

FUTURE ENERGY SOURCE COMPANY LIMITED (FESCO)



Q2: QUARTERLY REPORT for the Financial Year April 2021- March 2022 for the period ending September 30, 2021

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1. Report to Ordinary Shareholders

Directors' Statement

The Directors take pleasure in presenting the unaudited financial statements of Future Energy Source Company Limited ("FESCO") or ("The Company") for the second (2nd) quarter ended September 30, 2021 for the financial year April 2021 to March 2022.

Overview

We are proud to report that despite the ongoing COVID-19 pandemic and all the attendant restrictions on travel, social engagements and general business activity including increased restrictions during July, August and September, the Company has exceeded its performance for the similar period last year.

Financial Highlights:

| | Unaudited 2nd Quarter 3 months ended 30-Sep-21 | Unaudited 2nd Quarter 3 months ended 30-Sep-20 | Q 2 Growth % | Unaudited YTD 6 months April 2021- Sept 2021 30-Sep-21 | Unaudited YTD 6 months April 2020 - Sept 2020 30-Sep-20 | YTD Growth % |
|--|--|--|-----------------|---|--|--------------------|
| Turnover | 2,423,269,170 | 1,604,325,508 | 51.0% | 4,332,585,730 | 2,811,497,079 | 54.1% |
| Cost of sales | (2,349,804,163) | (1,544,161,644) | 52.2% | (4,204,256,692) | (2,717,757,931) | 54.7% |
| Gross profit | 73,465,007 | 60,163,864 | 22.1% | 128,329,038 | 93,739,148 | 36.9% |
| Operating and administrative expenses | (17,768,916) | (20,928,521) | -15.1% | (38,291,104) | (29,552,805) | 29.6% |
| Impairment losses on financial assets | - | - | | - | - | |
| Operating profit | 55,696,091 | 39,235,343 | 42.0% | 90,037,934 | 64,186,343 | 40.3% |
| Finance income, net | 1,515,702 | 48,283 | | 7,114,862 | 782,949 | |
| Profit before taxation | 57,211,793 | 39,283,626 | 45.6% | 97,152,796 | 64,969,292 | 49.5% |
| Taxation | - | (13,423,004) | -100.0% | - | (15,028,358) | -100.0% |
| Net profit for the year, being total comprehensive income | 57,211,793 | 25,860,622 | 121.2% | 97,152,796 | 49,940,934 | 94.5% |
| Shareholders' Equity | 639,102,911 | 255,403,577 | 150.2% | | | |
| Net Current Assets | 365,936,096 | 95,541,290 | 283.0% | | | |

For the quarter ended September 30, 2021, FESCO recorded Turnover/Revenues of J\$2,423 million which reflects a 51.0% or J\$818.9 million year over year increase. Several factors affect revenue/turnover with the supply price of fuel being a major component. FESCO has no control over the supply price of fuel and, instead, focuses more on quantity of fuel sold and gross profits.

FESCO recorded gross profits of J\$73.5 million for the quarter which reflects growth of 22.1% or J\$13.3 million year over year. Year to date (YTD) gross profits has increased by J\$34.6 million or 36.9% (six months) to total J\$128.3 million compared to J\$93.7 million in 2020.

For the quarter, FESCO recorded operating profits of J\$55.7 million which reflects a 42.0% or J\$16.5 million year over year increase. Year to date operating profits are up J\$25.8 million or 40.3% to total J\$90.0 million.

FESCO recorded finance income for the quarter of J\$1.5 million compared to J\$0.048 million last year. Year to date finance income totals J\$7.1 million 2021 compared to J\$0.782 million YTD for 2020.

For the quarter ended September 2021, FESCO recorded profit before taxes of J\$57.2million (YTD 2021: J\$97.2 million) which represents a 45.6% increase or J\$17.9 million improvement on the Company's profit before taxes of J\$39.3 million (YTD 2020: J\$64.97 million) recorded for the second quarter of 2020. For the financial

year ending March 2022, due to the listing on the Stock Exchange, the Company will benefit from 10 years remission of income taxes and thus incur reduced corporate taxes. Accordingly, net profit for the first (2nd) quarter is J\$57.2M compared to J\$25.9 million in 2020, an increase of J\$31.4 million or 121.2% (YTD: an increase of J\$47.2 million or 94.5%).

