



EVERYTHING FRESH LIMITED
REPORT TO THE SHAREHOLDERS
FOR THE QUARTER ENDED 31 MARCH, 2019

Everything Fresh Limited (EFL) completed an eventful quarter ended 31 March 2019. The acquisition of the assets of The Meat Experts Limited was completed in January 2019. This acquisition has increased the product offering of the company to its existing customers as well as adding new clients.

The results of the company's traditional business activities have been consolidated with the new meat processing activities in these financial statements. In addition to the reports which make up the standard financial statements, the company has for the first time presented a segment report to break out key results by business segment.

Sales for the first quarter grew by 25% over the comparative period of the prior year. Of the current period's amount of \$593.2 million, \$496.5 million relates to the traditional distribution business. While the sales of the traditional business grew by 5%, the balance of the sales of \$96.7 million originated from the new Meat Experts division.

Gross margins in the trading division grew from 12% in 2018 to 15% in the current year.

The start-up margins for the first quarter in the Meat Experts Division were very low mainly for two reasons:

- (i) There were goods-in-transit that arrived in January after the takeover by EFL. As these products were outside of the existing business model of EFL, they were discounted and sold.
- (ii) EFL acquired new customers as a result of the acquisition of the Meat Experts division. To maintain customer loyalty and service, the company took the decision to honour some existing contracts expiring in the first quarter of 2019 and were already close to completion at prices which were in need of revision. Through negotiation with these customers, prices were eventually increased to the desired level by the end of the quarter.

Administrative and selling expenses in the Trading Division increased by 15% to \$47.0 million in 2019 when compared with the comparative period. This was due mainly to the increase in human resource costs which took place in the second half of 2018 and the first quarter 2019. The effect of this was an increase of approximately \$6.0 million in costs in the first quarter of 2019 as compared to the comparative period.

The company expects to continue to grow the sales of our Meat Experts division to improve the utilisation of the Factory and absorb the associated overhead costs of the plant.

In June 2018 the company raised new equity financing from a successful Initial Public Offering. The company raised \$364.7 million from this issue. Mainly as result of this, the company's total assets at 31 March 2019 were \$623.6 million compared to \$255.0 million at the end of the comparative period.

This increased equity enabled the company to finance capital expenditure of \$50.0 million to acquire the Meat Plant.

The funds raised in the IPO also allowed the company to significantly increase working capital. In particular, the inventory at the Meat Plant stood at \$44.7 million at 31 March 2019.

Trade payables did not change significantly compared to the comparative period, and borrowings were reduced.

The increase in equity has put EFL in a position to service more and grow profitably.



Courtney Pullen
Managing Director

EVERYTHING FRESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

THREE MONTHS ENDED 31 MARCH 2019

	Unaudited 2019 March \$'000	Unaudited 2018 March \$'000	Audited 2018 December \$'000
REVENUE	593,183	474,620	1,879,661
COST OF SALES	<u>(515,158)</u>	<u>(416,931)</u>	<u>(1,660,956)</u>
GROSS PROFIT	78,025	57,689	218,705
Other operating income	<u>183</u>	<u>137</u>	<u>2,216</u>
	<u>78,208</u>	<u>57,826</u>	<u>220,921</u>
EXPENSES:			
Administrative and other expenses	(75,928)	(38,399)	(177,991)
Selling and promotion expenses	<u>(78)</u>	<u>(2,823)</u>	<u>(10,647)</u>
	<u>(76,006)</u>	<u>(41,222)</u>	<u>(188,638)</u>
OPERATING PROFIT	2,202	16,604	32,283
Finance costs	<u>(1,901)</u>	<u>(3,985)</u>	<u>(13,525)</u>
	301	12,619	18,758
Taxation	<u></u>	<u>(604)</u>	<u>(2,415)</u>
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	<u>301</u>	<u>12,015</u>	<u>16,343</u>
EARNINGS PER STOCK UNIT(cents)	0.04	1.54	2.98

EVERYTHING FRESH LIMITED


STATEMENT OF FINANCIAL POSITION

THREE MONTHS ENDED 31 MARCH 2019

	Unaudited 2019 March \$'000	Unaudited 2018 March \$'000	Audited 2018 December \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	106,499	34,386	57,990
Intangible asset	3,994	-	3,894
Deferred tax asset	-	275	-
	<u>110,493</u>	<u>34,661</u>	<u>61,884</u>
CURRENT ASSETS:			
Inventories	236,449	169,620	200,460
Receivables	257,576	214,431	289,578
Related Parties	13,970	13,906	13,896
Taxation recoverable	4,427	899	2,881
Deposit on investments	70,463	-	120,362
Cash and short term deposits	136,434	39,536	184,898
	<u>719,319</u>	<u>438,392</u>	<u>812,075</u>
	<u>829,812</u>	<u>473,053</u>	<u>873,959</u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	364,850	100	364,850
Retained Earnings	258,735	254,934	258,434
	<u>623,585</u>	<u>255,034</u>	<u>623,284</u>
CURRENT LIABILITIES			
Borrowings	104,217	113,110	135,896
Payables	102,010	104,909	114,779
	<u>206,227</u>	<u>218,019</u>	<u>250,675</u>
	<u>829,812</u>	<u>473,053</u>	<u>873,959</u>



