

FOURTH QUARTER

INTERIM REPORT

2 0 2 4

MANAGING DIRECTOR'S REVIEW

You could hardly be faulted for feeling that the world has been an unsettled and unpredictable place over the past several years. Although certainly better than Covid times, a combination of geopolitical and economic pressures has nonetheless contributed to a sense of unease that seems oddly out of synch with our usual "Sun, Sand and Sea" narrative.

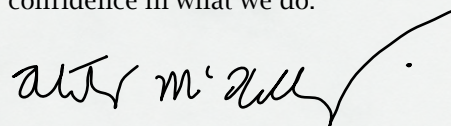
Some of these global issues impact us directly here. Two current economic realities—inflation and a hard reinsurance market—continue to challenge us with higher costs and fewer options. These pressures are certainly not exclusive to JS Johnson, but are felt considerably throughout the industry. Despite them, we managed to post positive results for the quarter.

Consolidated Net income for the year rose 9% (\$12.3M to \$13.4M), following last year's strong performance from both our business segments. Our Agency division contributed to the overall gain with an 19% increase in Net income (from \$7.1M to \$8.4M) compared to the same period last year, with affiliated increases in Net revenue from contracts with customers and Interest income, up 10% and 47% respectively. Earnings per share rose 14%, from \$1.13 to \$1.29.

The Underwriting segment of our business, in the meantime, continued to lean into the headwinds of reinsurance rate increases that applied virtually across the board over the period. A 22% jump in Insurance revenue (from \$93.1M to \$113.5M) was mitigated by a 25% increase in Net expense from reinsurance contracts held, (from \$78.4M to \$98M). Net income fell by less than 4% for the period.

While Central Bank reports indicate that inflation in The Bahamas decreased from 1.9% in 2023 to 1.2% in 2024, its lingering effect on the cost of goods and services quickly became evident when we undertook several needed property and maintenance projects over the period. These costs, along with others, pushed the Other expenses line item for the year from \$16.1 to 17.3M, an increase of 7.2%.

I want to thank our staff for their continued commitment to our customers. This is truly the core of our overall success year in, and year out. I'd also like to thank our Board for its guidance, and shareholders for their ongoing confidence in what we do.



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 December 31, 2024 (amounts expressed in Bahamian dollars)

	December 2024	December 2023
ASSETS		
Cash and bank balances	\$ 28,194,791	25,794,250
Term deposits	12,225,096	12,145,433
Accounts receivable	16,521,829	13,251,654
Due from insurance carriers	42,174	516,626
Investments in securities		
- fair value through profit or loss	15,683,047	11,371,383
- Amortized costs	21,938,689	20,120,592
Prepayments and other assets	525,168	448,795
Reinsurance Contract Assets	31,328,115	29,754,343
Right of use assets	508,954	726,823
Investment properties	536,916	536,916
Property, plant and equipment	7,847,661	7,614,604
Total assets	\$ 135,352,440	122,281,418
LIABILITIES		
Insurance Contract Liabilities:		
Liability for Remaining Coverage	\$ 50,162,498	46,569,577
Liability for Claims Incurred	4,873,462	4,189,469
	<u>55,035,960</u>	<u>50,759,046</u>
Other liabilities:		
Due to related parties	(124)	709,037
Accounts payable	11,441,457	8,756,756
Lease liability	522,617	727,587
Accrued expenses and other liabilities	5,494,701	3,916,093
Total liabilities	72,494,611	64,868,519
EQUITY		
Share capital		
Authorized, issued and fully paid: - 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	36,647,924	35,862,047
Interest in own shares	(84,600)	(84,600)
	<u>39,643,324</u>	<u>35,857,447</u>
Non-controlling interest	23,214,505	21,555,452
Total equity	\$ 62,857,829	57,412,899
Total liabilities and equity	135,352,440	122,281,418

(unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months to December 31, 2024 (amounts expressed in Bahamian dollars)

	December 2024	December 2023
INCOME		
Insurance Revenue	113,577,799	93,115,222
Net revenue from contracts with customers	25,189,849	22,833,301
Reinsurance Finance Income	2,721,009	314,000
Investment income	352,689	2,303,244
Change in net unrealized gain on investments in securities	-	1,068,680
Total income	141,841,344	119,634,447
EXPENSES		
Net expense from Reinsurance contracts held	98,026,375	78,380,557
Salaries and employees benefits	12,856,211	11,898,249
Insurance service expense	10,700,175	10,278,054
Depreciation and amortization	739,110	712,756
Provision for expected credit loss	-	235,000
Other operating expenses	6,141,190	5,871,957
Total expenses	128,463,061	107,376,573
Net income	13,378,283	12,257,874
Total comprehensive income	13,378,283	12,257,874
Equity holders of the Company	\$ 10,256,159	9,032,810
Non-controlling interests	3,122,124	3,225,064
	13,378,283	12,257,874
Earnings per share for the profit attributable to the equity holders of the Company	\$ 1.29	\$ 1.13

