



EVERYTHING FRESH

Always Looking FORWARD



2023 ANNUAL REPORT

Everything Fresh Limited prides
itself not only on procuring
quality goods for distribution
to its customers ... everything,
every product or good, is
delivered fresh.



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EVERYTHING FRESH

Vision

To be the premier distributor of high quality imported produce, dairy and meat products throughout Jamaica while not competing directly with local offering, enhancing the availability of international cuisine locally.

Mission

Through key partnerships with suppliers and customers and a strong committed team we strive to always meet demand on time with the best possible service.

Core Values

- F** **Family** first in all that we do
- R** **Reliability** and Consistency in service and quality
- E** **Efficiency** and attention to process and detail
- S** **Service** to our customers at the highest level
- H** **Honesty** and integrity in all we do



A woman with voluminous, curly brown hair is sitting on a light-colored sofa. She is wearing a light beige button-down shirt over a white top and blue jeans. She is looking down at a small white object she is holding in her right hand. In the foreground, there is a glass of orange juice. The background is softly blurred, showing a wooden headboard and a pink vase with dried flowers.

As we look to
the future, we
are energized
and more
committed than
ever to pursuing
our strategic
objectives, driving
innovation,
and enhancing
shareholder value.



The Company and its History

History of the Business

Everything Fresh Limited was incorporated on August 18th, 2003, commencing operations some five years later in October of 2008. The Company imports and manufactures high-demand food products to include dairy products, assorted dry and canned goods, fruits, vegetables, seafood and delicatessen meats and distributes them to various blue-chip companies and businesses in Jamaica across the hospitality and food retail sectors.

The Company was built on the backbone of the success experienced by one of the Company's founding Director's and Shareholder's Mr. Courtney Pullen, who, as a sole trader commenced his business in 1996 selling local farm produce to the local supermarkets. After three years of purchasing produce and dabbling in farming himself, he extended his sights offshore and began importing fruits and vegetables from the United States of America through an importer in Jamaica. The sales of imported produce proved to be much more profitable than the sale of local produce and this rapid growth in business led Mr. Pullen to incorporate a company by the name of C.L. Pullen Limited ("CLP Limited") in March 2003 under whose umbrella such importation and sale would take place.

CLP Limited grew at a rapid rate, doubling in size over the first four years of trading and thereafter experiencing growth of approximately 25 to 30 percent in each subsequent year, when compared to the previous year's performance. With their sights set on onward and upward growth, the directorship made the decision to expand the breadth of their offering. With this goal of expansion in mind, the Company, Everything Fresh Limited, commenced operations in October 2008 with the intent of enhancing sales in new lines of products such as dairy and dry food.

Commencement of Our Operations

The Company's introduction to the local market was met with positive feedback and increased revenues to match. This led the Company's Directors to make a strategic decision to expand its range of product inventory beyond fruits and vegetables to dairy products, delicatessen meats, assorted dry and canned goods to local supermarkets. Following a resounding success with the introduction of this new selection of products, the Company experienced sales in the four-month period of January to April of 2009 just south of a 200% increase in revenue over the period. The Company's Directors acknowledged this as the path to building the business and growing the Company and in June 2009 all trade under the company name C.L. Pullen ceased. The Company has grown from strength to strength in the years since.

Further Growth of the Business

Two of the Company's founding members and Directors, Mr. Courtney Pullen and Mrs. Melene Pullen identified the potential to further reduce the importation costs, and set out to incorporate

a company based in Miami, Florida which would buy directly from manufacturers and sell to the Company at marginal mark-up. The said company was incorporated under the name Quality Produce and Groceries Inc. and ushered in a new phase of growth by increasing the Company's bottom line and making the price of the Company's products more competitive and therefore more attractive to their customers. The Company was able to enter the food service market by increasing its client base from supermarkets only to now include supplying hotels. This increased the Company's market share by approximately five hundred per cent (500%).

At the start of 2012, an opening was created in the local market by the closure of National Meats Company and the RIU Hotels requested that the Company import meats for them. The Company purchased two (2) Freightliner trucks and built three (3) additional freezer rooms at its current registered location, 78 Marcus Garvey Drive, Kingston 11 and in July 2012 the Company started to supply beef, poultry and seafood to hotels.

The Company acquired The Meat Experts, based in Bog Walk, St. Catherine, in January 2019. The acquisition provided access to increased cold storage. Further renovations of this property began in 2022 and will allow for better distribution access to the north coast by utilizing this location as a satellite warehouse beginning in 2023.

Expansion continued in June 2021 when the Company completed the purchase of 60% of the shares of Everything Fresh Bahamas and began consolidating the results into its financial statements going forward. In April 2022 the Company acquired a further 20% in bringing the total shareholding in Everything Fresh Bahamas to 80%.

The Company's Success

Everything Fresh Limited prides itself not only on procuring quality goods for distribution to its customers but goes above and beyond most of its competitors to live up to its name which quite simply means that everything, every product or good, is delivered fresh. Further, the Company has had and continues to have a very good relationship with its suppliers and customers as a result of the professionalism of its team and the expeditious delivery of all its fresh goods and products to its growing customer base. The Directors believe that the Company is providing its customers with an unparalleled level of courteous service.

The Company prides itself on having a 'family-like' corporate culture, which is evidenced by the high-retention rate of its Team, with over seventy-five per cent (75%) of Team members having been employed to the company from commencement of its operations in 2008 and the remainder having been employed to the Company for over five to seven years. In the true meaning of family, no one member plays the single role but wears any hat required by the Company on a day-to-day basis to ensure the smooth running of the operation, greatly contributing to the success of the business.

This year's performance reinforces our belief in the strength of our business model, the continued demand for our products, and the potential for future growth.



Chairman's Message

Energized & Committed



It is with great pride and pleasure I report to our stakeholders on Everything Fresh Group's performance for the 2023 financial year. We have not only grown our net profit by 109% over the previous year but recorded our highest net profit since listing on the Jamaica Stock Exchange's Junior Market in 2018.

All key figures are moving in the right direction which is testimony to our team and our strategy of always looking forward to better our position. Our consolidated Group sales of \$3.17 billion in 2023 were 20% higher than the previous year's sales of \$2.64 billion. This was as a result of our forward planning to ensure that the adequate stock was on hand to handle Jamaica's strongest tourist season ever recorded with a 16% growth in visitor stop overs over the previous year.

Strategic moves

During the year we restructured and expanded our administrative, sales and merchandising teams to maximize time spent supporting our growing customer base and servicing their needs. Strategic investment in marketing activities was also increased to support our expanded footprint through the retail and hospitality sectors.

In the vein of always looking forward, our team attended numerous shows and conventions to ensure our product portfolio and pricing are in line with the demands of the market.

Our Bahamas operation was retooled and synchronized with the Jamaican operating systems to ensure better monitoring and real time reporting. Sales in this region have been stable and are forecasted to increase in 2024 with the current demand for our products and the new infrastructure put in place.

A brighter future

As always, our team invests time in our corporate social responsibility projects as our way of giving back to our country and ensuring a brighter future. We continue to focus on health, education and the environment through

our ongoing partnership with the National Environment and Planning Agency (NEPA) and the adoption of Sigarney Beach and have expanded our clean up efforts to include Caribbean Terrace.

This year, the Group achieved earnings per share of 12.65 cents, a significant improvement from 5.46 cents in 2022. Our sales continue to expand while we uphold strict expense management. I extend immense gratitude to our dedicated team for sustaining the viability and strength of our business, positioning our Group to capitalize on the economic turnaround.

On behalf of the entire board, I extend my sincerest thanks to our esteemed team for their unwavering commitment and contributions. Together, we have navigated through challenges and embraced opportunities, fortifying our position for future success. Your dedication and support are invaluable as we continue our journey towards excellence.

I thank our Board of Directors for their leadership and support during this year and would also like to express the Board's gratitude to our shareholders and to our customers who continue to believe in our Group and our product lines.

I am immensely proud of what we have been able to accomplish together. This year's performance reinforces our belief in the strength of our business model, the continued demand for our products, and the potential for future growth. As we look to the future, we are energized and more committed than ever to pursuing our strategic objectives, driving innovation, and enhancing shareholder value. We stand on a solid foundation, poised for continued success and growth in the years to come.

Thank you.

Gregory Pullen

Chairman

Board of Directors



Gregory Lancelot Pullen, JP

Chairman

As Chairman of Everything Fresh Ltd., Mr. Pullen's service-based approach to improving the lives of others is the foundation of his vision for the Company. A founding member of the Young Entrepreneurs Association, Director of both the Alumni Association and Board of Governors for his alma mater, Campion College, he seeks to provide guidance to future generations for both the good of the individual and the nation. Mr. Pullen's strong history in operations, finance, sales, marketing in manufacturing and technology speak to his over thirty years of experience in business and entrepreneurship. As an experienced Director who sits on several prominent boards, he pulls from a wealth of knowledge to consistently steer the Company towards new levels of growth. He understands what it takes to move a company from start-up to scale up. Mr. Pullen's integrity is demonstrated in his responsibilities as Justice of the Peace, a Director of Patricia House and several media organisations, and as Chairman of Penwood High School. Combined, the attributes of his character and his expertise, make him a driving force behind the continued success of the Company.



Courtney Lancelot Pullen

Managing Director and Founder

Few things are certain in life. One constant certainty, however, is the need to eat. This lesson, passed down from his father, inspired Courtney Pullen to open the Company, a company dedicated to helping customers eat affordably with consistently high-quality products. Today, he is a successful entrepreneur with over thirty years' experience in grocery and fresh produce. He has the drive and passion to thrive in a competitive market, not to mention first-hand practice restructuring operations and product lines to achieve greater market share. As Managing Director, Mr. Pullen's successful evaluation of market trends leads his team through continued success and growth. As founder, he holds his employees firm to his vision, ensuring they continue to provide top quality consumables for this and future generations. He believes in maintaining consistent dialogue with team members, in order to stay ahead of the needs of the organisation. Mr. Pullen is also an avid reader who follows global news and trends, consistently looking for new advances and methods that can be used to promote growth.



Melene Rose Pullen

Executive Director

Mrs. Pullen cultivates a sense of security and an open door policy to all team members of the Company. She is dedicated to strengthening the Company's foundation - its employees. The Team, who she sees as extended family, has planted deep roots. As evidenced by many of the team members' long work history, they continue to branch out and grow along with the Company. Mrs. Pullen's disciplined upbringing nurtured a strong work ethic from the start. She pulls from the positive work values that were instilled in her as a child to maintain an organisational and professional attitude to this day. She fosters the same level of professionalism and dedication in those she guides and manages in her role as Executive Director. Her implementation of successful marketing strategies throughout the years has played a vital role in the growth of the Company's product and customer base. However, her greatest reward is the pride she feels in providing meaningful benefits to our Team.

BOARD OF DIRECTORS



Neshia Carby

Executive Director

Appointed to the Board of Directors of the Company in 2018, this is the latest step in Ms. Carby's 10-year history of service to the Company. Her extensive experience in both sales and administration empowers her to maintain dual roles as Administrative Manager and Director. In managing the Company's administrative systems, she is responsible for maintaining permits, health certificates and other essential documents and systems required to keep this growing food import and distribution company on its upward track. Ms. Carby is a well-rounded professional. Over the years she has learned that communication is key to effective execution. As a result, she has built solid relationships with both team members and clients who see her as a caring and trustworthy professional.



Garret Gardner

Executive Director

Thinking outside the box and being straightforward are key ways that Director of Purchasing, Mr. Gardner, has successfully curated strong vendor and supplier relationships that help to maintain the consistent quality and reliability of the Company's top quality food and dairy products. After ten years with the Company, he has held positions on many levels, continuously advancing, through passionate dedication, to where he is now. His exceptional history provides the right mix of experience and know-how to secure the highest quality food items at the best prices and create ongoing value that the Company passes on to its customers.



Vivette Miller

Non-Executive Director

Ms. Miller has been admitted to practice law in three countries and acts as a Supreme Court mediator in Jamaica where she has been a member of the legal community for the past fifteen years. As a Director for the Company, Ms. Miller has the discernment and experience to ensure that the proper legal framework is in place to protect the Company and its investors. Her legal insight is invaluable to the Company's governance structure and helps to ensure that the Company meets its statutory obligations. Her exceptional negotiation skills provide an extra edge that helps the Company navigate complex legal matters and contract discussions. As a member of the Rotary Club of Downtown Kingston, their motto of 'Service above Self,' is one that fits neatly into Ms. Miller's own dedication to improving the lives of others.

BOARD OF DIRECTORS



Mark Croskery

Non-Executive Director

Financial planning and investment strategy are core values brought to the Directorship of the Company by Mark Croskery. Mr. Croskery is the Chairman & CEO of Croskery Capital Limited, a financial consulting firm. Possessing a M.Sc. in Global Financial Analysis and a dual B.Sc. in Corporate Finance and Accounting, he has a deep understanding of both local and international markets. He plays a key role in developing the Company's growth strategy and identifying opportunities to attract capital.

Leo A. Williams

Non-Executive Director

Acting as Mentor to the Board of the Company, Mr. Williams' many years of involvement with the Jamaica Stock Exchange equips him with special competency in the IPO process and assisting companies to align with its requirements. He is the Executive Director of Williams & Associates Investments Ltd., a firm that provides investment advisory services with the goal of attracting capital to Caribbean markets. He has passionately pursued this goal for many years, accumulating qualifications that include an MBA in Finance from The Wharton School, an MSc in Systems Engineering and an MA in International Studies. Fluent in Spanish and possessing expert knowledge of Latin America and the Caribbean region, Mr. Williams has assisted companies to launch and grow globally, including into non-English speaking markets.

