,101,659
	212,282,599	211,012,385	56,103,639
Non-current liabilities			
Finance lease obligations	1,501,066	5,592,516	2,532,255
Lease liability	140,853,728	-	141,054,611
Long term loans	-	44,721,569	-
	354,637,393	261,326,471	199,690,506

Approved for issue by the Board of Directors on June 10, 2022 and signed on its behalf by:


 Metry Seaga - Chief Executive Officer


 Stephen Sirgany - Chief Operating Officer

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Changes in Equity
For the three (3) months ended March 31, 2022

	<u>Number of Shares</u>	<u>Share Capital</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
Balance at 31 December 2020	1,000	1,000	203,308,548	203,309,548
Net profit, being total comprehensive income		-	8,036,167	8,036,167
Issue of shares during the year				
Prior year Adjustment			-333,330	-333,330
Balance at 31 March 2021	1,000	1,000	211,011,385	211,012,385
Net profit, being total comprehensive income	-	-	290,276	290,276
Issue of shares during the year	979,999,000	980		980
Dividends declared			(155,200,000)	(155,200,000)
Balance at 31 December 2021	980,000,000	1,980	56,101,661	56,103,641
Net profit, being total comprehensive income	-	-	34,906,667	34,906,667
IPO Transaction costs*		(18,727,709.00)		(18,727,709)
Issue of shares during the year	140,000,000	140,000,000.00		140,000,000
Balance at 31 March 2022	1,120,000,000	121,274,271	91,008,328	212,282,599

* legal, stock exchange fees etc

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Cashflows
For the three (3) months ended March 31, 2022

	<u>Unaudited</u> <u>1st Quarter</u> <u>3 months Ended</u> <u>March</u> <u>2022</u> \$	<u>Unaudited</u> <u>1st Quarter</u> <u>3 months Ended</u> <u>March</u> <u>2021</u> \$	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2021</u> \$
Cash flows from operating activities:			
Net profit	34,906,667	8,036,167	8,326,441
Items not affecting cash resources:			
Depreciation	1,381,487	5,257,021	15,877,579
Amortization of leases	3,792,960	-	1,264,320
Interest income	(6,912)	(45,292)	(53,713)
Gain on disposal	-	-	(57,259,518)
Prior year adjustment		(293,330)	(333,330)
Non-cash adjustment		-	287,452
Interest expense	957,418	1,830,054	9,069,055
	41,032,620	14,784,619	(22,821,714)
Changes in operating assets and liabilities:			
Inventories	(8,125,217)	(9,227,637)	(8,256,835)
Receivables	(63,631,226)	(32,693,150)	17,275,801
Payables	35,126,385	(17,343,601)	(11,604,709)
Related party	(17,654,159)	-	31,464,620
Directors current accounts	(1,688,254)	(12,147,313)	34,540,275
Taxation recoverable	-	-	(1,950,183)
Taxation payable	(1,048,006)	(10,400,977)	(10,400,977)
	(57,020,476)	(81,812,678)	51,067,992
Cash provided by operating activities	(15,988,856)	(67,028,059)	28,246,278
Cash flows from investing activities			
Purchase of property, plant, and equipment	(504,506)	(433,237)	(1,418,301)
Finance lease-rights of use		-	(151,718,400)
Proceeds from sale of fixed asset		-	130,782,609
Investment	39,065,267	(5,877,447)	(9,139,566)
Interest received	6,912	45,292	53,713
Cash used in investing activities	38,567,674	(6,265,392)	(31,439,945)
Cash flows from financing activities			
Interest paid	(957,418)	(1,830,054)	(9,069,055)
Share Capital	121,272,291	-	980
Finance Lease	(4,811,253)	-	151,718,400
Dividend paid		-	(155,200,000)
Loans, net (repayments)/receipts		(14,044,954)	(70,839,843)
Cash used in financing activities	115,503,619	(15,875,008)	(83,389,518)
Net increase in cash and cash equivalents	138,082,437	(89,168,459)	(86,583,185)
Net cash and cash equivalents at beginning of year	8,813,977	95,397,162	95,397,162
Net cash and cash equivalents at end of the year	146,896,414	6,228,703	8,813,977

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the three (3) months ended March 31, 2022

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 2021, 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 2021.

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 2021.

(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 three (3) months ended March 31, 2022

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 the weighted average number of shares in issue for the three (3) month period of 1,028,222,222 (2021 – 1,000)

6. SHARE CAPITAL

Authorized:

10,000,000,000 shares (2021 – 1,000 shares)

Issued and fully paid:

1,120,000,000 shares (2021 – 1,000 shares)

Please see movement of shares below:

Date	Allocated to	Transaction type	Number of shares
1-Jan-21	Initial balance of shares		1,000
28-Oct-21	JKZ Limited	Allocation by resolution	280,559,666
28-Oct-21	Stephen Sirgany	Allocation by resolution	15,454,847
28-Oct-21	Richard Sirgany	Allocation by resolution	295,128,242
28-Oct-21	Eurobian Limited	Allocation by resolution	295,128,242
28-Oct-21	JFP Property Investments Limited	Allocation by resolution	93,728,003
4-Nov-21	Stephen Sirgany sold to JFP Property Investments Limited	Share purchase agreement	(15,454,847)
4-Nov-21	Richard Sirgany sold to JFP Property Investments	Share purchase agreement	(15,408,575)
4-Nov-21	Eurobian Limited sold to JFP Property Investments	Share purchase agreement	(15,408,575)
4-Nov-21	JFP Property Investments Limited purchased from Eurobian	Share purchase agreement	15,408,575
4-Nov-21	JFP Property Investments Limited purchased from Stephen Sirgany	Share purchase agreement	15,454,847
4-Nov-21	JFP Property Investments Limited purchased from Richard Sirgany	Share purchase agreement	15,408,575
28-Feb-22		Initial Public Offer	140,000,000
	Balance of shares after IPO		1,120,000,000

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the three (3) months ended March 31, 2022

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

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

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the three (3) months ended March 31, 2022

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Unaudited Financial Statements
For the three (3) Months ended March 31, 2022

INFORMATION REGARDING SHAREHOLDERS

AS AT MARCH 31, 2022

TEN LARGEST SHAREHOLDERS	NO. of Stock Units
JKZ Limited	280,560,000
Mr. Richard Sirgany (Mrs. Nicola Sirgany)	279,720,000
Eurobian Limited	279,720,000
GK Investment	61,614,211
JFP Property Investment Ltd	9,539,000
Jamaica Properties Limited	5,000,000
Claudine Murphy (Jade Speer, Chanel Grainger)	4,128,534
Kevin Seaga	3,500,000
Derrick Thompson	3,244,432
Mr. Jiayong Liao	3,200,000
Harold Frederick Soltau	3,120,111
SHAREHOLDINGS OF DIRECTORS	
Ian Kent Levy	3,000,000
JKZ Limited (Owned by Stephen Sirgany)	280,560,000
Richard Sirgany (Mrs. Nicola Sirgany)	279,720,000
Eurobian Limited (Owned by Metry Seaga)	279,720,000
Stephen Sirgany (Mrs Lisa Sirgany)	250,000
SHAREHOLDING OF SENIOR OFFICERS	
JKZ Limited (Owned by Stephen Sirgany)	280,560,000
Richard Sirgany (Mrs. Nicola Sirgany)	279,720,000
Eurobian Limited (Owned by Metry Seaga)	279,720,000
Stephen Sirgany (Mrs Lisa Sirgany)	250,000

