

FIRST QUARTER

INTERIM REPORT

2024

SHAREHOLDER'S REVIEW

Someone once said “when the US sneezes, the world catches a cold.” These days, those sneezes have come from a number of other countries besides the US. And the result for The Bahamas? Price and supply volatility across multiple industries over the past few years, from food to finance.

Yet burgeoning tourism numbers have also propelled the country into a post-pandemic economic stratosphere, and birthed new concerns that continued expansion at such a breakneck speed could overwhelm limited resources, people, and systems. The Central Bank spoke to these fears in its economic report at the end of 2023: “The domestic economy is poised to experience continued growth moderation in 2024,” the report states, “converging closer to its expected medium potential.”

The first quarter of 2024 nevertheless produced solid results for our Agency division, which posted a nearly 24% gain in Net income through March (from \$2.07M to \$2.56M). The increase was generated in part by an 8.63% rise in Net revenue from contracts with customers, along with a nearly \$30,000 bump in Dividend income.

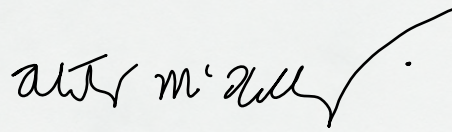
And despite ongoing challenges with reinsurance capacity, our Underwriting division swung back to the black in Q1 by posting \$1.87M in Net income, after a loss of \$686,001 over the same period last year. These

positive results were powered by a 29.5% increase in Insurance revenue (from \$14.76M to \$19.11M) and a swing from \$164,052 mitigation in Net unrealized loss on investments in securities to a gain on the investment portfolio this year.

I'd like to thank our customers for their patronage and our Board of Directors for its continued support. As we once again start counting down to hurricane season, I'd like to urge everyone to make storm preparation a priority by re-evaluating your property, boat(s) and vehicle coverages. Hope for the best, prepare for the worst, as the saying goes.

In the end, JSJ's success is merely a reflection of your confidence. We really strive to provide only one thing to all our customers, after all. Every day. No matter the coverage. No matter the season

And that's Peace of Mind!



Alister I. McKellar, FCII
Managing Director



J.S. JOHNSON
PEACE OF MIND
INSURANCE AGENTS & BROKERS

PEACE OF MIND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2024 (amounts expressed in Bahamian dollars)

	March 2024	December 2023
ASSETS		
Cash and bank balances	\$ 22,824,093	25,794,251
Term deposits	12,199,077	12,145,433
Accounts receivable	20,834,425	13,251,654
Due from insurance carriers	296,070	516,626
Investments in securities		
- fair value through profit or loss	7,921,248	11,371,383
- Amortized costs	25,552,574	20,120,592
Prepayments and other assets	1,402,236	448,795
Reinsurance contract assets	27,716,226	29,754,343
Right of use asset	677,974	726,823
Investment properties	536,916	536,916
Property, plant and equipment	7,551,131	7,614,604
Total assets	\$ 127,511,970	122,281,418
LIABILITIES		
Insurance contract liabilities:		
Liability for remaining coverage	\$ 29,042,903	46,569,577
Liability for claims incurred	15,231,976	4,189,469
	<u>44,274,879</u>	<u>50,759,046</u>
Other liabilities:		
Due to related parties	4,727,154	709,037
Accounts payable	15,239,176	8,756,756
Lease Liability	675,080	727,587
Accrued expenses and other liabilities	3,065,258	3,916,093
Total liabilities	67,981,547	64,868,519
EQUITY		
Share capital		
Authorized ordinary shares-40,000,000 of \$0.01 each	\$ 400,000	400,000
Unissued ordinary shares- 32,000,000 of \$0.01 each	(320,000)	(320,000)
Issued and fully paid ordinary shares-8,000,000 of \$0.01 each	80,000	80,000
Retained earnings	36,806,345	35,862,047
Interest in own shares	(84,600)	(84,600)
	<u>36,801,745</u>	<u>35,857,447</u>
Non-controlling interest	22,728,678	21,555,452
Total equity	\$ 59,530,423	57,412,899
Total liabilities and equity	127,511,970	122,281,418

(unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months to March 31, 2024 (amounts expressed in Bahamian dollars)

	March 2024	March 2023
INCOME		
Insurance Revenue	19,119,839	14,764,021
Net revenue from contracts with customers	6,268,410	5,534,145
Reinsurance finance income	346,434	345,797
Change in net unrealised gain on investments in securities	31,018	-
Total income	25,765,701	20,643,963
EXPENSES		
Net expense from Reinsurance contracts held	14,598,678	12,838,302
Salaries and employees benefits	2,890,558	2,876,912
Insurance service expense	2,381,694	1,932,937
Depreciation and amortization	173,889	175,554
Change in net unrealised loss on investments in securities	-	164,052
Other operating expenses	1,286,841	1,271,763
Total expenses	21,331,660	19,259,520
Net income	4,434,041	1,384,443
Other comprehensive income		
Unrealized gain on available for sale securities	-	-
Total comprehensive income	4,434,041	1,384,443
Equity holders of the Company	\$ 3,260,819	1,690,978
Non-controlling interests	1,173,222	(306,535)
	4,434,041	1,384,443
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.41	\$ 0.21

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months to March 31, 2024 *(amounts expressed in Bahamian dollars)*