Jennifer Lewis

Non-Executive Director

Jennifer Lewis sits on the Board of Directors for Everything Fresh Ltd. Her exceptional skills in Auditing and Strategic Planning help to keep the company on its toes, ensuring it is guided by sound accounting principles and financial practices. A certified Internal Auditor, her systematic and methodical approach to evaluating and improving the company's effectiveness of risk management is a valuable safeguard to its operations. Her strong analytical skills instill confidence in those who look to her for guidance in her field of expertise. Her credentials include Fellow, Association of Chartered Certified Accountants (ACCA), England and Fellow, Institute of Chartered Accountants of Jamaica (ICAJ). Ms. Lewis is an independent consultant who provides advice in the areas of accounting, taxation, audit, financial analysis, business advisory and planning. At the JSE she was a Business Development Specialist on the Multilateral Investment Fund Project (MIF). This project was aimed at reaching out to SMEs to encourage listing on the Junior Stock Exchange. They also assisted the development of SMEs through training and financial advice. A proactive and results-oriented individual, her 37 year long career building knowledge and proficiency as a Financial Controller and Internal Auditor brings another level of competence to the directorship of Everything Fresh Ltd.



Stephen Greig

Company Secretary

Stephen Greig specializes in Intellectual Property, Copyright and Trademark law and has been practicing Law for the last 26 years in Jamaica. He spent over 19 years as the in-house Attorney-at-Law and Company Secretary for the RJR Communications Group, the largest media house in the English speaking Caribbean. In addition to his Corporate Secretarial experience across 5 media entities and internal committees within the RJR Group, he also acted as a senior level advisor for strategic policy making and strategic marketing across the Jamaican and Caribbean Diaspora. He is no stranger to complex legal issues and has deep understanding of the ins-and-outs of managing company secretarial duties for listed companies. Currently, Mr. Greig is a Managing Partner in the firm Mills Bellamy Greig. As Company Secretary to Everything Fresh Ltd, he ensures the company's business is administered efficiently and maintains compliance with statutory and regulatory requirements.



Directors' Report

FINANCIAL RESULTS

The Directors hereby present their report for the financial year ended December 31, 2023.

	2023 \$'000	2022 \$'000
Revenues	3,171,769	2,638,943
Net Profit/(Loss) After Tax	100,431	48,156
Earnings per Share Price	12.65 cents	5.46 cents

Directors

The Directors as at December 31, 2023 were as follows:

Chairman:

Gregory Pullen, JP

Managing Director and Founder:

Courtney Pullen

Executive Directors

Melene Pullen
Nesha Carby
Garret Gardener

Non-Executive Directors

Leo Williams
Vivette Miller
Mark Croskery
Jennifer Lewis

Auditors

BDO, the retiring Auditors, have indicated their willingness to continue in office and their re-appointment will be proposed at the forthcoming Annual General Meeting.

Operational Highlights

Having renovated the Bog Walk facility in 2022, the Company transferred all food service inventory to that location, with our retail products remaining at Marcus Garvey Drive. This change brought our hotel distribution operation closer to our clients on the North Coast and Negril. A numbers of our employees were reassigned to manage and operate the Food Service Facility. The resulting smaller retail operation in Kingston allowed for renewed focus on our Supermarket and Restaurant sales.

New Products

During 2023 the Company expanded its portfolio to include a range of dairy products under the Quescrem brand, and milk alternatives (Soy, Oat, Almond) under the Asturiana brand.

The Directors wish to express their appreciation to the management and staff of Everything Fresh Limited for their achievements during the year.

BY ORDER OF THE BOARD



Gregory Pullen

Chairman



During 2023 the Company expanded its portfolio to include a range of dairy products under the Quescrem brand.



Management Team



Bruno Loffler

Financial Controller

Mr. Loffler has over three decades of experience in Auditing, Accounting and Supply. He joined our Team in January 2019 as CFO following the acquisition of the assets of The Meat Experts Limited where he had served as Financial Controller since 2017. Here, he coordinates the preparation of the financial forecasts and ensures quality control over financial transactions and reporting, amongst other responsibilities. Mr. Loffler began his career in 1988 as an Auditor at Pricewaterhouse Coopers. He later went on to assume a number of senior management roles at leading organisations including Appliance Traders Limited, Trade Winds Citrus Limited and Jamaica Flour Mills Limited. Mr. Loffler is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Fellow of the Institute of Chartered Accountants of Jamaica (ICAJ) and applies his critical thinking skills, along with vast financial expertise to help lead the Company.



Jennile Berth Nevers

Sales & Marketing Officer

This new addition is a forward thinking powerhouse, the epitome of energy and enthusiasm. When invested Mrs Nevers will go above and beyond to set and meet any target. Her charisma and overall easygoing nature not only opens all doors for her but it also elevates any and everyone around her and steers the ship in one cohesive direction.

Having obtained a Bsc. in Business Administration with a major in Marketing and almost a decade of sales experience her drive and goal oriented nature encapsulates the living characteristics of a true marketing and sales professional and will continue to be an asset to the company by building and maintaining healthy relationships.



Arthur Haye

Accountant

As Atlas was charged with balancing the skies, the unassuming Accountant, Arthur Haye, balances a variety of accounting functions at the Company. He plays a key role in maintaining the company's financial operations and providing accurate data related to its financial health. He is dedicated to furthering his education and is currently pursuing his Association of Chartered Certified Accountants, at the professional level. Mr. Haye has been with the Company for ten years, a journey he began after working with the Students Loan Bureau and other accounting and auditing firms in Jamaica.



Amanda Gardner

Accounts Receivable Officer

After graduating with a B.Sc. in Business Administration, Ms. Gardner started her career at the Company. As Administrative Assistant Manager, she proficiently handles a variety of administrative tasks, and also assists in the accounting department. Her infectious light-hearted demeanor and high-level of professionalism facilitate efficient communication across departments and projects. Ms. Gardner is adept at maintaining accurate records of employee compensation while multi-tasking to meet the demands of a fast-paced environment. A foodie who loves to try new restaurants, she has both a personal and professional passion for fresh, high-quality foods.

MANAGEMENT TEAM



Jacqueline Archie

Administrative Officer

With an educational background from The Institute of Management, Ms. Archie plays a supportive role within the Company. Through her no nonsense attitude and ten years' experience in the Company, she provides dependable internal service where accuracy is key. Ms. Archie is currently trusted with administering invoices and receivables for supermarkets and restaurants, two of the Company's most important customer segments. In addition, she is equally known for her administrative effectiveness in the sales office.



Kimberly McLean

Administrative Officer

Miss McLean has over 6 years' experience in the tourism industry, and has held several senior positions throughout her tenure. Some of the positions held include Company Secretary & Executive Housekeeping Manager, Systems Manager just to name a few. She has gained wide experience in various other functional areas of business, such as security and operations and new-product development. Miss McLean holds a Bachelor of Tourism Degree. She is also a certified Occupational Health and Safety Manager and a Certified Hotel & Tourism Executive Housekeeper. Over the years she has developed a reputation for strong people management skills and sound leadership. Her greatest passion is to serve people. She peruses opportunities that allows her to do what she does best which is delivering highly personalized service that is the expected of today's business individual.



Natasha Brown

Administrative Clerk

Natasha Brown is a highly organized and detail-oriented administrative professional with expertise in sales, customer service and accounting. Her dedication to accuracy and teamwork enables seamless operation and support to the accounting team in tracking outstanding payments. With a strong focus on team cohesiveness, Natasha values collaboration and productivity, and is committed to achieving excellence in all aspects of her work.



Rochelle Simone de Sousa

Restaurant Sales & Imports Officer

Warm and approachable best describes this new addition to the Everything Fresh Limited team. These qualities along with over 10 years of experience in the industries of agriculture and hospitality, makes her an easy fit. She has a very strong work ethic and holds the view that if you are going to do something then do it well and in a timely manner. Mrs. de Sousa effectively handles matters relating to team members, suppliers, customers as well as external regulatory bodies.

MANAGEMENT TEAM



Nicole Hill

Sales Office Clerk

Nicole Hill is a woman of many hats. She is a selfless woman who has led her life in service to others. Her motivation stems from motherhood and the intrinsic drive to know that only “her best is good enough”. From her many years of experience in the service industry Nicole has developed great interpersonal skills, which plays a key factor in her ability to build and maintain customer relationships.



Newton Walker

Equipment/ Motor Vehicle Maintenance Manager

Newton is soft-spoken with a keen eye for detail. He has been with the company for 13 years where he started as a driver and due to his knowledge, expertise and hands on approach, he now holds the position of Equipment and motor vehicle maintenance manager. Newton is a loyal and dependable worker who is respected by his peers.



Natoya Shakespeare

Inventory Controller - Kingston

A self-proclaimed people-person, Ms. Shakespeare enjoys investigating and solving customer service matters. Her strong work ethic and love of interaction fuels the enthusiasm she brings to her role as Administrative Assistant at the Company. In her position, she is responsible for Customer Relations Management and Data Entry, two key inputs to maintaining customer satisfaction. From maintaining long-term relationships with existing customers to cultivating new ones, her people skills and thorough product knowledge make Ms. Shakespeare a perfect fit for the role. She holds a business degree with a Major in Finance, and even after ten years with the Company continues to show enthusiasm in her daily interactions with co-workers and customers.



Joma Beckford

Assistant Warehouse Supervisor - Kingston

Mr. Beckford hails from a military background which is further enhanced by his years of experience in inventory, administration and overall operations in the auto parts industry. He is the newest member of the warehouse team and has quickly grasped the company’s operational procedures exceptionally well. Mr. Beckford is highly organized and brings a level of professionalism to the overall company. He is a pleasure to work with and brings a breath of fresh air to both his fellow co workers and customers alike.

MANAGEMENT TEAM



Althia Fuller

Administration Supervisor – Bog Walk

A woman grounded in the saying “Customer Service is the Backbone of an Organization’s growth” and that “ a Happy customer is a Return customer”. Althia Fuller entered the world of work over 20 years ago and during this time she has gained experiences/ certifications in Customer Service, Production Management, Inventory and Warehousing control, Sales and Marketing. If she were to describe herself in a few words they would be: resourceful, committed, team player, reliable as displayed in her day to day functions.



Mark Wright

Inventory Controller – Bog Walk

Mark has been with the company since 2018 and is a strong believer in the power of positive thinking in the workplace. He is currently responsible for products moving in and out of the Bog Walk facility. Additionally, he assesses the quality of the products and ensures that a proper First in First out rotation is maintained. Mark Functions as a driving force within the inventory department and his contribution has led to improved overall efficiency within the company.



Gary Knight

Assistant Warehouse Supervisor – Bog Walk

A man of extensive leadership quality and integrity, Gary Knight enjoys his role as assistant warehouse supervisor. Having been with Everything fresh for ten years, he favorably executes all tasks at hand, from maintaining and overseeing all inventory and supplies to receiving and organizing all delivery products. Mr. Knight has successfully maintained long term trustworthy customer and staff relationships and continues to display passion and eagerness in performing his daily duties.

Corporate Data

Executive Directors:

Courtney Pullen
Melene Pullen
Nesha Carby
Garret Gardner

Non-executives:

Gregory Pullen, JP – Chairman
Stephen Greig – Company Secretary
Vivette Miller
Jennifer Lewis
Mark Croskery
Leo Williams

Registered Head Office:

78 Marcus Garvey Drive
Kingston 11, Jamaica
Telephone: 876-758-9030,
876-758-1143

Bankers:

National Commercial Bank
124-126 Constant Spring Road
Kingston 8, Jamaica

Bank Of Nova Scotia
Corner Duke & Port Royal Streets
Kingston, Jamaica

First Global Bank
2 Duke Street
Kingston, Jamaica

Company Attorneys:

MH&CO. Attorneys-At-Law
7 Barbados Avenue, 2nd Floor
Kingston 5, Jamaica

Auditors

BDO Chartered Accountants
26 Beechwood Avenue
Kingston 5, Jamaica



EVERYTHING FRESH



Shareholders' Interests

TOP TEN SHAREHOLDINGS AS AT DECEMBER 31, 2023

PRIMARY HOLDER	JOINT HOLDER	TOTAL	PERCENTAGE (%)
Quality Investments Ltd	-	624,000,000	80.0%
PAM-Pooled Equity Fund	-	25,513,796	3.3%
VMPM-Pooled Private Equity	-	8,100,000	1.0%
Sagikor Select Funds Ltd (Class C)- Manufacturing & Distribution	-	7,727,500	1.0%
PAM-University Hospital Sceme of Pensions	-	6,500,000	0.8%
Prime Asset Management JPS Employees Superannuation Fund	-	5,857,746	0.8%
PAM- Courts (Jamaica) Pension Plan	-	5,000,000	0.6%
Star Holdings Limited	-	5,000,000	0.6%
Gregory Pullen	Shemala Mitchell	4,793,855	0.6%
Everton A Smith	-	4,400,000	0.6%
Total	-	696,892,897	89.3%

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS AS AT DECEMBER 31, 2023

PRIMARY HOLDER	DIRECT	CONNECTED PARTY	TOTAL	PERCENTAGE(%)
Quality Investments Limited	624,000,000	-	624,000,000	80.00%
A business owned by key members:				
Courtney Pullen	-	-	-	0.00%
Melene Pullen	-	-	-	0.00%
Garret Gardner	-	675,000	675,000	0.09%
Nesha Carby	-	-	-	0.00%
Jennifer Lewis	40,000	-	40,000	0.01%
Gregory Pullen	4,793,855	-	4,793,855	0.61%
Vivette Miller	80,000	-	80,000	0.01%
Leo Williams	1,160,622	-	1,160,622	0.15%
Stephen Greig (Company Secretary)	279,000	-	279,000	0.04%
Total	630,353,477	675,000	631,028,477	80.90%

SENIOR MANAGERS SHAREHOLDINGS AS AT DECEMBER 31, 2023

PRIMARY HOLDER	JOINT HOLDER	TOTAL	PERCENTAGE (%)
Jacqueline Archie	-	43,000	0.01%
Arthur Haye	Lawrence Haye	120,000	0.02%
Natoya Shakespeare	Sasekea Shakespeare	625,000	0.08%
Amanda Gardner	-	263,000	0.03%
Total	-	1,051,000	0.13%



Corporate Governance

Everything Fresh Limited is committed to high standards of governance. The company's board of directors implements the corporate strategy and manages the company to the benefit of all stakeholders.