Book Value or Shareholders' Equity increased to J\$639.1 million up from J\$255.4 million as at September 30, 2020 (150.2%) and up from J\$318.4 million from March 2021 (100.7%). This reflects the combined effects of the net proceeds of the IPO and increase in retained earnings. Net current assets has improved to a total of J\$365.9 million versus J\$95.5 million (September 30, 2020) and J\$88.6 million (March 31, 2021) and the Company's current ratio stands at 1.71 up from 1.44 as at September 2020 and 1.46 from March 2021.

A look ahead

On November 2, 2021 FESCO Beechwood Avenue was "softly" and successfully opened for fuel sales subsequent to our Second Quarter's end.



FESCO Beechwood is owned and operated by the company and we are truly grateful and appreciate the efforts of all our team members involved in its planning, construction, commissioning and operating.

At this time, we believe that the Covid-19 pandemic will continue to affect our industry and business for the remainder of the financial year ending March 2022. Despite the ongoing challenges, we will continue to adapt, persevere and strive to achieve meaningful growth for all of our stakeholders in **True Jamaican Fashion**.

2. Top 10 Shareholders

| | Shareholder | Number of Shares | % of Issued Shares |
|----|-----------------------------|------------------|--------------------|
| 1 | Tweedside Holdings | 364,734,616 | 14.5894% |
| 2 | Errol McGaw | 351,536,652 | 14.0615% |
| 3 | Trevor Barnes | 343,107,227 | 13.7243% |
| 4 | Trevor Heaven Holdings Ltd. | 308,986,553 | 12.3595% |
| 5 | FESCO Founders' Pool Ltd. | 166,000,000 | 6.6400% |
| 6 | Junior Williams | 134,738,750 | 5.3896% |
| 7 | Neville Allen | 134,330,478 | 5.3732% |
| 8 | Anna Williams -Bacchus | 124,999,998 | 5.0000% |
| 9 | Roy Davidson | 68,601,000 | 2.7440% |
| 10 | Jeremy Barnes | 65,000,000 | 2.6000% |
| | | 2,062,035,274 | 82.4814% |

Issued Shares

2,500,000,000

Future Energy Source Company Limited



4. Unaudited Financial Statements

2nd Quarter Results

For The Period Ended September 30, 2021

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Statement of Financial Position

For the Second (2nd) Quarter ended September 30, 2021

FUTURE ENERGY SOURCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
FOR SECOND (2ND) QUARTER ENDED SEPTEMBER 30, 2021

| <u>Notes</u> | Unaudited 6 months (Q2) 2021 \$ | Unaudited 6 months (Q2) 2020 \$ | Audited Full Year 2021 \$ |
|-------------------------------------|--|--|------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS: | | | |
| Property, Plant and Equipment | 390,710,877 | 201,659,336 | 256,171,873 |
| Right - of - use Assets | 856,752 | 4,089,976 | 2,355,654 |
| Finance Lease | - | 13,453,730 | 11,158,770 |
| Deferred Tax Assets | - | - | - |
| | <u>391,567,629</u> | <u>219,203,042</u> | <u>269,686,297</u> |
| CURRENT ASSETS | | | |
| Inventories | 23,129,756 | 30,588,219 | 18,970,588 |
| Receivables | 448,374,533 | 125,654,627 | 134,077,117 |
| Due from Related Parties | 103,070,433 | 56,133,048 | 51,973,274 |
| Taxation Recoverable | 1,347,096 | - | 188,898 |
| Current portion Finance lease | - | 1,059,547 | 3,973,293 |
| Cash and Cash Equivalents | 307,463,470 | 98,833,476 | 72,616,654 |
| | <u>883,385,289</u> | <u>312,268,917</u> | <u>281,799,824</u> |
| TOTAL ASSETS | <u>1,274,952,918</u> | <u>531,471,959</u> | <u>551,486,121</u> |
| EQUITIES & LIABILITIES | | | |
| SHAREHOLDER' EQUITY | | | |
| Share Capital | 228,327,973 | 900 | 4,802,000 |
| Retained Earnings | 410,774,938 | 255,402,677 | 313,622,142 |
| TOTAL EQUITY | <u>639,102,911</u> | <u>255,403,577</u> | <u>318,424,142</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term Loan | 117,357,914 | 36,650,095 | 23,302,763 |
| Lease Liabilities | 215,008 | 963,839 | 738,603 |
| Due to Related Parties | - | 18,000,000 | 15,000,000 |
| Deferred Tax Liabilities | 827,892 | 3,726,821 | 827,892 |
| | <u>118,400,814</u> | <u>59,340,755</u> | <u>39,869,258</u> |
| CURRENT LIABILITIES | | | |
| Payables and Accruals | 503,118,436 | 155,702,452 | 145,100,122 |
| Current portion of Long term loan | 6,196,949 | 5,710,963 | 13,345,277 |
| Current portion of finance lease | 846,161 | 2,839,717 | 1,939,912 |
| Taxation payable | 7,287,647 | 34,770,284 | 32,807,410 |
| Bank Overdraft | - | 17,704,211 | - |
| | <u>517,449,193</u> | <u>216,727,627</u> | <u>193,192,721</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,274,952,918</u> | <u>531,471,959</u> | <u>551,486,121</u> |

