

EPPLEY
L I M I T E D

2023

THIRD QUARTER

Contents

Financial Highlights	2
Letter to Shareholders	3
Disclosure of Shareholders	5
Financial Statements	6

2023 Third Quarter Financial Highlights

Net profit
\$443 million

Dividend Declared
\$0.052/share

Stockholders' Equity
\$1.3 billion

Investment Portfolio
\$5.6 billion

Interest Income
\$317 million

Asset Management Income
\$226 million

Eppley is a growing, diverse Caribbean investment company that has a track record of producing high and consistent returns for our shareholders.

Our investment strategy is focused on private markets in credit, mezzanine, real estate and infrastructure.

Letter to Shareholders

November 13, 2023

Fellow Shareholders,

Eppley produced earnings per share of \$2.30 in the first three quarters of 2023, generating a 72% return for shareholders.¹

Proprietary Investment Portfolio

At the end of September 2023, we owned a \$5.6 billion investment portfolio consisting of cash, loans, leases, receivables and investments in our mezzanine, real estate, infrastructure and asset management joint ventures, subsidiaries and associates. The average normalized income yield of our portfolio was 17%.

Asset Management Business

In addition to our proprietary portfolio, we also manage or administer the equivalent of over US\$130 million of capital primarily through the Eppley Caribbean Property Fund, Caribbean Mezzanine Fund and Capital Infrastructure Group.

Capitalization and Liquidity

Our leverage was 3.1x our capital at the end of the quarter and our average cost of debt was 6%. We closed the quarter with \$664 million of cash.

Financial Performance

Our profit after tax attributable to shareholders for the first nine months of 2023 was \$443 million when compared against \$187 million generated for the similar period of last year. This is the highest profit Eppley has ever recorded.

The financial performance for the period ended September 2023 reflects the impact of the gain on bargain purchase from the acquisition of the Eppley Caribbean Property Fund-Development Fund shares.

Excluding the impact of the Development Fund transaction, our profitability for the nine-month period would have been approximately \$239 million, 28% higher than the corresponding period of 2022 and already in line with profits made for all of last year.

¹ Based on a cost basis of \$3.21 per share which assumes an investor subscribed in the IPO and fully participated in our rights issue.

Net interest income fell mainly due to repayments of loans and factoring facilities during the period coupled with higher interest expenses prior to maturity of the \$300 million preference shares in the quarter.

The quality of our business continued to improve through expansion of the recurring, predictable fee income generated from managing or administering assets in our real estate, mezzanine and infrastructure strategies.

This stability is evident as our asset management income alone is now sufficient to meet our interest expenses.

Dividend

Today the Board of Directors approved a dividend of 5.2 cents per share payable on December 15, 2023 to ordinary shareholders on record as of November 30, 2023.

Subject to the discretion of the Board of Directors, we expect to maintain our dividend policy in future periods.

Outlook

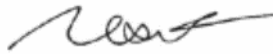
We maintain a positive outlook and are committed to reinforcing our capabilities through maintaining our emphasis on our people.

We remain focused on further expanding our asset management business and will be carefully deploying cash into commercial lease and loan opportunities in the fourth quarter.

Sincerely,



P.B. Scott
Chairman



Nicholas A. Scott
Vice Chairman

Shareholders

TEN LARGEST SHAREHOLDERS

(at September 30, 2023)

Stony Hill Capital Limited	48,097,800
ATL Group Pension Fund Trustees Nom Ltd.	38,421,665
Caribprop Limited	27,500,000
Perseverance Limited	23,353,134
Coldharbour Partners Inc.	10,774,674
Curmudgeon Limited	8,284,000
Michael Subratie	8,259,863
Caona Investments Limited	6,076,923
Ravers Limited	5,348,700
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	1,172,613

SHAREHOLDINGS OF DIRECTORS

(at September 30, 2023)

	DIRECT	CONNECTED *
Alexander Melville	-	-
Byron Thompson	483,750	-
Jennifer Scott	-	23,786,884
Keith Collister	-	38,421,665
Maxim Rochester	956,850	-
Melanie Subratie	-	62,871,336
Nicholas Scott	-	19,495,424
P.B. Scott	-	99,387,684
Sharon Donaldson	868,074	436,750
Justin Nam	851,420	-

SHAREHOLDINGS OF EXECUTIVES

(at September 30, 2023)

	DIRECT	CONNECTED *
Jacquelin Watson	1,024,650	-
Adam Hugh	616,486	-
Denise Gallimore	197,368	-

* Includes connections by virtue of directorships and other affiliations in addition to indirect shareholdings.