BOARD OF DIRECTORS COMPOSITIONS

The Board is comprised of nine members who are qualified, objective, committed and possess diverse skill sets to effectively discharge their duties. The board officials met four times for the year with ad hoc procedures adopted for urgent matters.

Attendance Record of Directors

DIRECTORS	BOARD MEETINGS	2-April-2023	04-May-2023	10-Aug-2023	2-Nov-2023
Gregory Pullen (Chairman)	4	✓	✓	✓	✓
Courtney Pullen	4	✓	✓	✓	✓
Melene Pullen	4	✓	✓	✓	✓
Nesha Carby	4	✓	✓	✓	✓
Garrett Gardner	4	✓	✓	✓	✓
Leo Williams	4	✓	✓	✓	✓
Mark Croskery	4	✓	✓	✓	✓
Jennifer Lewis	4	✓	✓	✓	✓
Vivette Miller	4	✓	✓	✓	✓



COMMITTEES

The Board has constituted three Committees:

Audit and Compliance Committee

An Audit Committee is charged with assisting the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct.

Audit & Compliance Committee

Members	MEETINGS	28-Feb-2023	27-April-2023	3-Aug-2023	27-Oct-2023
Jennifer Lewis (Chairperson)	4	✓	✓	✓	✓
Leo Williams	4	✓	✓	✓	✓
Vivette Miller	4	✓	✓	✓	✓

Remuneration Committee

Committee members include Vivette Miller – Chairperson, Jennifer Lewis. The Committee did not meet in the reporting financial year.

Corporate Governance Committee

For this financial year, there was one (1) meeting held for the Corporate Governance Committee.

Corporate Governance Committee

Members	MEETINGS	24-Nov-2023
Leo Williams (Chairperson)	1	✓
Jennifer Lewis	1	✓
Vivette Miller	1	✓

The Company's Corporate Governance Guidelines policy was approved by the board and is available on the company's website: www.everythingfreshja.com.

Shareholders who have queries can direct them to the Investor Relations Officer c/o 78 Marcus Garvey Drive, Kingston 11 or email info@everythingfreshja.com.

Shareholders wishing to request a copy of the minutes of the last Annual General Meeting please send written correspondence to the Investor Relations Officer at the address indicated above.

Management & Discussion & Analysis

In a year marked by uneven economic recovery and financial setbacks, Everything Fresh Group has effectively leveraged its insights to strengthen its position in the market and respond adeptly to increasing demand for its products. Building on the historic improvement and growth of 2022, the Everything Fresh team was able to sustain momentum by steering the Group to new heights culminating in a commendable financial performance in 2023. Through keen understanding into the identification of market gaps and strategic agility in consumer goods distribution, the Everything Fresh Group achieved sales revenue of \$3.17 billion, an increase of 20% over the previous year, and a net profit of \$100.43 million, more than doubling its profits from the year before.

Building on a Solid Foundation

These achievements reflect the strategic foresight and foundational efforts laid down in earlier years, enabling Everything Fresh Group to thrive in the current economic environment. This forward-thinking approach positioned the Group perfectly to make the most of the subsequent surge in tourism within Jamaica, which recorded 10 consecutive quarters of growth and reported visitor arrivals of approximately 4.1 million for 2023. This represented a 16% increase over the previous year's numbers and a 7.5% increase over 2019's pre-pandemic numbers. The steady recovery in tourism supported increased demand for its products, and thanks to the expansion in the cold storage space and improved location logistics in Bog Walk, along with the full utilization of Marcus Garvey space; the Group was ready to meet this need with higher inventory levels and faster, more efficient delivery.

In addition to capitalizing on the burgeoning tourism sector, Everything Fresh Group remained equally committed to accelerating its growth in the retail and supermarket spaces. Through the engagement of a series of targeted activities designed to enhance market presence and drive sales, including more product tastings and the implementation of many other proven sales-driving strategies. These initiatives were aimed at not only expanding the Group's reach but also at reinforcing the Everything Fresh Group's suite of products as synonymous with quality and affordability in the minds of its consumers.

These results are not just numbers; they represent the hard work, resilience, and dedication of every member of the Everything Fresh Group. They reflect the collective ability to capitalize on opportunities, navigate uncertainties, and uphold the Group's commitment to delivering value to customers, shareholders, and communities. The journey through 2023 has been one of strategic expansion, operational efficiency, and financial discipline, allowing the Group to achieve and exceed its goals in a competitive and rapidly changing environment.

HIGHLIGHTS



This forward-thinking approach positioned the Group perfectly to make the most of the subsequent surge in tourism within Jamaica, which recorded 10 consecutive quarters of growth and reported visitor arrivals of approximately 4.1 million for 2023.

Revenue
\$3.17B

Gross Profit
\$678.82M

Net Profit
\$100.43M

EPS
12.65c

Management Discussion & Analysis

Financial Performance

Revenue

The Everything Fresh Group registered a \$532.83 million or 20% increase in its sales during the 2023 financial year. This expansion can be primarily attributed to its dairy line of products, which accounted for approximately 60% of the overall sales growth. A detailed analysis of the sales channels reveals a uniform 20% increase in both hotel and non-hotel sectors, with hotel sales representing 56% of the total sales volume. This consistent growth across different sectors underscores the effective implementation of the Group's sales strategies and efficient inventory management practices. The data reflects not just a positive revenue trajectory but also highlights the Group's agility in responding to market demands and optimizing its product portfolio for maximum impact.

There were fewer logistical challenges during the financial year under review when compared to 2022, which was characterized by backlogs stemming from pandemic-related issues. Additionally, suppliers and external shipping entities have been able to revert to streamlined supply without raw material and production problems faced during the post pandemic recovery period, further stabilizing the supply chain. Despite a 19% increase in cost of goods sold, the Group registered an all-time high gross profit margin of 21.4% in 2023, up from 20.3% in the previous year. The gross profit also saw a significant increase, rising to \$678.82 million in 2023 from \$536.22 million in 2022, highlighting the Group's robust financial health and effective management strategies.



Operating Costs

Total operating costs increased by \$85.33 million or 19% to \$535.97 million. Staff costs, which accounts for approximately 55% of the total operating expenses, registered a 22% increase. This rise was largely attributed to the strategic expansion of the sales team, aimed at bolstering sales volumes and catering to the escalating demand for the Group's product offerings, alongside salary increments implemented throughout the year.

Another significant factor contributing to the elevated operating costs was transportation and motor vehicle expenses, which increased by 41%, driven by an uptick in delivery activities and rising petrol prices.

Despite intensifying marketing and promotional efforts in 2023, the Everything Fresh Group reported a 29% decrease in selling and



distribution costs. This achievement, however, includes certain non-recurring reductions such as the absence of spoilage costs in 2023, compared to spoilage expenses recorded in the Bahamas in 2022.

Additionally, expected credit loss which is classified as selling and distribution expenses declined by 99% over the period. When adjusted to remove the impact of these one-off reductions, total selling and distribution costs are estimated to have increased by approximately \$11.45 million.

Regardless of the adjusted increase in selling and distribution costs, reflecting the continued investment in marketing and growth, Everything Fresh Group remains committed to achieving cost savings where possible, demonstrating the balanced approach to strategic financial management and business expansion.



In an insightful strategic move, the Group mitigated the full impact of a significant rent increase by exiting part of the premises on Marcus Garvey Drive, a decision prompted by a substantial rent hike in October 2022. The Group was already committed to a long-term lease at the Bog Walk facility, which previously generated sub-rental income however this was discontinued in 2023 as the Group fully utilizes the building for its own product storage.

The leadership's skillfulness in circumventing additional expenses has been instrumental in maintaining financial stability and operational efficiency amidst a landscape of rising costs. This resulted in a notable improvement in its operating costs-to-revenues ratio which was 16.9% - a 5-year low.

Net Profit

The Group's finance costs increased by 34% to \$57.82 million. As Everything Fresh continues to grow and expand, short-term financing was accessed to provide additional support for the Group's working capital needs. Nevertheless, a robust operating profit outturn of \$142.94 million coupled with a tax credit of \$15.30 million were sufficient to cover the higher finance costs. Net profit was \$100.43 million, a 109% or \$52.28 million increase in net profits which led to a net profit margin of 3.2% - a record high. Consequently, value to its shareholders also increased as earnings per share (EPS) were 12.65 cents in 2023 compared to 5.46 cents a year earlier.

Balance Sheet

Everything Fresh Group's asset base increased by 15%, reaching a total of \$1.45 billion. The most sizable increase was observed in current assets, primarily attributed to the rise in receivables, inventories and cash and cash equivalents. The Group's current ratio was 1.37x in 2023 compared to 1.30x in 2022, indicating its capacity to cover all its short-term liabilities with its current assets. While the growth in assets, coupled with an increase in net profit, resulted in an improvement in the return on assets from 4.4% in 2022 to 7.4% in the 2023 financial year. Total liabilities amounted to \$986.96 million, primarily driven by \$489.63 million in outstanding debt. While shareholders' equity stood at \$463.51 million. Return on shareholders' equity grew from 12.3% in 2022 to 23.8% in 2023.



Marketing

This year saw an increased allocation in marketing spend with investments geared towards the general public given the Group's growing distribution through the supermarket channel. Everything Fresh, through its brands, Activia probiotic yogurt and Oikos Greek yogurt, increased visibility through billboard signage in key locations. The supermarket channel was further supported through instore activity and sampling programs across the island throughout the year. The Group's website was refreshed increasing the information available to consumers, supported by robust social media activity.

Human Resources

2023 saw the adjustment to pivotal sales roles to address the growing customer requirements and support in the field. Everything Fresh took the opportunity to expand the administrative team to support the team in the field and ensure faster and more efficient processing and stock management.

Environmental, Social and Governance

Embracing a long-term commitment to serve the communities within which it operates, this year the Group placed laser focus on enhancing early childhood education facilities. After visiting several schools in its environs and conducting an evaluation through the National Education Trust, the Group adopted Western United Basic School, having been graded below average by the Early Childhood Commission. Thus, making it its mission to improve the learning environment by commissioning roof and ceiling repairs, installing windows for improved ventilation, upgrading lighting, replacing furniture and painting the basic school. The Group also treated students to a trip to the zoo in celebration of Child's month.

The Group also engaged in positive coastal impact by adopting the Sigarny Beach for one-year, stewarding waste management and reduction practices, and by participating in the International Coastal Cleanup (ICC).



An integral part of the focus during the 2024 financial year will be the operational integration of Everything Fresh Bahamas.



Outlook

Looking forward to 2024, Everything Fresh Group is poised to build on its strong foundation with a keen focus on leveraging the anticipated growth in Jamaica's tourism sector. With the expected expansion in the tourism industry, underscored by the opening of two major resorts before the summer, Everything Fresh's strategic positioning will allow it to capture the increased demand these developments are sure to bring.

This represents a significant opportunity for Everything Fresh to expand its footprint in the hospitality sector, further solidifying its role as a player in the market. Additionally, it has strengthened its supplier network with partners from Europe, bolstering its capability to cater to the distinct tastes and preferences of these affiliated hotels and their multinational clientele. This move enhances the Group's product range and underscores its dedication to meeting the demands of the industry.

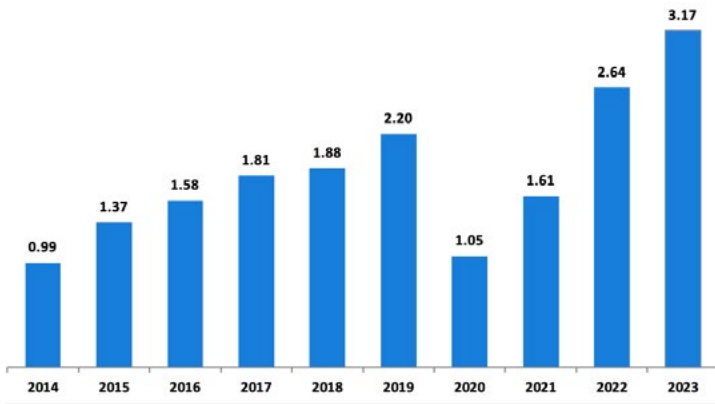
An integral part of the focus during the 2024 financial year will be the operational integration of Everything Fresh Bahamas. Though the Group has made strides since the acquisition by upgrading the accounting software so that there will be

synchronization in record keeping. It is anticipated that this will enhance inventory management and will be a key factor in driving greater profitability in this division. There will be an expansion in the Bahamian sales force in an effort to deepen market penetration and drive more robust growth.

