

JFP LIMITED

UNAUDITED FINANCIAL STATEMENTS

4th QUARTERLY REPORT

For the period ended 31 December 2022



**COMMERCIAL | CONTRACT
FURNITURE MANUFACTURERS**



JFP

COMMERCIAL
CONTRACT
FURNITURE
MANUFACTURERS

if you
can **imagine it**
we can build it!

JFP is capable of manufacturing long lasting furnishing from wood, metal, solid surface and acrylic.

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Report to the Shareholders

The board of directors is pleased to present the unaudited results of JFP Limited (the “company”) for the twelve-month period ended December 31, 2022.

Profit and Loss

Quarterly

Revenue increased by 515% in 2022 compared to 2021. This was diluted by a 921% increase in cost of sales which resulted in a 95% increase in gross profit. Gross profit margin decreased from 49% to 15%. This quarter saw a significant adjustment to the company’s inventory of 38.6M. This was due to a combination of factors:

1. The company took a decision to upgrade its product offerings to meet market demands which resulted in a large volume of its inventory becoming unusable (for quality control purposes).
2. There was also a significant improvement in the inventory system’s control process, with the introduction and integration of the Peachtree software, which improved data collection and management. The layout and flow of the storeroom was also re-structured which allowed for clearance of items with expired shelf life.

Other income decreased by 80%. This was a result of reduced income from the current investment at GK Capital. A number of equity shares held saw a significant decline in value.

Overall finance costs for the business decreased by 65%. The company cleared all its long-term debt in 2021 with the exception of the leased assets held.

Year to date

JFP achieved significant growth in sales and recorded revenue at 476M, a 104% increase over the previous year. The gross profit margin remained relatively stable with an increase of 5%.

Administrative expenses increased by 32%. This was due to increases in staff costs and related staff expenses. A larger staff complement as well as increased incentives caused this effect.

Selling and distribution expenses increased by 133%. JFP participated in an increased number of trade shows and the overall increase in sales over the financial year led to an increase in the commission for external sales representatives.

The year-to-date net profit increased by 83% despite the fourth quarter’s loss.

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Report to the Shareholders
For the twelve (12) months ended December 31, 2022

Balance Sheet

Total assets of JFP grew by 61% to 321M in 2022.

There was an increase in inventory. Work in progress inventory was a little higher than anticipated because a significant amount of stock was for a major project which was forecasted to be completed by year end but was not.

Receivables increased by 357% due to volume orders and delays related to holiday closures. It must be noted however, that our customers are well established and highly rated companies that always settle their debts even if they take an extended time to do so. We are continuously sensitizing them to ensure timely collection of our funds.

Cash and cash equivalents increased by 243%. The funds held at GK were broken out into investments which includes stocks and cash. This resulted in a higher cash and bank balance.

Payables increased by 67% resulting from the delay in collection of receivables.

Shareholder's equity increased in 2022 by 243% due mainly to the IPO and also the increase in profit for the year.

The Board of Directors would like to express our heartfelt gratitude to our employees, customers, suppliers, shareholders and all other stakeholders for the unwavering support and ongoing contribution to make JFP Limited a renowned name globally.



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Metry Seaga
Chief Executive Officer

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Comprehensive Income
For the twelve (12) months ended December 31, 2022

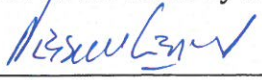
JFP LIMITED
Statement of Comprehensive Income
Period ended 31 December 2022

	Twelve months to		Three months to	
	December 2022	December 2021	December 2022	December 2021
		\$		
Revenue	476,393,146	233,736,393	147,706,305	24,007,295
Cost of Sales	(244,364,596)	(129,097,818)	(124,688,835)	(12,217,521.35)
Gross Profit	232,028,551	104,638,574	23,017,470	11,789,774
Other Income/(Loss)	11,753,106	77,308,514	11,621,991	58,033,296
	243,781,657	181,947,088	34,639,461	69,823,069
Administrative expenses	195,485,856	148,536,864	55,988,638	52,085,728
Selling and distribution expenses	17,306,982	7,437,262	2,622,581	2,901,885
	212,792,838	155,974,126	58,611,219	54,987,613
Operating Profit	30,988,819	25,972,962	(23,971,758)	14,835,456
Finance Income	49,479	53,713	1,683	4,302
Finance Costs	(15,825,540)	(17,700,234)	(4,009,506)	-11,507,518
	(15,776,061)	(17,646,521)	(4,007,823)	-11,503,216
Operating profit before tax	15,212,757	8,326,441	(27,979,581)	3,332,241
Taxation	-	-	-	-
Net profit, being total comprehensive income for the year	15,212,757	8,326,441	(27,979,581)	3,332,241
Earnings per stock unit (EPS)	0.014	0.054	-0.026	0.022

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Financial Position
For the twelve (12) months ended December 31, 2022

	<u>Unaudited</u> <u>4th Quarter</u> <u>12 months</u> <u>Ended December</u> <u>2022</u> <u>\$</u>	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2021</u> <u>\$</u>
Non-current assets:		
Property, plant and equipment	45,482,120	50,940,655
Right-of-use assets	135,282,240	150,454,080
Investments	10,400,000	39,065,267
Deferred tax asset	12,239,125	12,239,125
Current assets:		
Inventories	92,812,340	45,772,845
Receivables	166,070,787	36,300,480
Taxation recoverable	1,950,183	1,950,183
Related party	2,189,539	-
Directors' current account	11,535,546	8,439,217
Cash and cash equivalents	42,474,685	12,393,722
	317,033,080	104,856,447
Current liabilities:		
Payables	172,965,763	103,312,308
Related party balance	-	31,464,620
Taxation	-	1,048,006
Current portion of finance lease obligations	3,163,713	7,796,601
Current portion- rights of use	23,007,338	10,663,788
Current portion of long-term loans	-	-
Bank overdraft	-	3,579,745
	199,136,814	157,865,068
Net current (liabilities) / assets	117,896,266	(53,008,621)
	321,299,751	199,690,506
Shareholders' equity:		
Share capital	121,274,271	1,980
Retained earnings	71,314,418	56,101,659
	192,588,689	56,103,639
Non-current liabilities		
Finance lease obligations	-	2,532,255
Lease liability	128,711,062	141,054,611
Long term loans	-	-
	321,299,751	199,690,506