Consolidated Statement of Comprehensive Income
(Jamaican dollars in thousands)

	Unaudited 9 months ended Sep. 2023	Unaudited 9 months ended Sep. 2022	Unaudited 3 months ended Sep. 2023	Unaudited 3 months ended Sep. 2022	Audited 12 months ended Dec. 2022
Net Investment Income					
Interest Income	316,588	331,720	98,054	106,358	438,363
Interest expense	(226,078)	(219,784)	(76,786)	(76,131)	(300,392)
Net interest income	<u>90,510</u>	<u>111,936</u>	<u>21,268</u>	<u>30,227</u>	<u>137,971</u>
Asset management income	226,054	187,737	78,188	63,995	283,343
Fees and other operating income	135,571	56,014	50,182	35,334	91,483
Gain on bargain purchase	229,592	-	472	-	-
Administrative expenses	(232,904)	(168,528)	(66,476)	(54,983)	(243,004)
Net impairment on financial assets	439	74	15	139	(2,895)
Share of net profit from joint venture	14,550	3,002	14,550	3,002	2,944
Profit before Taxation	<u>463,812</u>	<u>190,235</u>	<u>98,199</u>	<u>77,714</u>	<u>269,842</u>
Taxation	(20,969)	(3,520)	(6,874)	(962)	(31,045)
Net profit for the period	<u>442,843</u>	<u>186,715</u>	<u>91,325</u>	<u>76,752</u>	<u>238,797</u>
Other comprehensive income:					
<i>Items that will not be reclassified</i>					
Exchange differences on translation of foreign operations	7,323	(2,810)	8,913	4,134	(3,245)
Changes in fair value of equity investments at fair value through other comprehensive income	(19,171)	4,850	301	4,792	4,980
Other comprehensive (loss)/income for the period, net of taxes	<u>(11,848)</u>	<u>2,040</u>	<u>9,214</u>	<u>8,926</u>	<u>1,735</u>
Total comprehensive income for the period, net of taxes	<u>430,995</u>	<u>188,755</u>	<u>100,539</u>	<u>85,678</u>	<u>240,532</u>
Net profit/(loss) attributable to:					
Owners of the company	442,911	186,715	86,060	76,752	238,797
Non-controlling interests	(68)	-	5,265	-	-
	<u>442,843</u>	<u>186,715</u>	<u>91,325</u>	<u>76,752</u>	<u>238,797</u>
Total comprehensive income/(loss) attributable to:					
Owners of the company	431,063	188,755	95,274	85,678	240,532
Non-controlling interests	(68)	-	5,265	-	-
	<u>430,995</u>	<u>188,755</u>	<u>100,539</u>	<u>85,678</u>	<u>240,532</u>
EARNINGS PER STOCK UNIT (3)	\$2.30	\$0.97	\$0.45	\$0.40	\$1.24

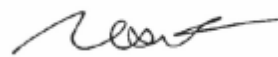
Eppley Limited
Consolidated Statement of Financial Position
(Jamaican dollars in thousands)