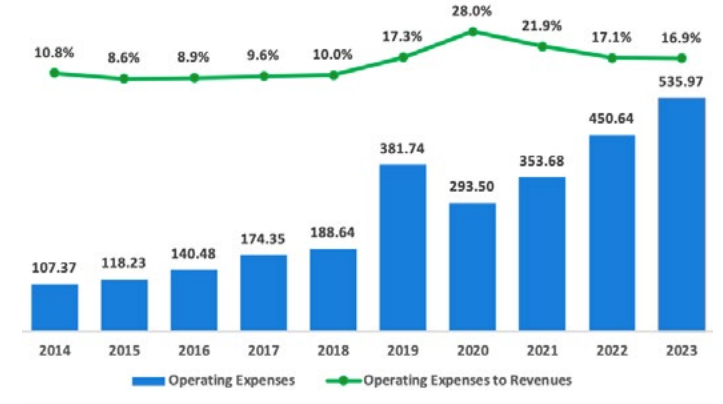
The strategic aim of Everything Fresh Group will persistently revolve around the continued diversification of the product portfolio and the amplification of its market presence. The Group has successfully broadened its array of product offerings through strategic alignments with new suppliers, enhancing its competitive edge and market reach. Concurrently, Everything Fresh has undertaken a comprehensive restructuring and expansion of its sales force aimed at reinforcing the Group's marketing and sales strategies, thereby ensuring sustained revenue growth. Moreover, the Group is actively engaged in developing and implementing measures to mitigate against the escalating input and operational costs. This proactive approach is crucial for maintaining, and potentially enhancing, the Group's profitability margins in the face of cost pressures. Through these strategic endeavours, Everything Fresh Group is not only looking to bolster its market position but also to secure a trajectory of sustainable growth and profitability.

10-YEAR FINANCIAL REVIEW

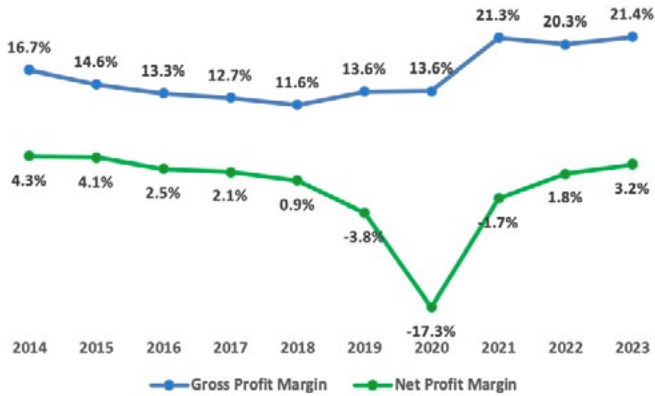
Revenue (\$' Billions)



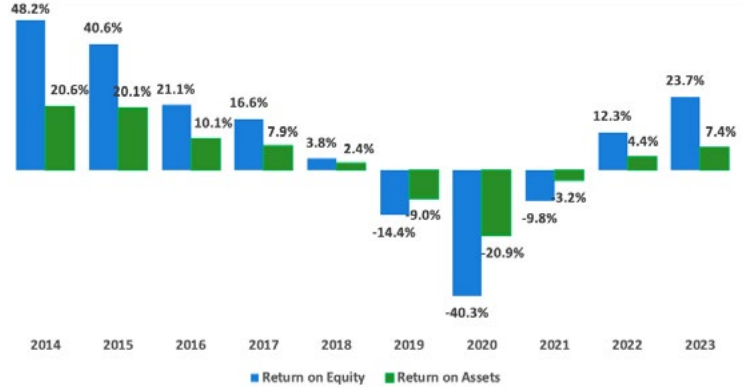
Operating Expenses (\$'M) vs Costs-to-Revenues (%)



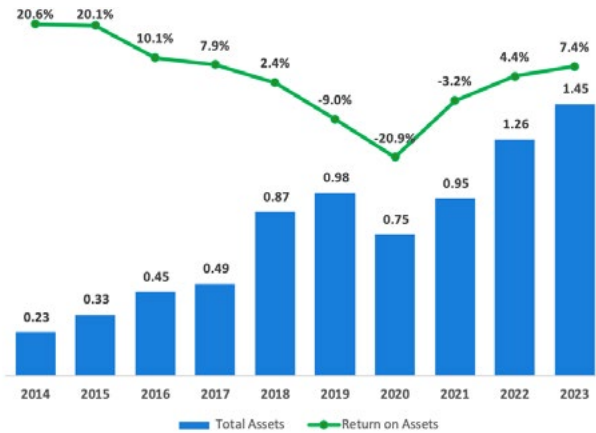
Profit Margins



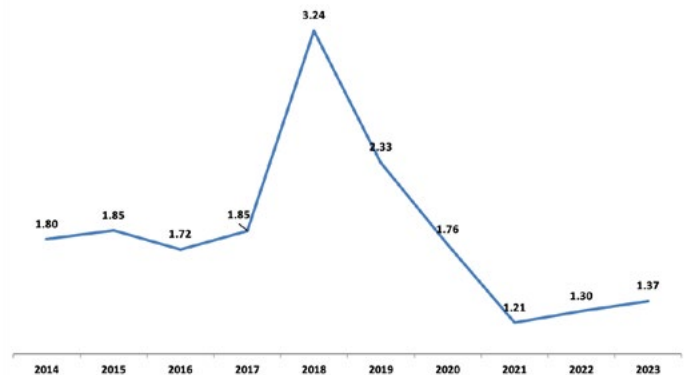
Return Metrics



Total Assets (\$'B) & Return on Assets (%)



Current Ratio



10-YEAR FINANCIAL REVIEW

INCOME STATEMENT HIGHLIGHTS (J\$'000)

	Co. 2014	Co. 2015	Co. 2016	Co. 2017
Revenue	989,961	1,368,746	1,576,004	1,807,940
Cost of Goods Sold	825,074	1,168,328	1,366,425	1,578,892
Gross Profit	164,887	200,418	209,579	229,048
Gross Profit Margin	17%	15%	13%	13%
Other Income	1,933	325	802	2,521
Operating Expenses	107,365	118,232	140,479	174,350
Operating Expenses to revenues	11%	9%	9%	10%
Finance Costs	1,792	6,800	14,382	11,851
Pre-Tax Profits	57,663	75,711	55,520	45,368
Income Tax Expense	14,809	19,512	16,262	8,068
Net Profit	42,854	56,199	39,258	37,300
Net Profit Margin	4%	4%	2%	2%
Net Profit Attributable to Shareholders	42,854	56,199	39,258	37,300

BALANCE SHEET HIGHLIGHTS (J\$'000)

	Co. 2014	Co. 2015	Co. 2016	Co. 2017
Non-Current Assets	14,806	30,684	30,292	31,250
Current Assets	217,120	296,076	418,325	459,992
Total Assets	231,926	326,760	448,617	491,242
Average Assets	207,804	279,343	387,689	469,930
Current Liabilities	120,945	159,610	242,578	248,222
Non-Current Liabilities	719	689	320	0
Total Liabilities	121,664	160,299	242,898	248,222
Net Assets	110,262	166,461	205,719	243,020
Current Ratio	1.80	1.85	1.72	1.85
Inventory turns ratio	23.2	18.1	12.4	11.7
Equity attributable to shareholders	110,262	166,461	205,719	243,020
Average Equity attributable to shareholders	88,835	138,362	186,090	224,370
Return on Equity	48%	41%	21%	17%
Return on Assets	21%	20%	10%	8%

Co. 2018	Co. 2019	Co. 2020	Group 2021	Group 2022	Group 2023
1,879,661	2,201,942	1,048,758	1,614,806	2,638,943	3,171,769
1,660,956	1,902,456	905,939	1,271,339	2,102,724	2,492,950
218,705	299,486	142,819	343,467	536,219	678,819
12%	14%	14%	21%	20%	21%
2,216	1,643	3,079	9,878	5,829	91
188,638	381,738	293,501	353,678	450,638	535,968
10%	17%	28%	22%	17%	17%
13,525	23,056	30,174	27,250	43,254	57,815
18,758	-103,665	-177,777	-27,583	48,156	85,127
2,415	-20,146	3,364	0	0	-15,304
16,343	-83,519	-181,141	-27,583	48,156	100,431
1%	-4%	-17%	-2%	2%	3%
16,343	-83,519	-181,141	-33,511	42,575	98,151

Co. 2018	Co. 2019	Co. 2020	Group 2021	Group 2022	Group 2023
61,884	314,435	290,939	308,523	276,374	281,384
812,076	661,635	463,462	638,687	985,610	1,168,288
873,960	976,070	754,401	947,210	1,261,984	1,449,672
682,601	925,015	865,236	850,806	1,104,597	1,355,828
250,676	284,439	263,847	525,708	760,916	855,878
0	151,866	131,930	107,768	138,134	131,086
250,676	436,305	395,777	633,476	899,050	986,964
623,284	539,765	358,624	313,734	362,934	462,708
3.24	2.33	1.76	1.21	1.30	1.37
10.5	8.0	3.4	4.5	5.0	4.5
623,284	539,765	358,624	325,113	365,363	463,514
433,152	581,525	449,195	341,869	345,238	414,439
4%	-14%	-40%	-10%	12%	24%
2%	-9%	-21%	-3%	4%	7%



EVERYTHING FRESH

Audited Financial Statements



The data reflects not just a positive revenue trajectory but also highlights the Group's agility in responding to market demands and optimizing its product portfolio for maximum impact.





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Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Everything Fresh Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Everything Fresh Limited set out on pages 8 to 58, which comprise the group and the company's statements of financial position at 31 December 2023, and the group and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: S. M. McFarlane, J. Hibbert, D. Hobson, B. Vanriel, K. Heron
Associate Partner: D. Brown
Offices in Montego Bay, Mandeville and Ocho Rios

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Expected credit losses on trade receivables</i></p> <p><i>See notes 3 (m)(iv) and 5 (c)(ii) to the financial statements for management's disclosures of related accounting policies</i></p> <p>As at 31 December 2023, trade receivables, net of provision for credit losses amounted to \$323 million or 25% of total assets of the group. An impairment provision of \$2.8 million has been recognized by the group.</p> <p>The adequacy of the provision for credit losses on the group's trade receivables involves a high degree of estimation and judgement. The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience.</p> <p>Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.</p>	<p>The group's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard.</p> <p>This was achieved by:</p> <ol style="list-style-type: none"> 1. We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. 2. We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management. The main macro factors used were compared to external public information, and calculations tested through recomputation. 3. We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable. <p>Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p>Transactions with related parties</p> <p><i>See note 20 to the financial statements for management's disclosures of related accounting policies</i></p> <p>A significant portion of the foreign purchases are made from a related party and as such these transactions could present a risk if not conducted at arm's length.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1. We verified that the transactions were approved in accordance with internal procedures including involvement of key personnel at the appropriate level; 2. We verified a sample of the purchases from the related party to determine that the transactions were made at reasonable market prices. <p>Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>
<p>Impairment Assessment of Goodwill</p> <p><i>See notes 3(e), 4 and 16 of the consolidated financial statements</i></p> <p>The carrying value of the group's goodwill may not be recoverable due to changes in the business and economic environment in which the subsidiary operates. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.</p> <p>Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at 31 December 2023.</p> <p>We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation.</p>	<p>Management's impairment assessment was tested by performing the following procedures, amongst others:</p> <ol style="list-style-type: none"> 1. We obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the value in use of each cash generating unit (CGU). 2. We compared management's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. 3. We tested management's impairment testing model calculations for mathematical accuracy. <p>Based on the audit procedures performed, no adjustments were made to the financial statements.</p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p>Accounting for business combinations (Group)</p> <p><i>Refer to notes 3(b), 16 and 30 to the consolidated financial statements for disclosures of related accounting policies and balances.</i></p> <p>On 1 June 2021 the company acquired 60% of the shareholding of Everything Fresh Bahamas Limited. On 27 April 2022 an additional 20% was acquired through the transfer for shares from a third party. Management assessed that the acquisition qualified as a business combination resulting in recognition of goodwill in the amount of \$85.1 million.</p> <p>We focused on this area due to the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgment in determining certain estimates.</p>	<p>We evaluated the appropriateness of the accounting for the acquisition as a business combination and ensured it complied with management's accounting policies and the applicable accounting standards.</p> <p>We held discussions with management to understand and evaluate their basis for determining assumptions. This included evaluating the appropriateness of valuation methodologies utilised to derive the fair value of identified intangible assets and evaluating the reasonableness of the underlying valuation assumptions and inputs.</p> <p>We recalculated the goodwill, being the difference between the total net consideration and the fair values of the assets and liabilities acquired for mathematical accuracy.</p> <p>Based on the audit procedures performed, management's accounting, judgements and estimates relating to the business combination were not unreasonable.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

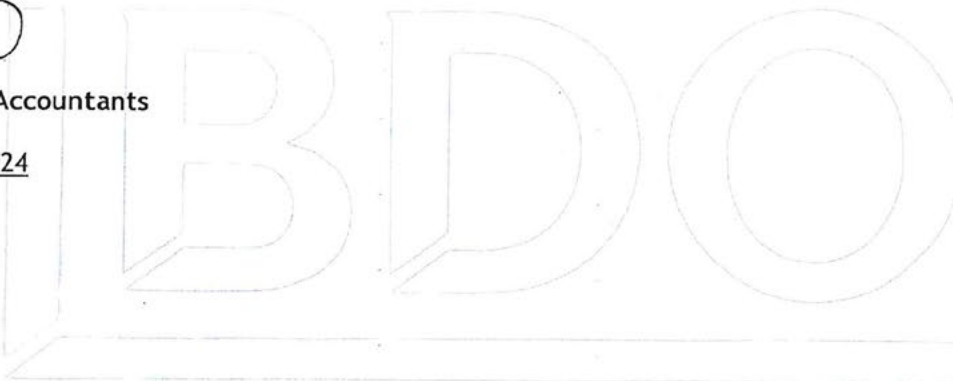
In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Donna Hobson.