	Share Capital	Retained Earnings	Interest in own Shares	Other Comprehensive Income	Total Shareholders' Equity	Non- Controlling Interest	Total Equity
Balance at December 31, 2022	80,000	32,880,939	(84,600)	-	32,876,339	20,111,766	52,988,105
Total comprehensive income for the year:							
Net income	-	1,264,600	-	-	1,264,600	(183,167)	1,081,434
Unrealised gain on available for sale securities	-	-	-	-	-	-	-
Distributions to owners:							
Dividends	-	(1,358,470)	-	-	(1,358,470)	-	(1,358,470)
Balance at March 31, 2023	80,000	32,787,068	(84,600)	-	32,782,468	19,928,598	52,711,065
Balance at December 31, 2023	80,000	35,862,047	(84,600)	-	35,857,447	21,555,452	57,412,899
Total comprehensive income for the year:							
Net income	-	3,260,819	-	-	3,260,819	1,173,222	4,434,041
Unrealised gain on available for sale securities	-	-	-	-	-	-	-
Distributions to owners:							
Dividends	-	(2,316,520)	-	-	(2,316,520)	-	(2,316,520)
Balance at March 31, 2024	80,000	36,806,345	(84,600)	-	36,801,745	22,728,678	59,530,423

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months to March 31, 2024 (amounts expressed in Bahamian dollars)

	March 2024	March 2023
Cash flows from operating activities:		
Net income for the period	4,434,041	1,384,443
<i>Adjustments for:</i>		
Unearned premium reserve	(4,079,551)	(2,029,141)
Depreciation and amortization	173,889	175,554
Interest income	(208,947)	(188,139)
Dividend income	(77,319)	(107,643)
Bad debts	12,000	12,000
Cash from operations before changes in assets and liabilities	254,113	(752,926)
(Increase)/decrease in assets:		
Accounts receivable	(7,594,771)	(7,422,813)
Due from insurance carriers	220,556	(4,999)
Prepayments and other assets	(953,441)	(1,069,527)
Reinsurance contract assets	2,038,118	921,952
Increase/(decrease) in liabilities:		
Unearned premium reserve	(13,447,123)	3,238,112
Liability for remaining coverage	11,042,507	(577,507)
Due to related parties	4,018,117	(492,901)
Accounts payable, accrued expenses and other liabilities	5,631,584	314,128
Reinsurance contract liabilities	-	1,850,020
Net cash provided/(used by) operating activities	1,209,661	(3,996,461)
Cash flows from investing activities:		
Net placement of term deposits	151,182	131,723
Purchase of property, plant and equipment	(61,567)	(55,450)
Sale of investments in securities	(2,061,955)	(1,349,216)
Interest received	84,229	96,940
Dividends received	77,319	107,643
Net cash used in investing activities	(1,810,792)	(1,068,360)
Cash flows from financing activities:		
Dividends paid to shareholders	(2,316,520)	(1,358,470)
Principal payment of lease liability	(52,507)	(49,403)
Net cash used in financing activities	(2,369,028)	(1,407,873)
Net decrease in cash and cash equivalents	(2,970,159)	(6,472,694)
Cash and cash equivalents at beginning of period	25,794,251	20,557,403
Cash and cash equivalents at end of period	22,824,093	14,084,709

(unaudited)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year December 31, 2023.

2. SEGMENT INFORMATION

The Group is organized into two business segments; Insurance Agents & Brokers and General Insurance.

The segment results for the period ended March 31, 2024 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance Revenue	\$ -	19,119,839	19,119,839
Net revenue from contracts with customers	6,438,953	(170,543)	6,268,410
Interest income	9,473	199,473	208,946
Change in net unrealized gain on investments in securities	-	31,019	31,019
Dividend income	47,832	65,341	113,172
Other income	-	24,316	24,316
Change in net unrealized gain on investments	\$ 6,496,257	19,269,445	25,765,701
Net expense from Reinsurance contracts held (premiums ceded)	\$ -	14,598,678	14,598,678
Insurance service expense	-	2,381,695	2,381,695
Depreciation and amortization	155,581	18,308	173,889
Other expenses	3,780,957	396,442	4,177,398
	\$ 3,936,538	17,395,123	21,331,660
Net income	\$ 2,559,719	1,874,322	4,434,041

The segment results for the period ended March 31, 2023 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance revenue	-	14,764,021	14,764,021
Net revenue from contracts with customers	\$ 5,926,904	(392,759)	5,534,145
Interest income	11,204	176,935	188,139
Dividend income	18,674	88,969	107,643
Other income	22,562	27,453	50,015
	\$ 5,979,344	14,664,619	20,643,963
Net expense from Reinsurance contracts held	-	12,838,302	12,838,302
Insurance service expense	\$ -	1,932,937	1,932,937
Depreciation and amortization	155,450	20,104	175,555
Change in net unrealized loss on investment in securities	-	164,052	164,052
Other expenses	3,753,449	395,225	4,148,674
	\$ 3,908,899	15,350,620	19,259,520
Net income	\$ 2,070,446	(686,001)	1,384,443

The segment assets and liabilities as at March 31, 2024 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 48,036,142	79,475,828	127,511,970
Total liabilities	30,778,897	37,202,650	67,981,547

The segment assets and liabilities as at March 31, 2023 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 42,512,865	68,116,862	110,629,727
Total liabilities	20,764,579	36,758,888	57,523,467