ON BEHALF OF THE BOARD

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON..... AND SIGNED ON ITS BEHALF BY:


 Director's Signature


 Director's Signature

Date: November 10, 2021

Statement of Comprehensive Income

For the Second (2nd) Quarter Ended September 30, 2021

| | Unaudited 2nd Quarter 3 months July 2021 - Sept 2021 \$ Q2 | Unaudited YTD 6 months April 2021 - Sept 2021 30-Sep-21 YTD | Unaudited 2nd Quarter 3 months July 2020 - Sept 2020 30-Sep-20 Q2 | Unaudited YTD 6 months April 2020 - Sept 2020 30-Sep-20 YTD |
|--|--|---|---|---|
| Turnover | 2,423,269,170 | 4,332,585,730 | 1,604,325,508 | 2,811,497,079 |
| Cost of sales | (2,349,804,163) | (4,204,256,692) | (1,544,161,644) | (2,717,757,931) |
| Gross profit | 73,465,007 | 128,329,038 | 60,163,864 | 93,739,148 |
| Operating and administrative expenses | 1 (17,768,916) | (38,291,104) | (20,928,521) | (29,552,805) |
| Impairment losses on financial assets | - | - | | |
| Operating profit | 55,696,091 | 90,037,934 | 39,235,343 | 64,186,343 |
| Finance income, net | 1,515,702 | 7,114,862 | 48,283 | 782,949 |
| Profit before taxation | 57,211,793 | 97,152,796 | 39,283,626 | 64,969,292 |
| Taxation | | - | (13,423,004) | (15,028,358) |
| Net profit for the year, being total comprehensive income | 57,211,793 | 97,152,796 | 25,860,622 | 49,940,934 |
| Earning per stock unit (EPS) | 0.0229 | 0.0389 | 28,734.02 | 55,489.93 |
| Weighted Average # of stocks issued | 2,500,000,000 | 2,500,000,000 | 900 | 900 |

Statement of Changes in Equity

For the Second (2nd) Quarter Ended September 30, 2021

| | Share | Capital | Retained Earnings | Total |
|--------------------------------------|-------------|---------|-------------------|-------------|
| | \$ | \$ | \$ | \$ |
| Balances at 31 March 2020 | 900 | | 205,461,743 | 205,462,643 |
| Issue of shares during the year | 4,801,100 | | - | 4,801,100 |
| Total comprehensive income | - | | 108,160,399 | 108,160,399 |
| Balances at 31 March 2021 | 4,802,000 | | 313,622,142 | 318,424,142 |
| Issue of shares during the year | 223,525,973 | | - | 223,525,973 |
| Total comprehensive income | - | | 97,152,796 | 97,152,796 |
| Balances at 30 September 2021 | 228,327,973 | | 410,774,938 | 639,102,911 |

Statement of Cash Flows

For the Second (2nd) Quarter Ended September 30, 2021

FUTURE ENERGY SOURCE COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR SECOND (2ND) QUARTER ENDED SEPTEMBER 30, 2021