A handwritten signature in black ink, appearing to be 'DHO', written over the large, faint BDO logo.

Chartered Accountants

11 March 2024



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2023

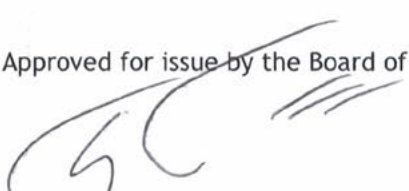
	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
REVENUE	7	3,171,769	2,638,943
COST OF SALES		<u>(2,492,950)</u>	<u>(2,102,724)</u>
GROSS PROFIT		678,819	536,219
Other operating income	8	<u>91</u>	<u>5,829</u>
		<u>678,910</u>	<u>542,048</u>
EXPENSES:			
Administrative and other expenses		(498,606)	(397,941)
Selling and promotion expenses		<u>(37,362)</u>	<u>(52,697)</u>
		<u>(535,968)</u>	<u>(450,638)</u>
OPERATING PROFIT		142,942	91,410
Finance costs	11	<u>(57,815)</u>	<u>(43,254)</u>
PROFIT BEFORE TAXATION		85,127	48,156
Taxation	12	<u>15,304</u>	<u>-</u>
NET PROFIT FOR THE YEAR	13	100,431	48,156
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified to profit or loss - Foreign currency translation adjustments		<u>(657)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>99,774</u>	<u>48,156</u>
NET PROFIT ATTRIBUTABLE TO:			
Stockholders of the parent		98,677	42,575
Non-controlling interest		<u>1,754</u>	<u>5,581</u>
		<u>100,431</u>	<u>48,156</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		98,151	42,575
Non-controlling interest		<u>1,623</u>	<u>5,581</u>
		<u>99,774</u>	<u>48,156</u>
EARNINGS PER STOCK UNIT	14	<u>12.65¢</u>	<u>5.46¢</u>

Consolidated Statement of Financial Position

31 December 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	115,754	120,088
Intangible assets	16	85,625	85,574
Goodwill			
Right-of-use assets	17(a)	45,787	53,930
Deferred taxation	18	<u>34,218</u>	<u>16,782</u>
		<u>281,384</u>	<u>276,374</u>
CURRENT ASSETS:			
Inventories	21	576,892	541,320
Receivables	22	414,121	359,037
Related parties	20(c)	10,987	10,763
Taxation recoverable		521	506
Cash and short term deposit	23	<u>165,767</u>	<u>73,984</u>
		<u>1,168,288</u>	<u>985,610</u>
		<u>1,449,672</u>	<u>1,261,984</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	24	364,850	364,850
Translation reserve		(526)	-
Retained earnings	25	<u>99,190</u>	<u>513</u>
Equity attributable to shareholders of the parent		463,514	365,363
Non-controlling interest	26	(806)	(2,429)
		<u>462,708</u>	<u>362,934</u>
NON-CURRENT LIABILITIES:			
Borrowings	27	87,994	108,603
Lease liabilities	17(b)	<u>43,092</u>	<u>29,531</u>
		<u>131,086</u>	<u>138,134</u>
CURRENT LIABILITIES:			
Borrowings	27	350,849	314,617
Payables	28	495,206	415,251
Taxation		2,132	
Lease liabilities - current portion	17(b)	<u>7,691</u>	<u>31,048</u>
		<u>855,878</u>	<u>760,916</u>
		<u>1,449,672</u>	<u>1,261,984</u>

Approved for issue by the Board of Directors on 11 March 2024 and signed on its behalf by:



 Gregory Pullen
 Chairman



 Garret Gardner
 Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	<u>No. of Shares '000</u>	<u>Translation Reserve \$'000</u>	<u>Share Capital \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Non- Controlling Interest \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 JANUARY 2022	<u>780,000</u>	<u>-</u>	<u>364,850</u>	<u>(39,737)</u>	<u>(11,379)</u>	<u>313,734</u>
TRANSACTION WITH OWNERS						
Change in ownership interest in subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,325)</u>	<u>3,369</u>	<u>1,044</u>
TOTAL COMPREHENSIVE INCOME						
Net profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,575</u>	<u>5,581</u>	<u>48,156</u>
BALANCE AT 31 DECEMBER 2022	<u>780,000</u>	<u>-</u>	<u>364,850</u>	<u>513</u>	<u>(2,429)</u>	<u>362,934</u>
TOTAL COMPREHENSIVE INCOME						
Net profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,677</u>	<u>1,754</u>	<u>100,431</u>
Other comprehensive income	<u>-</u>	<u>(526)</u>	<u>-</u>	<u>-</u>	<u>(131)</u>	<u>(657)</u>
	<u>-</u>	<u>(526)</u>	<u>-</u>	<u>98,677</u>	<u>1,623</u>	<u>99,774</u>
BALANCE AT 31 DECEMBER 2023	<u>780,000</u>	<u>(526)</u>	<u>364,850</u>	<u>99,190</u>	<u>(806)</u>	<u>462,708</u>

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year		100,431	48,156
Adjustments for:			
Unrealised foreign exchange losses/ (gains)		4,186	(940)
Impairment allowance		118	10,531
Inventory impairment allowance		3,535	-
Depreciation	15	26,932	21,429
Depreciation-right-of-use assets	17(a)	27,017	35,458
Amortisation	16	88	882
Losses/(gains) on the disposal of property, plant and equipment	8	12	(186)
Property, plant and equipment translation Adjustment		(78)	-
Interest income	8	(61)	(82)
Interest expense	11	52,299	33,965
Interest-right-of-use assets	11	4,862	6,711
Taxation	12	(15,304)	-
		204,037	155,924
Changes in operating assets and liabilities:			
Inventories		(38,497)	(239,544)
Receivables		(56,089)	(109,077)
Payables		78,193	138,845
Related parties		(224)	(983)
Cash provided by/(used in) operating activities		<u>187,420</u>	<u>(54,835)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		61	82
Purchase of shares in subsidiary	19	-	(155)
Proceeds from disposal of property, plant and equipment		376	500
Purchase of property, plant and equipment	15	(22,908)	(15,403)
Purchase of Intangible asset	16	(139)	(353)
Cash used in investing activities		<u>(22,610)</u>	<u>(15,329)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(51,369)	(32,550)
Loans received	23	439,682	503,536
Loan repayments	23	(458,843)	(339,632)
Lease payments	17(b)	(33,550)	(46,088)
Cash (used in)/ provided by financing activities		<u>(104,080)</u>	<u>85,266</u>
INCREASE IN CASH AND CASH EQUIVALENTS		60,730	15,102
Exchange gain/(loss) on foreign cash balance		405	(530)
Cash and cash equivalents at beginning of year		<u>(4,280)</u>	<u>(18,852)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	<u>56,855</u>	<u>(4,280)</u>

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2023

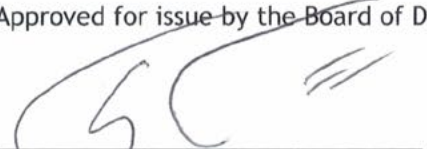
	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
REVENUE	7	2,606,582	2,085,708
COST OF SALES		<u>(2,036,838)</u>	<u>(1,667,298)</u>
GROSS PROFIT		569,744	418,410
Other operating income	8	<u>49</u>	<u>2,973</u>
		<u>569,793</u>	<u>421,383</u>
EXPENSES:			
Administrative and other expenses		(407,748)	(320,462)
Selling and promotion expenses		<u>(32,041)</u>	<u>(29,606)</u>
		<u>(439,789)</u>	<u>(350,068)</u>
OPERATING PROFIT		130,004	71,315
Finance costs	11	<u>(53,651)</u>	<u>(38,906)</u>
PROFIT BEFORE TAXATION		76,353	32,409
Taxation	12	<u>15,304</u>	<u>-</u>
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	13	<u>91,657</u>	<u>32,409</u>

Statement of Financial Position

31 December 2023

	<u>Note</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	109,620	113,076
Intangible assets	16	504	453
Right-of-use assets	17(a)	45,787	46,531
Deferred taxation	18	34,218	16,782
Investment in subsidiary	19	59,248	59,248
		<u>249,377</u>	<u>236,090</u>
CURRENT ASSETS:			
Inventories	21	508,471	480,706
Receivables	22	367,829	310,225
Related parties	20(c)	10,987	10,763
Taxation recoverable		521	505
Cash and short term deposit	23	159,476	61,291
		<u>1,047,284</u>	<u>863,490</u>
		<u>1,296,661</u>	<u>1,099,580</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	24	364,850	364,850
Retained earnings	25	75,436	(16,221)
		<u>440,286</u>	<u>348,629</u>
NON-CURRENT LIABILITIES			
Borrowings	27	87,994	108,603
Lease liabilities	17(b)	43,092	29,531
		<u>131,086</u>	<u>138,134</u>
CURRENT LIABILITIES:			
Borrowings	27	350,849	314,617
Payables	28	364,043	275,246
Taxation		2,132	-
Related party	20(c)	574	574
Lease liabilities - current portion	17(b)	7,691	22,380
		<u>725,289</u>	<u>612,817</u>
		<u>1,296,661</u>	<u>1,099,580</u>

Approved for issue by the Board of Directors on 11 March 2024 and signed on its behalf by:



Gregory Pullen
Chairman



Garret Gardner
Director

Statement of Changes in Equity

Year ended 31 December 2023

	<u>No. of Shares '000</u>	<u>Share Capital \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 JANUARY 2022	780,000	364,850	(48,630)	316,220
TOTAL COMPREHENSIVE INCOME				
Net profit for the year	<u>-</u>	<u>-</u>	<u>32,409</u>	<u>32,409</u>
BALANCE AT 31 DECEMBER 2022	780,000	364,850	(16,221)	348,629
TOTAL COMPREHENSIVE INCOME				
Net profit for the year	<u>-</u>	<u>-</u>	<u>91,657</u>	<u>91,657</u>
BALANCE AT 31 DECEMBER 2023	<u>780,000</u>	<u>364,850</u>	<u>75,436</u>	<u>440,286</u>

Statement of Cash Flows

Year ended 31 December 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year		91,657	32,409
Adjustments for:			
Unrealised foreign exchange losses/(gains)		4,186	(940)
Impairment allowance		(187)	(691)
Depreciation	15	25,027	19,948
Depreciation-right-of-use assets	17(a)	19,516	17,701
Amortisation	16	88	882
Loss/(gain) on the disposal of property, plant and equipment	8	12	(186)
Interest income	8	(61)	(82)
Interest expense	11	49,017	31,640
Interest-right-of-use assets	11	3,980	4,687
Taxation	12	(15,304)	-
		177,931	105,368
Changes in operating assets and liabilities:			
Inventories		(27,765)	(224,467)
Receivables		(59,450)	(99,402)
Payables		89,601	138,135
Related parties		(224)	(983)
Cash provided by/(used in) by operating activities		<u>180,093</u>	<u>(81,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		61	82
Cash flow from acquisition of subsidiary		-	(155)
Proceeds from disposal of property, plant and equipment		376	500
Purchase of property, plant and equipment	15	(21,959)	(15,403)
Purchase of intangible asset	16	(139)	(353)
Cash used in by investing activities		<u>(21,661)</u>	<u>(15,329)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(48,087)	(30,225)
Loans received	23	439,682	503,536
Loan repayments	23	(458,843)	(339,632)
Lease payments	17(b)	(23,879)	(23,828)
Cash (used in)/provided by financing activities		<u>(91,127)</u>	<u>109,851</u>
INCREASE IN CASH AND CASH EQUIVALENTS		67,305	13,173
Exchange gain/(loss) on foreign cash balance		232	(316)
Cash and cash equivalents at beginning of year		<u>(16,973)</u>	<u>(29,830)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	<u>50,564</u>	<u>(16,973)</u>

Notes to the Financial Statements

31 December 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Everything Fresh Limited (“the company”) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 78 Marcus Garvey Drive, Kingston 11. The company is listed on the Junior Market of the Jamaica Stock Exchange.
- (b) The principal activities of the company are the importation and distribution of dairy products, meats, seafood, fruits, vegetables and dry goods as well as the manufacture of meat products from its Bog Walk location. The company ceased operations at the Bog Walk location during 2022, but subsequently reopened in 2023 for storage and distribution.
- (c) On 1 June 2021, the company acquired 60% of the shareholdings of Everything Fresh Bahamas Limited, a company incorporated in Bahamas. On 27 April 2022, an additional 20% stake was acquired, through the transfer of shares from a third party. The principal activities are the distribution of dairy products, meats, seafood, fruits, vegetables and dry goods.

The company and its subsidiary are referred to as “the Group”.