	Unaudited	Unaudited	Audited
	Sep. 2023	Sep. 2022	Dec. 2022
ASSETS			
Cash and deposits	663,737	904,374	1,031,327
Taxation recoverable	21,560	18,331	19,136
Other receivables	578,058	444,501	477,084
Insurance premium financing receivables	16,753	32,476	16,389
Loans receivable	1,216,448	1,270,300	1,209,960
Lease receivables	1,820,664	1,703,629	1,698,775
Investment securities	1,142,745	1,033,398	1,041,057
Investment in joint ventures	97,411	82,919	82,860
Investment in associated company	306,206	-	-
Real estate available-for-sale	703,693	-	-
Deferred tax assets	-	8,741	420
Right-of-use-asset	3,416	-	7,273
Property, plant and equipment	22,204	20,027	25,925
Total assets	<u>6,592,895</u>	<u>5,518,696</u>	<u>5,610,206</u>
LIABILITIES			
Due to related parties	1,653	1,653	1,653
Taxation payable	3,045	2,457	10,416
Deferred tax liabilities	29,177	4,188	15,419
Borrowings	4,098,178	4,164,787	4,111,658
Lease liability	3,090	-	7,374
Other liabilities	402,525	290,101	366,407
Total liabilities	<u>4,537,668</u>	<u>4,463,186</u>	<u>4,512,927</u>
EQUITY			
Share capital	492,343	492,343	492,343
Other reserves	20,196	13,308	12,873
Fair value reserves	46,156	65,197	65,327
Retained earnings	757,162	484,662	526,736
Equity attributable to owners of the company	<u>1,315,857</u>	<u>1,055,510</u>	<u>1,097,279</u>
Non-controlling interests	<u>739,370</u>	<u>-</u>	<u>-</u>
Total equity	<u>2,055,227</u>	<u>1,055,510</u>	<u>1,097,279</u>
Total Liabilities and Equity	<u>6,592,895</u>	<u>5,518,696</u>	<u>5,610,206</u>

Approved by the Board of Directors on November 13, 2023, and signed on its behalf by:



Paul. B. Scott
Chairman



Nicholas A. Scott
Vice Chairman

Eppley Limited
Consolidated Statement of Changes in Equity
(Jamaican dollars in thousands)

	Share Capital	Fair value Reserves	Other Reserve s	Retained Earnings	Non- controlling Interests	Total
Balance as at 1 January 2022	492,343	60,347	16,118	520,056	-	1,088,864
Net Profit for the year	-	-	-	186,715	-	186,715
Other comprehensive income for the	-	4,850	(2,810)	-	-	2,040
Total comprehensive income for the	-	4,850	(2,810)	186,715	-	188,755
Dividends	-	-	-	(222,109)	-	(222,109)
Balance as at 30 September 2022	492,343	65,197	13,308	484,662	-	1,055,510
Balance as at 1 January 2023	492,343	65,327	12,873	526,736	-	1,097,279
NCI on acquisition of subsidiary	-	-	-	-	739,438	739,438
Net Profit for the year	-	-	-	442,911	(68)	442,843
Other comprehensive income for the	-	(19,171)	7,323	-	-	(11,848)
Total comprehensive income for the	-	(19,171)	7,323	442,911	739,370	1,170,433
Dividends	-	-	-	(212,485)	-	(212,485)
Balance as at 30 September 2023	492,343	46,156	20,196	757,162	739,370	2,055,227

Eppley Limited
Consolidated Statement of Cash Flows
(Jamaican dollars in thousands)