Approved for issue by the Board of Directors on February 7, 2023 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 Cashflows
For the twelve (12) months ended December 31, 2022

	Number of Shares	Share Capital \$	Retained Earnings \$	Total \$
Balance at 31 December 2020	1,000	1,000	203,308,548	203,309,548
Net profit, being total comprehensive income		-	8,326,441	8,326,441
Issue of shares during the year	979,999,000	980		980
Dividends declared			(155,200,000)	(155,200,000)
Prior year Adjustment			-333,330	(333,330)
Balance at 31 December 2021	980,000,000	1,980	56,101,659	56,103,639
Net profit, being total comprehensive income		-	15,212,757	15,212,757
Adjustment			1	1
Transaction costs		(18,727,709)		(18,727,709)
Issue of shares during the year	140,000,000	140,000,000.00		140,000,000
Balance at 31 December 2022	1,120,000,000	121,274,271	71,314,418	192,588,689

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Cashflows
For the twelve (12) months ended December 31, 2022

	Unaudited 4th Quarter 12 months Ended December 2022 \$	Audited Full-year 12 months Ended December 2021 \$
Cash flows from operating activities:		
Net profit/(loss)	15,212,757	8,326,441
Items not affecting cash resources:		
Depreciation	9,418,629	15,877,579
Amortization of leases	15,171,840	1,264,320
Interest income	(49,479)	(53,713)
Gain on disposal	53,408	(57,259,518)
Deferred Tax		
Prior year adjustment	-	(333,330)
Non-cash adjustment	-	287,452
Interest expense	14,927,728	9,069,055
	54,734,884	(22,821,714)
Changes in operating assets and liabilities:		
Inventories	(47,039,495)	(8,256,835)
Receivables	(129,770,307)	17,275,801
Payables	69,653,455	(11,604,709)
Related party	(33,654,159)	31,464,620
Directors current accounts	(3,096,329)	34,540,275
Taxation recoverable	-	(1,950,183)
Taxation payable	(1,048,006)	(10,400,977)
	(144,954,840)	51,067,992
Cash provided by operating activities	(90,219,956)	28,246,278
Cash flows from investing activities		
Purchase of property, plant, and equipment	(4,013,503)	(1,418,301)
Finance lease-rights of use	-	(151,718,400)
Proceeds from sale of fixed asset	-	130,782,609
Investment	28,665,267	(9,139,566)
Interest received	49,479	53,713
Cash used in investing activities	(24,701,244)	(31,439,945)
Cash flows from financing activities		
Interest paid	(14,927,728)	(9,069,055)
Share Capital	121,272,291	980
Finance Lease	(7,165,142)	151,718,400
Dividend paid	-	(155,200,000)
Loans, net (repayments)/receipts	-	(70,839,843)
Cash used in financing activities	99,179,421	(83,389,518)
Net increase in cash and cash equivalents	33,660,708	(86,583,185)
Net cash and cash equivalents at beginning of year	8,813,977	95,397,162
Net cash and cash equivalents at end of the year	42,474,685	8,813,977

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the twelve (12) months ended December 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) five 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.

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 twelve (12) month period of 1,092,383,561.64 (2021 – 153,041,940).

6. SHARE CAPITAL

Authorized:

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

Issued and fully paid:

1,120,000,000 shares (2021 – 980,000,000 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

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 twelve (12) months ended December 31, 2022

JFP Limited
Unaudited Financial Statements
For the twelve (12) Months ended December 31, 2022

INFORMATION REGARDING SHAREHOLDERS

AS AT December 31, 2022

TEN LARGEST SHAREHOLDERS	NO. of Stock Units
JKZ Limited	280,560,000
Eurobian Limited	279,720,000
Mr. Richard Sirgany (Mrs. Nicola Sirgany)	230,961,892
GK Investment	60,930,070
Metry Seaga	25,000,000
JKZ Limited	23,770,000
JFP Property Investment Ltd	9,539,000
PAM-Pooled Equity Fund	7,537,737
Claudine Murphy (Jade Speer, Chanel Grainger)	5,480,166
Jamaica Properties Limited	5,000,000
SHAREHOLDINGS OF DIRECTORS	
Ian Kent Levy	3,000,000
JKZ Limited (Owned by Stephen Sirgany)	304,330,000
Richard Sirgany (Mrs. Nicola Sirgany)	230,961,892
Eurobian Limited (Owned by Metry Seaga)	279,720,000
Metry Seaga	25,000,000
Stephen Sirgany (Mrs Lisa Sirgany)	250,000
Adrian Mitchell	30,000
SHAREHOLDING OF SENIOR OFFICERS	
JKZ Limited (Owned by Stephen Sirgany)	304,330,000
Metry Seaga	25,000,000
Eurobian Limited (Owned by Metry Seaga)	279,720,000
Stephen Sirgany (Mrs Lisa Sirgany)	250,000