2. REPORTING CURRENCY:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates (‘the functional currency’). These financial statements are presented in Jamaican dollars, which is considered the group’s functional and presentation currency, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following amendments are relevant to its operations:

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver of breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments did not have a significant impact on the group.

Narrow scope amendments to IAS 1, 'Practice Statement 2 and IAS 8, (effective for accounting periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of these amendments did not have a significant impact on the group.

Amendments to IAS 12 (effective for accounting periods beginning on or after 1 January 2023). The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

The adoption of the above standards and interpretations did not have any significant impact on the group's financial statements.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretations not yet effective and not early adopted

The following amendments to standards which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

Amendments to IAS 1, 'Non-current Liabilities with Covenants', (deferred until accounting periods starting not earlier than 1 January 2024). These clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The adoption of these amendments is not expected to have a significant impact on the group.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(b) Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets acquired, and liabilities and contingent liabilities assumed are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

The group uses the audited financial statements of its subsidiary, Everything Fresh Bahamas Limited at 31 December 2023 for the purpose of consolidation.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(d) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost or deemed cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

Warehouse improvements	10 years
Fixtures and equipment	10 years
Motor vehicles	8 years
Cold storage rooms	10 years

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

(e) Intangible assets

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the group's interest in net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is tested at the end of each reporting period for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Intangible assets (cont'd)

Computer software

Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Brand

Brand is recorded at cost and represents the value of the consideration paid to acquire a well established and recognised meat brand. The cost is amortised over the estimated useful life of the brand, which is three years.

(f) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the first-in, first-out basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(g) Right-of-use asset

Right-of-use assets are initially measured at an amount equal to the initial value of the lease obligation which is subsequently adjusted for the following items:

- i) Any lease payments made at or before the commencement date, less any lease incentives received;
- ii) Any initial direct costs incurred by the group;
- iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

Right-of-use assets are depreciated using the straight-line method from the date of adoption to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Leases

Leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less.

The lease obligation is measured at the present value of the contractual obligation, discounted using the interest rate implicit in the lease term, unless that rate is not readily determinable, in which case the group will use its incremental borrowing rate.

The lease term determined by the group comprises:

- i) The non-cancelable period of lease contracts, including a rent-free period if applicable;
- ii) Periods covered by an option to extend the lease if the group is reasonably certain to exercise that option;
- iii) Periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option.

The commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the group. Lease payments included in the measurement of the lease obligation are comprised of the following:

- i) Fixed lease payments, including in-substance fixed payments;
- ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- iii) Amounts expected to be payable under a residual value guarantee;
- iv) The exercise price of purchase options that the group is reasonably certain to exercise;
- v) Lease payments in an option renewal period if the group is reasonably certain to exercise the extension option;
- vi) Penalties for early termination of the lease unless the group is reasonably certain not to terminate early; and
- vii) Less any incentive receivable.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Leases (cont'd)

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. Having elected to do so, the group accounts for any lease and associated non-lease components as a single arrangement, which is permitted under IFRS 16.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is re-measured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease. The revised carrying amount is amortised over the remaining lease term.

(i) Revenue recognition

Sale of goods

Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the group for goods supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods passes to the customer. Revenue is decreased by any trade discounts granted to customers.

For contracts that permit return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

The right to recover returned goods is measured at the former carrying amount of inventory less any expected cost to recover.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets, except goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Employee benefits

Defined contribution plan

The company operates a defined contribution pension plan which is funded by employees' contribution of 5% -10% of salary and employer's contribution of 5%. Once the contributions have been paid, the company has no further obligations. Contributions are charged to the statement of profit or loss, in the year to which they relate.

(m) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Recognition and derecognition

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the group. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

(ii) Classification

The group classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at amortised cost.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement category

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group's financial assets measured at amortised cost comprise trade and other receivables, due from related parties and cash and short term deposit in the statement of financial position.

Cash and short term deposit includes cash at bank and in hand and short term deposit. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, short term deposit with original maturity of three months or less and credit card balances. Credit card balances are shown within borrowings under current liabilities in the statement of financial position.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments (cont'd)

Financial assets (cont'd)

(iv) Impairment

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised.

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade and other payables, due to related party, borrowings and lease liabilities.

The group derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

(o) Dividend distribution

Dividend distribution to the group's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the group's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(p) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(q) Related parties

A party is related to the group, if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
 - (a) is controlled by, or is under common control with, the group;
 - (b) has an interest in the group that gives it significant influence over the entity; or
 - (c) has joint control over the group.
- (ii) The party is an associate of the group;
- (iii) The party is a joint venture in which the group is a venturer;
- (iv) The party is a member of the key management personnel of the entity or its parent. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the group, including directors and officers and close members of the families of these individuals;
- (v) The party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) The party is a post-employment benefit plan for the benefit of employees of the group, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(r) Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. Each operating segment's operating results are reviewed regularly by the group's Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The group has identified the Managing Director as its CODM.

Notes to the Financial Statements

31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(s) **Investment in subsidiary**

Investment by the company in its subsidiary is stated at cost.

(t) **Earnings per share**

Earnings per share is calculated by dividing the operating results for the year by the number of shares in issue.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the group's accounting policies**

In the process of applying the group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Allowance for impairment losses on trade receivables**

Allowances for doubtful accounts are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the group segments its trade receivables in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

Notes to the Financial Statements

31 December 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(ii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in statement of income through impairment or adjusted depreciation provisions.

(iv) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(v) Assessment of goodwill impairment

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3(e). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and discount rate. Any changes in these variables would impact the value in use calculations.

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT:

The group is exposed through its operations to the following financial risks:

Credit risk
 Fair value or cash flow interest rate risk
 Foreign exchange risk
 Other market price, and
 Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and short term deposit
- Trade and other payables
- Borrowings
- Due from/to related parties
- Lease liabilities

(b) Financial instruments by category

Financial assets

	The Group		Amortised cost	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and short term deposit	165,767	73,984	159,476	61,291
Due from related parties	10,987	10,763	10,987	10,763
Receivables	<u>341,930</u>	<u>339,671</u>	<u>300,302</u>	<u>291,283</u>
Total financial assets	<u>518,684</u>	<u>424,418</u>	<u>470,765</u>	<u>363,337</u>

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category (cont'd)

Financial liabilities

	<u>Amortised cost</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Payables	472,934	407,734	355,152	267,729
Borrowings	438,843	423,220	438,843	423,220
Lease liabilities	<u>50,783</u>	<u>60,579</u>	<u>50,783</u>	<u>51,911</u>
Total financial liabilities	<u>926,560</u>	<u>891,533</u>	<u>844,778</u>	<u>742,860</u>

(c) Financial risk factors

The Board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions for sales, purchases and US dollar cash and bank balances. The group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings.

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Concentration of currency risk

The group is exposed to foreign currency risk in respect of US and Bahamian dollar as follows:

	The Group	
	US J\$'000	BSD J\$'000
31 December 2023		
Financial assets:		
Receivables	184,861	41,628
Cash and bank balances	<u>137,343</u>	<u>6,291</u>
Total financial assets	<u>322,204</u>	<u>47,919</u>
Financial liabilities:		
Payables	339,571	-
Borrowings	216,931	-
Lease liabilities	<u>50,784</u>	<u>117,782</u>
Total financial liabilities	<u>607,286</u>	<u>117,782</u>
Net financial position	<u>(285,082)</u>	<u>(69,863)</u>
31 December 2022		
Total financial assets	218,078	61,081
Total financial liabilities	<u>(523,863)</u>	<u>(148,673)</u>
Net financial position	<u>(305,785)</u>	<u>(87,592)</u>

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Concentration of currency risk (cont'd)

	The Company
	<u>US</u> <u>J\$'000</u>
31 December 2023	
Financial assets:	
Receivables	184,861
Cash and bank balances	<u>137,343</u>
Total financial assets	<u>322,204</u>
Financial liabilities:	
Payables	339,571
Borrowings	216,931
Lease liabilities	<u>50,784</u>
Total financial liabilities	<u>607,286</u>
Net financial position	<u>(285,082)</u>
31 December 2022	
Total financial assets	218,078
Total financial liabilities	<u>(523,863)</u>
Net financial position	<u>(305,785)</u>

Foreign currency sensitivity

The following table indicates the sensitivity of loss before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated receivables, cash and bank balances, borrowings, lease liabilities and payable balances, and adjusts their translation at the year-end for 4% (2022 - 4%) depreciation and a 1% (2022 - 1%) appreciation of the Jamaican dollar against the US dollar and Bahamian dollar. The changes below would have no impact on other components of equity.

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

The Group				
<u>Currency</u>	<u>% Change in Currency Rate 2023</u>	<u>Effect on Profit before Taxation 2023 \$'000</u>	<u>% Change in Currency Rate 2022</u>	<u>Effect on Profit before Taxation 2022 \$'000</u>
USD	-4	(11,403)	-4	(12,231)
USD	+1	2,851	+1	3,058
BSD	-4	(2,795)	-4	(3,504)
BSD	<u>+1</u>	<u>699</u>	<u>+1</u>	<u>876</u>

The Company				
<u>Currency</u>	<u>% Change in Currency Rate 2023</u>	<u>Effect on Profit before Taxation 2023 \$'000</u>	<u>% Change in Currency Rate 2022</u>	<u>Effect on Profit before Taxation 2022 \$'000</u>
USD	(11,403)	-4	-4	(12,231)
USD	<u>2,851</u>	<u>+1</u>	<u>+1</u>	<u>3,058</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group is not exposed to market price fluctuations at the reporting date.

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the group to cash flow interest rate risk, whereas fixed rate instruments expose the group to fair value interest rate risk.

The group is primarily exposed to cash flow interest rate risk on its short term deposits and long term borrowings.

Short term deposits and borrowings are the only interest bearing assets and liabilities respectively, within the group. The group's short term borrowings are due to mature within a year of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on short term borrowings as these revolving loans are due to be repaid within 90 days of commencement.

A 0.25% increase/0.25% decrease (2022 - 1% increase/0.5% decrease) in interest rates on Jamaican long term borrowings and credit cards would result in a \$555,000 increase and \$555,000 decrease (2022 - \$2,103,000 increase/\$1,051,000 decrease) in the operating results of the group.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, related company balances and cash and bank balances.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of cash and short term deposit and trade and other receivables in the statement of financial position.

Cash and bank balances and short term deposit

Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables

Revenue transactions in respect of the group's primary operations are done on a credit basis. The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

Expected credit losses on trade receivables

The impairment requirements of IFRS 9 are based on an Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities.

The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL's for trade receivables as at 31 December.

<u>The Group</u> <u>2023</u>			
<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
Current (not past due)	31,342	1.00	313
1 - 30 days	270,105	0.06	160
31 - 60 days	11,676	0.20	23
61 - 90 days	1,791	1.90	34
91 days and over	<u>11,188</u>	20.45	<u>2,288</u>
Total	<u>326,102</u>		<u>2,818</u>

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables (cont'd)

Expected credit losses on trade receivables (cont'd)

<u>The Group</u> <u>2022</u>			
<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
Current (not past due)	24,679	1	247
1 - 30 days	263,802	0.3	679
31 - 60 days	12,623	0.8	94
61 - 90 days	5,383	2.8	148
91 days and over	<u>12,216</u>	12	<u>1,515</u>
Total	<u>318,703</u>		<u>2,683</u>

<u>The Company</u> <u>2023</u>			
<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
1 - 30 days	266,255	0.02	64
31 - 60 days	11,335	0.05	6
61 - 90 days	1,507	0.40	6
91 days and over	<u>3,363</u>	21.64	<u>729</u>
Total	<u>282,460</u>		<u>805</u>

<u>2022</u>			
<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
1 - 30 days	248,587	0.1	299
31 - 60 days	11,315	0.3	29
61 - 90 days	4,711	1.7	81
91 days and over	<u>7,557</u>	7.7	<u>583</u>
Total	<u>272,170</u>		<u>992</u>

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables (cont'd)

Expected credit losses on trade receivables (cont'd)

Movements on the provision for expected credit losses are as follows:

	The Group		The Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 1 January	2,683	3,494	992	1,683
Adjustment for- Translation adjustment	627	(36)	-	-
Provision for expected credit losses	(492)	(775)	(187)	(691)
At 31 December	<u>2,818</u>	<u>2,683</u>	<u>805</u>	<u>992</u>
Recovered during the year Receivables written off as uncollectable	(187)	(606)	(187)	(691)
	<u>305</u>	<u>11,137</u>	<u>-</u>	<u>7,487</u>
Expected credit losses reported in profit or loss	<u>118</u>	<u>10,531</u>	<u>(187)</u>	<u>6,796</u>

(iii) Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

Notes to the Financial Statements

31 December 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The group's liquidity risk management process, as carried out within the group and monitored by the Accounts Department, includes:

- i) Monitoring future cash flows and liquidity on a daily basis.
- ii) Maintaining a portfolio of short term investment balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- iii) Maintaining committed lines of credit.
- iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group		
	Within 1 Year <u>\$'000</u>	1 to 5 Years <u>\$'000</u>	Total <u>\$'000</u>
31 December 2023			
Borrowings - long term	32,630	90,860	123,490
Borrowings - short term	325,843	-	325,843
Payables	472,934	-	472,934
Lease liabilities	<u>14,757</u>	<u>49,286</u>	<u>64,043</u>
Total financial liabilities (contractual maturity dates)	<u>846,164</u>	<u>140,146</u>	<u>986,310</u>
31 December 2022			
Borrowings - long term	32,607	123,447	156,054
Borrowings - short term	291,137	-	291,137
Payables	407,734	-	407,734
Lease liabilities	<u>31,997</u>	<u>42,954</u>	<u>74,951</u>
Total financial liabilities (contractual maturity dates)	<u>763,475</u>	<u>166,401</u>	<u>929,876</u>

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Company		
	Within 1 Year \$'000	1 to 5 Years \$'000	Total \$'000
31 December 2023			
Borrowings - long term	32,630	90,860	123,490
Borrowings - short term	325,843	-	325,843
Payables	355,152	-	355,152
Lease liabilities	<u>14,757</u>	<u>49,286</u>	<u>64,043</u>
Total financial liabilities (contractual maturity dates)	<u>728,382</u>	<u>140,146</u>	<u>868,528</u>
31 December 2022			
Borrowings - long term	32,607	123,447	156,054
Borrowings - short term	291,137	-	291,137
Payables	267,729	-	267,729
Lease liabilities	<u>23,329</u>	<u>42,954</u>	<u>66,283</u>
Total financial liabilities (contractual maturity dates)	<u>614,802</u>	<u>166,401</u>	<u>781,203</u>

(d) Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the group is subject.