	Unaudited 9 months ended Sep. 2023	Unaudited 9 months ended Sep. 2022	Audited 12 months ended Dec. 2022
Cash Flows from Operating Activities			
Net profit	442,843	186,715	238,797
Adjustments for:			
Depreciation	9,254	4,733	11,098
Amortisation of right-of-use-asset	4,056	1,384	1,384
Interest income	(316,588)	(331,720)	(438,363)
Dividend income	(55,796)	(40,894)	(53,058)
Interest expense	226,078	219,784	300,392
Unrealised gains on investment securities	(2,679)	(1,380)	(15,719)
Net gain on financial assets	(444)	(74)	2,705
Gain on bargain purchase	(253,718)	-	-
Gain on sale of property, plant and equipment	-	-	(4,783)
Gain on disposal of real estate available-for-sale	(23,966)	-	-
Exchange gains/(losses) on foreign currency denominated balances	(36,307)	832	9,132
Share of profit from joint venture	(14,550)	(3,002)	(2,942)
Share of loss from associated company	398	-	-
Taxation	20,969	4,184	31,045
	<u>(450)</u>	<u>40,562</u>	<u>79,688</u>
Changes in non-cash working capital components:			
Other receivables	(194,489)	8,824	(14,355)
Insurance premium financing receivables	(299)	72,849	89,024
Loans receivable	18,734	130,720	182,342
Lease receivables	(122,712)	536	5,106
Interest received	320,828	333,589	440,455
Dividend received	57,781	38,044	34,111
Other liabilities	2,076	(1,681)	75,459
	<u>81,469</u>	<u>623,443</u>	<u>891,830</u>
Tax withheld at source	(2,424)	(1,199)	(2,004)
Tax paid	(14,299)	(7,164)	(4,955)
Interest paid	(212,307)	(223,658)	(295,086)
Net cash (used in)/generated from operating activities	<u>(147,561)</u>	<u>391,422</u>	<u>589,785</u>

Eppley Limited
Consolidated Statement of Cash Flows (Cont'd)
(Jamaican dollars in thousands)

	Unaudited 9 months ended Sep. 2023	Unaudited 9 months ended Sep. 2022	Audited 12 months ended Dec. 2022
Cash Flows from Investing Activities			
Acquisition of investment securities	(96,993)	-	-
Acquisition of a subsidiary, net of cash acquired	(304,117)	-	-
Proceeds from sale of investment securities	2,233	51,930	52,313
Proceeds from sale of real estate available-for-sale	316,486	-	-
Additions to property, plant and equipment	(5,530)	(14,863)	(27,126)
Proceeds from sale of property, plant and equipment	-	-	4,783
Net cash (used in)/generated from investing activities	(87,921)	37,067	29,970
Cash Flows from Financing Activities			
Dividends paid	(212,485)	(222,109)	(232,117)
Lease liability repaid	(4,412)	(1,384)	(1,384)
Loans received	453,955	190,088	193,852
Loans repaid	(500,910)	(137,831)	(193,388)
Net cash used in financing activities	(263,852)	(171,236)	(233,037)
(Decrease)/Increase in net cash balance	(499,334)	257,253	386,718
Effects of foreign exchange rates changes on cash and cash equivalents	21,666	(17,924)	(20,718)
Cash and cash equivalents at beginning of year	971,471	605,471	605,471
CASH AND CASH EQUIVALENTS AT END OF PERIOD	493,803	844,800	971,471

1. Identification and Activities

Eppley Limited is a limited liability company incorporated and domiciled in Jamaica. The company is listed on the Main Market of the Jamaica Stock Exchange. The registered office of the company is located at 58 Half Way Tree Road, Kingston 10.

The principal activity of the company is investing in credit products including insurance premium financing, lease and loan financing and providing asset management services.

2. Statement of Compliance and Basis of Preparation

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and the relevant provisions of the Companies Act.

The interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets carried at fair value.

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2022. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

3. Earnings Per Stock Unit

	Unaudited 9 months Sep. 2023	Unaudited 9 months Sep. 2022	Audited 12 months Dec. 2022
Net profit attributable to stockholders (\$'000)	442,911	186,715	238,797
Weighted average number of stock units outstanding ('000)	<u>192,468</u>	<u>192,468</u>	<u>192,468</u>
Earnings per stock unit (\$)	2.30	0.97	1.24

4. **Cash and Cash Equivalents**

	Unaudited 9 months Sep. 2023	Unaudited 9 months Sep. 2022	Audited 12 months Dec. 2022
Cash and bank balances	565,584	607,330	516,154
Term deposits	98,153	297,044	515,173
	<u>663,737</u>	<u>904,374</u>	<u>1,031,327</u>
Less: Restricted Cash	(169,415)	(58,603)	(58,644)
Less: interest receivable	(519)	(971)	(1,212)
	<u>493,803</u>	<u>844,800</u>	<u>971,471</u>