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months to December 31, 2024 (amounts expressed in Bahamian dollars)

	Share Capital	Retained Earnings	Interest in own Shares	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance at December 31, 2022	80,000	32,261,077	(84,600)	32,256,477	19,181,973	51,438,450
Total comprehensive income for the year:						
Net income	-	9,032,810	-	9,032,810	3,225,064	12,257,874
Unrealised loss on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(5,431,840)	-	(5,431,840)	(851,585)	(6,283,425)
Balance at December 31, 2023	80,000	35,862,047	(84,600)	35,857,447	21,555,452	57,412,899
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	-	10,256,159	-	10,256,159	3,122,124	13,378,283
Distributions to owners:						
Dividends	-	(6,470,280)	-	(6,470,280)	(1,463,076)	(7,933,356)
Balance at December 31, 2024	80,000	36,647,924	(84,600)	39,643,325	23,214,505	62,857,829

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months to December 31, 2024 (amounts expressed in Bahamian dollars)

	December 2024	December 2023
Cash flows from operating activities:		
Net income for the period	13,378,283	12,257,874
<i>Adjustments for:</i>		
Unearned premium reserve	(5,035,185)	-
Depreciation and amortization	739,111	712,756
Interest expense	-	10,303
Revaluation for tax assessment		
Change in net unrealized losses on investments in securities	352,689	(1,068,680)
Interest income	(1,080,127)	(943,025)
Dividend income	(534,362)	(394,588)
Bad debts	68,983	163,860
Cash from operations before changes in assets and liabilities	7,889,392	10,738,501
(Increase)/decrease in assets:		
Accounts receivable	(3,339,158)	(1,773,560)
Due from insurance carriers	474,452	(299,475)
Prepayments and other assets	(76,373)	240,816
Reinsurance contract assets	(1,573,770)	(3,632,561)
Increase/(decrease) in liabilities:		
Insurance contract liabilities	8,628,106	7,536,183
Reinsurance contract liabilities	683,993	2,133,144
Due to related parties	(709,161)	216,317
Accounts payable, accrued expenses and other liabilities	4,263,309	3,330,529
Net cash provided by operating activities	16,240,790	18,489,894
Cash flows from investing activities:		
Net placement of term deposits	(25,511)	(1,164,956)
Proceeds from principal payments	-	1,491,545
Purchase of property, plant and equipment	(754,299)	(465,348)
Purchase of investments in securities	(6,353,644)	(7,955,091)
Interest received	897,169	932,098
Dividends received	534,362	394,588
Net cash used by investing activities	(5,701,923)	(6,767,164)
Cash flows from financing activities:		
Dividends paid to shareholders	(6,470,280)	(5,431,840)
Principal payment of lease liability	(204,970)	(192,156)
Dividends paid to non-controlling interest	(1,463,076)	(851,585)
Interest paid	-	(10,303)
Net cash used in financing activities	(8,138,326)	(6,485,884)
Net increase in cash and cash equivalents	2,400,541	5,236,847
Cash and cash equivalents at beginning of period	25,794,250	20,557,403
Cash and cash equivalents at end of period	28,194,791	25,794,250

(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, 2024.

2. SEGMENT INFORMATION

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

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

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance Revenue	\$ -	113,577,799	113,577,799
Net revenue from contracts with customers	25,845,161	(655,312)	25,189,849
Interest income	329,521	750,605	1,080,126
Change in net unrealized gain on investments in securities	-	352,691	352,691
Dividend income	279,480	486,451	765,931
Other income	-	874,950	874,950
	\$ 26,454,162	115,387,184	141,841,344
Net expense from Reinsurance contracts held	\$ -	98,026,375	98,026,375
Insurance service expense	-	10,700,178	10,700,178
Depreciation and amortization	665,139	73,971	739,110
Other expenses	17,377,702	1,619,697	18,997,399
	\$ 18,042,841	110,420,221	128,463,061
Net income	\$ 8,411,321	4,966,963	13,378,283

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

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Insurance revenue	-	93,115,222	93,115,222
Net revenue from contracts with customers	\$ 23,452,382	(619,081)	22,833,301
Insurance finance income	-	314,000	314,000
Interest income	224,533	718,492	943,025
Dividend income	-	396,967	396,967
Other income	257,452	705,800	963,252
Change in net unrealized gain on investments in securities	-	1,068,680	1,068,680
	\$ 23,934,367	95,700,080	119,634,447
Net expense from reinsurance contracts held	-	78,380,557	78,380,557
Insurance service expense	\$ -	10,278,054	10,278,054
Depreciation and amortization	636,737	76,019	712,756
Other expenses	16,199,489	1,570,717	17,770,206
	\$ 16,836,226	90,540,347	107,376,573
Net income	\$ 7,098,141	5,159,733	12,257,874

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

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 46,347,394	89,005,046	135,352,440
Total liabilities	28,228,522	44,266,088	72,494,610

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

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 40,565,518	81,715,900	122,281,418
Total liabilities	26,470,871	38,397,648	64,868,519