Notes to the Financial Statements

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6. SEGMENT REPORTING:

The group has two reportable segments which are based on geographical location. The identification of business segments, is based on the management and internal reporting structure. Segment results, include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Information regarding results of each reportable segment is included below.

	<u>The Group</u>		
	<u>2023</u>		
	<u>Jamaica</u> <u>Division</u> <u>\$'000</u>	<u>Bahamas</u> <u>Division</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Revenue	<u>2,606,582</u>	<u>565,187</u>	<u>3,171,769</u>
Non-current assets	<u>215,159</u>	<u>6,134</u>	<u>221,293</u>
	<u>The Group</u>		
	<u>2022</u>		
	<u>Jamaica</u> <u>Division</u> <u>\$'000</u>	<u>Bahamas</u> <u>Division</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Revenue	<u>2,085,708</u>	<u>553,235</u>	<u>2,638,943</u>
Non-current assets	<u>219,308</u>	<u>14,411</u>	<u>233,719</u>

Notes to the Financial Statements

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7. REVENUE:

Revenue represents the price of goods sold and transferred to customers at a point in time after discounts and allowances.

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Hotel	1,761,797	1,465,720	1,649,368	1,344,548
Non-hotel	1,409,972	1,173,223	957,214	741,160
	<u>3,171,769</u>	<u>2,638,943</u>	<u>2,606,582</u>	<u>2,085,708</u>

8. OTHER OPERATING INCOME:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest income	61	82	61	82
(Loss)/gain on the sale of property, plant and equipment	(12)	186	(12)	186
Rental income	-	2,705	-	2,705
Other	42	2,856	-	-
	<u>91</u>	<u>5,829</u>	<u>49</u>	<u>2,973</u>

9. EXPENSES BY NATURE:

Total direct, administrative, selling and other expenses:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cost of inventories recognised as expense	2,492,950	2,102,724	2,036,838	1,667,298
Staff costs (note 10)	292,205	239,807	242,567	196,016
Directors' fees	2,090	1,600	2,090	1,600
Transportation and motor vehicle expenses	40,643	28,919	35,003	28,919
Advertising and promotion	5,615	2,803	5,615	2,803
Legal and professional fees	13,373	10,453	7,453	4,215
Insurance	7,621	5,786	7,292	5,473
Printing and stationery	3,053	1,813	3,053	1,813
Rental	12,898	175	-	175
Utilities and postage	45,378	40,195	40,953	36,793
Security	10,328	3,710	10,328	3,710
Other warehouse expenses	4,813	21,188	1,208	1,832
Auditors' remuneration	4,673	3,058	3,517	3,058
Foreign exchange loss/ (gain)	1,537	(2,315)	1,537	(2,315)
Expected credit losses	118	10,531	(187)	6,796
Repairs and maintenance	11,283	5,688	11,233	5,688
Depreciation	53,951	56,887	44,544	37,650
Amortisation	88	882	88	882
Other administrative expenses	<u>26,301</u>	<u>19,458</u>	<u>23,495</u>	<u>14,960</u>
	<u>3,028,918</u>	<u>2,553,362</u>	<u>2,476,627</u>	<u>2,017,366</u>

Notes to the Financial Statements

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9. EXPENSES BY NATURE (CONT'D):

	The Group		The Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost of sales	2,492,950	2,102,724	2,036,838	1,667,298
Administrative expenses	498,606	397,941	407,748	320,462
Selling expenses	<u>37,362</u>	<u>52,697</u>	<u>32,041</u>	<u>29,606</u>
	<u>3,028,918</u>	<u>2,553,362</u>	<u>2,476,627</u>	<u>2,017,366</u>

10. STAFF COSTS:

	The Group		The Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	187,137	152,987	139,600	111,148
Directors' remuneration	49,211	44,660	49,211	44,660
Statutory contributions	23,761	19,821	21,659	17,869
Pension costs (note 29)	7,539	6,411	7,539	6,411
Other	<u>24,557</u>	<u>15,928</u>	<u>24,558</u>	<u>15,928</u>
	<u>292,205</u>	<u>239,807</u>	<u>242,567</u>	<u>196,016</u>

The number of persons employed by the group at year end was 61 (2022 - 56).

11. FINANCE COSTS:

	The Group		The Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Processing fees	654	2,578	654	2,579
Interest expense -				
Bank overdraft	16	21	16	21
Loan interest	25,806	16,137	25,806	16,137
Lease liabilities (note 17(b))	4,862	6,711	3,980	4,687
Other	<u>26,477</u>	<u>17,807</u>	<u>23,195</u>	<u>15,482</u>
	<u>57,815</u>	<u>43,254</u>	<u>53,651</u>	<u>38,906</u>

Notes to the Financial Statements

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12. TAXATION:

- (a) Taxation is computed on the operating results for the year, adjusted for tax purposes, and comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Current taxation	2,132	-	2,132	-
Deferred tax (note 18)	(17,436)	-	(17,436)	-
	<u>(15,304)</u>	<u>-</u>	<u>(15,304)</u>	<u>-</u>

- (b) The tax on the operating results before taxation differs from using the applicable tax rate of 25% as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Profit before taxation	<u>85,127</u>	<u>48,156</u>	<u>76,353</u>	<u>32,409</u>
Taxation calculated at applicable tax rate	21,282	12,039	19,088	8,102
Different tax rates in other jurisdiction	(2,194)	(3,937)	-	-
Adjusted for the effects of:				
Expenses not deducted for tax purposes	8,032	11,449	8,032	11,449
Net effect of other charges and credits	<u>(42,424)</u>	<u>(19,551)</u>	<u>(42,424)</u>	<u>(19,551)</u>
Taxation charge in the income statement	<u>(15,304)</u>	<u>-</u>	<u>(15,304)</u>	<u>-</u>

- (c) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately \$263,661,000 (2021 - \$293,862,000) available for set off against future taxable profits. A deferred tax asset has been recognised in respect of these losses, to the extent that sufficient taxable profits will be generated in the future to utilize the losses. No deferred tax was recognised in the previous period.

Notes to the Financial Statements

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12. TAXATION (CONT'D):

(d) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 22 June 2018. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

(e) The subsidiary operates in a corporate tax free jurisdiction.

13. NET PROFIT:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Dealt with in the financial statements of:		
The company	91,657	32,409
Subsidiary	<u>8,774</u>	<u>15,747</u>
	<u>100,431</u>	<u>48,156</u>
Attributable to:		
Stockholders of the parent	98,677	42,575
Non-controlling interest	<u>1,754</u>	<u>5,581</u>
	<u>100,431</u>	<u>48,156</u>

14. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the operating results attributable to stockholders by the weighted average number of ordinary stock units in issue at year end.

	<u>2023</u>	<u>2022</u>
Net profit attributable to stockholders of the parent (\$'000)	98,677	42,575
Weighted average number of ordinary stocks units ('000)	<u>780,000</u>	<u>780,000</u>
Basic earnings per stock unit (¢ per share)	<u>12.65</u>	<u>5.46</u>

Notes to the Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT:

	<u>The Group</u>				
	<u>Warehouse Improvements</u> \$'000	<u>Cold Storage Rooms</u> \$'000	<u>Fixtures & Equipment</u> \$'000	<u>Motor Vehicles</u> \$'000	<u>Total</u> \$'000
Cost-					
1 January 2022	20,870	101,716	60,028	30,439	213,053
Additions	13,691	299	1,413	-	15,403
Disposal	-	-	(833)	-	(833)
31 December 2022	34,561	102,015	60,608	30,439	227,623
Additions	16,427	-	6,481	-	22,908
Disposal	-	-	(1,122)	-	(1,122)
31 December 2023	<u>50,988</u>	<u>102,015</u>	<u>65,967</u>	<u>30,439</u>	<u>249,409</u>
Depreciation -					
1 January 2022	7,551	44,109	22,576	12,220	86,456
Translation adjustment	-	-	(39)	208	169
Charge for the year	1,929	10,194	6,213	3,093	21,429
Elimination on disposal	-	-	(519)	-	(519)
31 December 2022	9,480	54,303	28,231	15,521	107,535
Translation adjustment	-	-	-	(78)	(78)
Charge for the year	7,056	10,202	6,432	3,242	26,932
Elimination on disposal	-	-	(734)	-	(734)
31 December 2023	<u>16,536</u>	<u>64,505</u>	<u>33,929</u>	<u>18,685</u>	<u>133,655</u>
Carrying value -					
31 December 2023	<u>34,452</u>	<u>37,510</u>	<u>32,038</u>	<u>11,754</u>	<u>115,754</u>
31 December 2022	<u>25,081</u>	<u>47,712</u>	<u>32,377</u>	<u>14,918</u>	<u>120,088</u>

Notes to the Financial Statements

31 December 2023

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

	<u>The Company</u>				
	<u>Warehouse Improvements \$'000</u>	<u>Cold Storage Rooms \$'000</u>	<u>Fixtures & Equipment \$'000</u>	<u>Motor Vehicles \$'000</u>	<u>Total \$'000</u>
Cost-					
1 January 2022	20,870	101,716	55,648	25,004	203,238
Additions	13,691	299	1,413	-	15,403
Disposal	-	-	(833)	-	(833)
31 December 2022	34,561	102,015	56,228	25,004	217,808
Additions	16,427	-	5,532	-	21,959
Disposal	-	-	(1,122)	-	(1,122)
31 December 2023	<u>50,988</u>	<u>102,015</u>	<u>60,638</u>	<u>25,004</u>	<u>238,645</u>
Depreciation -					
1 January 2022	7,551	44,109	21,899	11,744	85,303
Charge for the year	1,929	10,194	5,670	2,155	19,948
Elimination on disposal	-	-	(519)	-	(519)
31 December 2022	9,480	54,303	27,050	13,899	104,732
Charge for the year	7,056	10,202	5,614	2,155	25,027
Elimination on disposal	-	-	(734)	-	(734)
31 December 2023	<u>16,536</u>	<u>64,505</u>	<u>31,930</u>	<u>16,054</u>	<u>129,025</u>
Carrying value -					
31 December 2023	<u>34,452</u>	<u>37,510</u>	<u>28,708</u>	<u>8,950</u>	<u>109,620</u>
31 December 2022	<u>25,081</u>	<u>47,712</u>	<u>29,178</u>	<u>11,105</u>	<u>113,076</u>

Notes to the Financial Statements

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16. INTANGIBLE ASSETS:

	<u>The Group</u>			
	<u>Goodwill</u> <u>\$'000</u>	<u>Software</u> <u>\$'000</u>	<u>Brand</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Cost -				
1 January 2022	85,121	8,285	100	93,506
Additions	<u>-</u>	<u>353</u>	<u>-</u>	<u>353</u>
31 December 2022	85,121	8,638	100	93,859
Additions	<u>-</u>	<u>139</u>	<u>-</u>	<u>139</u>
31 December 2023	<u>85,121</u>	<u>8,777</u>	<u>100</u>	<u>93,998</u>
Amortisation -				
1 January 2022	-	7,403	-	7,403
Charge for the year	<u>-</u>	<u>882</u>	<u>-</u>	<u>882</u>
31 December 2022	-	8,285	-	8,285
Charge for the year	<u>-</u>	<u>88</u>	<u>-</u>	<u>88</u>
31 December 2023	<u>-</u>	<u>8,373</u>	<u>-</u>	<u>8,373</u>
Carrying value -				
31 December 2023	<u>85,121</u>	<u>404</u>	<u>100</u>	<u>85,625</u>
31 December 2022	<u>85,121</u>	<u>353</u>	<u>100</u>	<u>85,574</u>

Goodwill -

Goodwill arose on the acquisition of Everything Fresh Bahamas Limited and is largely attributable to synergies and economies of scale. This arose from years of creation and maintenance of solid customer base, good customer relations and general business operations.

Impairment tests for goodwill -

The group determines whether goodwill is impaired at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may be impaired. In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the group. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over five years, however as a consequence to the COVID-19 pandemic, the group used a seven year projection to make allowance for an additional two years of recovery. The long-term growth rate is applied following the immediately following year, within a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill.