| | Unaudited 6 months 2021 \$ | Unaudited 6 months 2020 \$ |
|--|-------------------------------------|-------------------------------------|
| CASH RESOURCES WERE PROVIDED BY/(USED IN) | | |
| Cash Flows from operating Activities | | |
| Profit before taxation | 97,152,796 | 64,969,292 |
| Adjusting for: | | |
| Depreciation | 1,107,992 | 837,849 |
| Amortisation on right of use assets | 1,498,902 | 1,734,282 |
| Impairment of financial Assets | - | - |
| Foreign Exchange gain | (3,134,634) | (434,660) |
| Loss on disposal of Property, plant and Equipment | 123,250 | - |
| Lease interest Expense | 1,383,060 | 205,317 |
| Interest Income | (5,371,810) | (2,279,109) |
| Interest Expense | 8,522 | 1,767,771 |
| | <u>92,768,078</u> | <u>66,800,742</u> |
| Changes in operating assets and liabilities: | | |
| Increase in Inventories | (4,159,168) | (16,991,272) |
| Increase in Receivables | (314,297,416) | 4,317,101 |
| increase in Tax Recoverable | 1,158,198 | - |
| Increase in Payables | 358,018,314 | (11,479,078) |
| Due from Parties net | (65,159,194) | (15,256,417) |
| Cash provided by operating activities | <u>68,328,812</u> | <u>27,391,076</u> |
| Income Tax paid | (25,519,763) | (5,981,470) |
| Interest received | 5,371,810 | 2,279,109 |
| Interest paid | (1,391,582) | (1,973,088) |
| Net Cash used in operating activities | <u>(21,539,535)</u> | <u>(5,675,449)</u> |
| Cash flows from Investing Activities | | |
| Purchase of property, plant and Equipment | (135,751,315) | (73,875,504) |
| Proceed from disposal of Property, plant and Equip | 400,000 | - |
| Cash (used) Investing Activities | <u>(135,351,315)</u> | <u>(73,875,504)</u> |
| Cash flows from Financing Activities | | |
| Issue of shares | 223,525,973 | - |
| Long term loans, net | 86,906,823 | (5,505,352) |
| Lease principal payments | (1,617,346) | (1,869,717) |
| Finance Lease receivable net | 11,458,770 | 1,568,091 |
| Cash provided/(used) by financing activities | <u>320,274,220</u> | <u>(5,806,978)</u> |
| Net increase in cash and cash equivalent during the period | 231,712,182 | (57,966,855) |
| Effect of foreign exchange on cash and bank | 3,134,634 | 434,660 |
| Cash and cash equivalent at the beginning of the period | 72,616,654 | 138,661,460 |
| Cash and cash equivalent at the end of the period | <u>307,463,470</u> | <u>81,129,265</u> |
| Represented by: | | |
| Cash at bank | 307,463,470 | 98,833,476 |
| Bank Overdraft | - | (17,704,211) |
| | <u>307,463,470</u> | <u>81,129,265</u> |

5. Notes to Financial Statements

Expenses:

| 1 | Q2 | YTD | YTD |
|---|----------------------|----------------------|-----------------------|
| | <u>Jul 2021-Sept</u> | <u>Apr 2021-Sept</u> | <u>Apr 2020- Sept</u> |
| | <u>2021</u> | <u>2021</u> | <u>2020</u> |
| | \$ | \$ | \$ |
| Accounting fee | 450,000 | 900,000 | - |
| Advertising and promotion | 2,502,077 | 5,397,414 | 450,302 |
| Audit fee | 1,572,000 | 2,172,000 | 3,000 |
| Bank charges | 93,141 | 559,645 | 236,119 |
| Depreciation | 627,541 | 1,107,972 | 926,245 |
| Amortization of right of use asset | 631,751 | 1,498,902 | 867,151 |
| Directors' fee | 1,130,000 | 2,540,000 | - |
| Donation | 100,000 | 329,499 | 50,000 |
| Office expenses | 1,187,125 | 2,689,849 | 2,935,132 |
| Legal & professional fees | 341,771 | 2,415,895 | 2,003,500 |
| Repairs and maintenance | 1,008,689 | 2,034,765 | 1,149,082 |
| Staff costs | 4,313,974 | 9,201,321 | 9,154,105 |
| Utilities | 562,033 | 1,505,364 | 679,216 |
| Other expenses | 3,248,812 | 5,938,477 | 11,098,954 |
| | <u>17,768,916</u> | <u>38,291,104</u> | <u>29,552,805</u> |
| Impairment losses in financial assets | - | - | - |
| Cost of inventories recognised as expense | 2,349,804,163 | 4,204,256,692 | 2,717,757,931 |
| Finance income, net | (1,515,702) | (7,114,862) | (782,949) |
| | <u>2,366,057,377</u> | <u>4,235,432,934</u> | <u>2,746,527,787</u> |