Notes to the Financial Statements

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16. INTANGIBLE ASSETS (CONT'D):

	<u>The Company</u>		
	<u>Software</u> <u>\$'000</u>	<u>Brand</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Cost -			
1 January 2022	8,285	100	8,385
Additions	<u>353</u>	<u>-</u>	<u>353</u>
31 December 2022	8,638	100	8,738
Addition	<u>139</u>	<u>-</u>	<u>139</u>
31 December 2023	<u>8,777</u>	<u>100</u>	<u>8,877</u>
Amortisation -			
1 January 2022	7,403	-	7,403
Charge for the year	<u>882</u>	<u>-</u>	<u>882</u>
31 December 2022	8,285	-	8,285
Charge for the year	<u>88</u>	<u>-</u>	<u>88</u>
31 December 2023	<u>8,373</u>	<u>-</u>	<u>8,373</u>
Carrying value -			
31 December 2023	<u>404</u>	<u>100</u>	<u>504</u>
31 December 2022	<u>353</u>	<u>100</u>	<u>453</u>

The amortisation of the Brand was not material.

17. LEASES:

(a) Right-of-use assets

	<u>The Group</u>		<u>The Company</u>	
	<u>Land and building</u>		<u>Land and building</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1 January	53,930	79,041	46,531	53,383
Addition	18,772	10,849	18,772	10,849
Depreciation charge for the year	(27,017)	(35,458)	(19,516)	(17,701)
Translation adjustment	<u>102</u>	<u>(502)</u>	<u>-</u>	<u>-</u>
31 December	<u>45,787</u>	<u>53,930</u>	<u>45,787</u>	<u>46,531</u>

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17. LEASES (CONT'D):

(b) Lease liabilities

	<u>The Group</u>		<u>The Company</u>	
	<u>Land and building</u>		<u>Land and building</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1 January	60,580	89,687	51,911	60,204
Addition	18,771	10,848	18,771	10,848
Interest expense	4,862	6,711	3,980	4,687
Lease payments	(33,550)	(46,088)	(23,879)	(23,828)
Translation adjustment	<u>120</u>	<u>(579)</u>	<u>-</u>	<u>-</u>
31 December	50,783	60,579	50,783	51,911
Less: current portion	<u>(7,691)</u>	<u>(31,048)</u>	<u>(7,691)</u>	<u>(22,380)</u>
	<u>43,092</u>	<u>29,531</u>	<u>43,092</u>	<u>29,531</u>

(c) Amounts recognized in statement of profit or loss

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Depreciation - right-of-use assets	27,017	35,458	19,516	17,701
Interest on lease liability (note 11)	<u>4,862</u>	<u>6,711</u>	<u>3,980</u>	<u>4,687</u>
	<u>31,879</u>	<u>42,169</u>	<u>23,496</u>	<u>22,388</u>

(d) Contractual undiscounted cash flows maturity analysis

The contractual undiscounted lease liability cash flows maturity analysis is disclosed under liquidity risk in the financial risk management note 5(c)(iii).

(e) Nature of leasing activities (in the capacity as lessees)

The company leases the property from which the head office operates (Marcus Garvey Drive) as well as the property from which the meat division operated. Although the meat division ceased operations, the company has continued with the lease and has repurposed the location. The lease contract of the Marcus Garvey Drive property provides for payments to increase each year by 7½% at the beginning of each year. The lease contract for the Bog Walk property provides for payments to increase by 10% after the first two years of the lease, which would thereafter remain in effect for the term of the lease.

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18. DEFERRED TAX:

Deferred taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>The Group and the Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Net asset at beginning of year	16,782	16,782
Credited to Income Statement (note 12)	<u>17,436</u>	<u>-</u>
Net asset at end of year	<u>34,218</u>	<u>16,782</u>

Deferred tax asset is due to the following items:

	<u>The Group and the Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Deferred income tax assets/(liabilities):		
Property, plant and equipment	620	4,190
Intangible asset	(10)	-
Right-of-use asset	(5,725)	(728)
Lease liability	6,348	1,955
Accrued Interest	293	-
Tax loss carried forward	<u>32,692</u>	<u>11,365</u>
	<u>34,218</u>	<u>16,782</u>

The deferred tax movement for the prior year was not material, hence no entry was booked.

19. INVESTMENT IN SUBSIDIARY:

On 1 June 2021, the company acquired 60% of the shareholding of Everything Fresh Bahamas Limited through the conversion of a long term loan to the company of \$59,093,000. A further 20% stake was acquired on 27 April 2022 for \$155,000, through the transfer of shares from a shareholder.

Notes to the Financial Statements

31 December 2023

20. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Transactions between the company and its related companies				
Purchases of goods - Quality Produce & Groceries Inc.	<u>1,424,293</u>	<u>1,436,728</u>	<u>1,068,700</u>	<u>1,111,774</u>
Lease payments - Trecu Enterprise Limited	<u>11,285</u>	<u>22,260</u>	<u>-</u>	<u>-</u>
Repairs and maintenance - Trecu Enterprise Limited	<u>-</u>	<u>2,934</u>	<u>-</u>	<u>-</u>
(b) Key management compensation				
(included in staff costs note 10):				
Key management includes executive Directors and senior managers Salaries and other short-term	110,392	98,165	101,224	88,939
employee benefits Directors' emoluments Fees	2,090	1,600	2,090	1,600
Management remuneration (included above)	<u>61,920</u>	<u>57,391</u>	<u>53,102</u>	<u>48,165</u>
(c) Year-end balances arising from transactions with related parties				
	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short term-				
Jamaica's Finest Produce Limited	3,400	3,400	3,400	3,400
Quality Investments Limited	1,485	1,187	1,485	1,187
Directors	<u>6,102</u>	<u>6,176</u>	<u>6,102</u>	<u>6,176</u>
	<u>10,987</u>	<u>10,763</u>	<u>10,987</u>	<u>10,763</u>

Notes to the Financial Statements

31 December 2023

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

(c) Year-end balances arising from transactions with related parties (cont'd)

The terms of payments of the short term balances are unspecified.

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Due to -				
Quality Produce & Groceries Inc. (included in trade payables)	304,686	267,477	194,873	150,240
Everything Fresh Bahamas Limited	<u>-</u>	<u>-</u>	<u>574</u>	<u>574</u>

21. INVENTORIES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Goods for resale	450,598	423,597	382,177	362,983
Goods-in-transit	<u>126,294</u>	<u>117,723</u>	<u>126,294</u>	<u>117,723</u>
	<u>576,892</u>	<u>541,320</u>	<u>508,471</u>	<u>480,706</u>

22. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	326,102	318,703	282,460	272,170
Less: provision for expected credit losses	<u>(2,818)</u>	<u>(2,683)</u>	<u>(805)</u>	<u>(992)</u>
	323,284	316,020	281,655	271,178
Other receivables	<u>90,837</u>	<u>43,017</u>	<u>86,174</u>	<u>39,047</u>
	<u>414,121</u>	<u>359,037</u>	<u>367,829</u>	<u>310,225</u>

Notes to the Financial Statements

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23. CASH AND CASH EQUIVALENTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and short term deposit -				
Cash in hand	667	296	345	244
Local currency accounts	19,738	28,361	15,847	28,361
Foreign currency accounts	137,343	43,686	137,343	32,067
Short term deposit	<u>8,019</u>	<u>1,641</u>	<u>5,941</u>	<u>619</u>
	165,767	73,984	159,476	61,291
Short term borrowings -				
Credit card balances (note 27)	<u>(108,912)</u>	<u>(78,264)</u>	<u>(108,912)</u>	<u>(78,264)</u>
	<u>56,855</u>	<u>(4,280)</u>	<u>50,564</u>	<u>(16,973)</u>

The short term deposit has an original maturity of 90 days.

Interest rate exposure

	<u>The Group and the Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>%</u>	<u>%</u>
Weighted average interest rate -		
Bank account - local	0.15	0.15
Bank accounts - foreign	0.07	0.07
Short term deposit	<u>0.99</u>	<u>0.99</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank loans, excluding credit card balances.

	<u>The Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
At 1 January	344,956	184,354
Cash -		
Loans received	439,682	503,536
Loans repaid	(458,843)	(339,632)
Non-cash -		
Foreign exchange loss/(gain)	<u>4,136</u>	<u>(3,302)</u>
At 31 December (note 27)	<u>329,931</u>	<u>344,956</u>

Notes to the Financial Statements

31 December 2023

24.	SHARE CAPITAL:		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	Authorised - 1,000,000,000 (Ordinary shares of no par value)		
	Stated capital - Issued and fully paid - 780,000,000 ordinary shares of no par value	<u>364,850</u>	<u>364,850</u>
25.	RETAINED EARNINGS:		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	Reflected in the financial statements of:		
	The Company	75,436	(16,221)
	Subsidiary	<u>23,754</u>	<u>16,734</u>
		<u>99,190</u>	<u>513</u>
26.	NON-CONTROLLING INTEREST:		
	The table below shows the summarised financial information for Everything Fresh Bahamas Limited that has non-controlling interest:		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	Statement of financial position		
	Total assets	127,806	137,839
	Total liabilities	<u>(131,836)</u>	<u>(149,983)</u>
	Net liabilities	<u>(4,030)</u>	<u>(12,144)</u>
	Attributable to non-controlling interest	<u>(806)</u>	<u>(2,429)</u>
	Statement of comprehensive income		
	Revenue	<u>(565,187)</u>	<u>(553,235)</u>
	Profit for the period, being total comprehensive income	<u>8,117</u>	<u>15,747</u>
	Profit attributable to non-controlling interest	1,754	5,581
	Other comprehensive income attributable to non-controlling interest	<u>(131)</u>	<u>-</u>
		<u>1,623</u>	<u>5,581</u>

Notes to the Financial Statements

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27. BORROWINGS:

	<u>The Group and the Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Composition of borrowings		
Long term -		
Jamaica Money Market Brokers Limited		
Long term portion	111,568	130,000
Less: Current portion	(24,291)	(22,824)
	<u>87,277</u>	<u>107,176</u>
First Global Bank Limited		
Long term portion	1,433	2,083
Less: Current portion	(716)	(656)
	<u>717</u>	<u>1,427</u>
	<u>87,994</u>	<u>108,603</u>
Short term -		
Credit card balances (note 23)	<u>108,912</u>	<u>78,264</u>
Other loans		
(i) First Global Bank Limited	217,646	213,529
(ii) Jamaica Money Market Brokers Limited	<u>24,291</u>	<u>22,824</u>
	<u>241,937</u>	<u>236,353</u>
	<u>350,849</u>	<u>314,617</u>

(i) The First Global Bank Limited loan was initially issued on 1 November 2019. The balance represents credit facilities of US\$200,000, US\$393,000, USD\$300,000, USD\$400,000 and US\$107,000. The loans are repayable over 180 days and attract a current variable interest rate of 6.95%, per annum. The company also has a motor vehicle loan with the variable rate of 8.5% per annum repayable over 4 years. The loans are secured as follows:

- General security agreement over 2017 Toyota Hiace Panel Van.
- Deed of Assignment of Policy Assurance (Personal) for J\$20,000,000 on the life of Courtney Pullen held at Sagicor Life Jamaica Limited.
- Debenture over the assets of Everything Fresh Limited stamped to cover J\$58,752,000 and US\$400,000.
- Assignment of all payments due from GK Foods and Services Limited with business name Hi-Lo Food Stores Limited.
- Unlimited guarantee of Courtney Pullen, Melene Pullen, Garret Gardner and Nesha Carby.

Notes to the Financial Statements

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27. BORROWINGS (CONT'D):

- (ii) The Jamaica Money Market Brokers Limited loan issued on 8 November 2022 is at current variable interest rate of 7.5% per annum repayable over 5 years. The loan is secured by stock holdings owned by a related party, Quality Investments Limited, on behalf of the company.

28. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Trade payables	457,896	384,434	340,114	258,736
Other accounts payable and accrued charges	<u>37,310</u>	<u>30,817</u>	<u>23,929</u>	<u>16,510</u>
	<u>495,206</u>	<u>415,251</u>	<u>364,043</u>	<u>275,246</u>

29. PENSION PLAN:

The company operates a defined contribution pension plan which is administered by Sagicor Life Jamaica Limited and is open to permanent employees.

The plan is funded by the company's and employees' contributions. The company's contributions to the plan are expensed and amounted to \$7,539,000 for the year (2022 - \$6,411,000).

30. BUSINESS COMBINATION:

On 1 June 2021, the company acquired 60% of the shareholding of Everything Fresh Bahamas Limited through the conversion of a related party loan.

In accordance with IFRS 3, Business Combinations, the transaction was accounted for using the acquisition method. The estimated initial goodwill was computed under this methodology.

The company converted long term loan of \$59,093,000 to investment in subsidiary. The amount is deemed the purchase consideration. There was no cash outflow.

Notes to the Financial Statements

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30. BUSINESS COMBINATION (CONT'D):

Details of the net liabilities acquired, purchase consideration and goodwill at the acquisition date are as follows:

	<u>\$'000</u>
Net liabilities arising on the acquisition:	
Cash and cash equivalents	7,593
Inventories	30,328
Receivables	51,834
Right-of-use assets	35,164
Property, plant and equipment	9,815
Lease liabilities	(39,544)
Payables	<u>(138,525)</u>
Fair value of net liabilities acquired	<u>(43,335)</u>
Non-controlling interest	<u>(17,307)</u>
Goodwill (note 16)	<u>85,121</u>
Purchase consideration settled in cash	-
Cash and cash equivalents in business acquired	<u>7,593</u>
Cash inflow on acquisition	<u>7,593</u>

The Group also engaged in positive coastal impact by adopting the Sigarny Beach for one-year, stewarding waste management and reduction practices, and by participating in the International Coastal Cleanup (ICC).





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