Gregory Pullen
Chairman



Courtney Pullen
Managing Director

EVERYTHING FRESH LIMITED

STATEMENT OF CHANGES IN EQUITY

THREE MONTHS ENDED 31 MARCH 2019

	Unaudited No. of Shares '000	Unaudited Share Capital \$'000	Unaudited Retained Earnings \$'000
BALANCE AT 1 JANUARY 2018	100	100	242,919
TOTAL COMPREHENSIVE INCOME			
Net loss for the period	-	-	12,015
BALANCE AT 31 MARCH 2018	100	100	254,934
BALANCE AT 1 JANUARY 2019	780,000	364,850	258,434
TOTAL COMPREHENSIVE INCOME			
Net profit for the period	-	-	301
BALANCE AT 31 MARCH 2019	780,000	364,850	258,735

EVERYTHING FRESH LIMITED**STATEMENT OF CASH FLOWS****THREE MONTHS ENDED 31 MARCH 2019**

	Unaudited 2019 March \$'000	Unaudited 2018 March \$'000	Audited 2018 December \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the period	301	12,015	16,343
Adjustments for:			
Unrealised foreign exchange gains	-	-	(3,752)
Impairment Allowance	-	-	1,161
Depreciation	2,456	1,573	7,535
Interest income	-	-	(1,835)
Interest expense	1,742	3,986	11,105
Taxation	-	604	2,415
	<u>4,499</u>	<u>18,178</u>	<u>32,972</u>
Changes in operating assets and liabilities:			
Inventories	(35,989)	(38,414)	(69,254)
Receivables	32,002	33,923	(43,211)
Payables	(12,769)	(24,105)	(15,959)
Related Parties	(74)	500	510
	<u>(12,331)</u>	<u>(9,918)</u>	<u>(94,942)</u>
Taxation Paid	(1,546)	(2,837)	(6,356)
	<u>(13,877)</u>	<u>(12,755)</u>	<u>(101,298)</u>
Cash (used in)/ provided by operating activities	(13,877)	(12,755)	(101,298)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposit on investments	49,900	-	(120,362)
Interest received	-	-	1,628
Purchase of intangible asset	(100)	-	(3,894)
Purchase of property, plant and equipment	(50,965)	(4,984)	(34,550)
	<u>(1,165)</u>	<u>(4,984)</u>	<u>(157,178)</u>
Cash (used in)/ provided by investing activities	(1,165)	(4,984)	(157,178)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of shares, net of expenses	-	-	364,750
Interest paid	(905)	(3,986)	(10,672)
Loan received	73,988	71,820	367,313
Loan repayments	(73,856)	(73,654)	(409,091)
	<u>(773)</u>	<u>(5,820)</u>	<u>312,300</u>
Cash (used in)/ provided by financing activities	(773)	(5,820)	312,300
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(15,815)	(23,559)	53,824
Exchange gain on foreign cash balances	-	-	1,818
Cash and cash equivalents at beginning of year	<u>120,822</u>	<u>65,180</u>	<u>65,180</u>
	<u>105,007</u>	<u>41,621</u>	<u>120,822</u>
cash and cash equivalents			
per balance sheet	136,434	39,536	184,898
less accrued interest	-	-	(207)
less credit card balances	(31,427)	2,085	(63,869)
	<u>105,007</u>	<u>41,621</u>	<u>120,822</u>

EVERYTHING FRESH LIMITED

SEGMENT REPORTING

THREE MONTHS ENDED 31 MARCH 2019

	Combined \$'000	Trading Division \$'000	Meat Plant Division \$'000
REVENUE	593,183	496,523	96,660
Cost of Sales	<u>(515,158)</u>	<u>(420,762)</u>	<u>(94,396)</u>
	78,025	75,761	2,264
Other Income	183	183	-
Administrative and selling expenses	(76,006)	(47,064)	(28,942)
Finance Costs	<u>(1,901)</u>	<u>(1,901)</u>	<u>-</u>
Profit/(loss) for the period	<u><u>301</u></u>	<u><u>26,979</u></u>	<u><u>(26,678)</u></u>
Segment assets			
Non-current assets	110,493	64,692	45,801
Current assets	<u>719,319</u>	<u>674,581</u>	<u>44,738</u>
	<u><u>829,812</u></u>	<u><u>739,273</u></u>	<u><u>90,539</u></u>
Segment liabilities			
Current liabilities	206,227	203,518	2,709
Other segment items:			
Capital expenditure	50,965	3,584	47,381
Depreciation	<u>2,456</u>	<u>875</u>	<u>1,581</u>

EVERYTHING FRESH LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

THREE MONTHS ENDED 31 MARCH 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Everything Fresh Limited 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 became listed on the Junior Market of the Jamaica Stock Exchange on 22 June 2018.
- (b) The principal activities of the company are the importation and distribution of dairy products, meats, seafood, fruits, vegetables and dry goods. In January 2019 the company acquired a meat processing plant which manufactures burgers and sausages. The plant also produces fine cuts of beef, pork and mutton.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act. These financial statements are presented in Jamaican dollars.

3. SEGMENT REPORTING

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity'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 company has two reportable segments, as described below, which are the company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The primary reportable segments are:

- (i) Everything Fresh Distribution Division - importation and distribution of dairy products, meats, seafood, fruits, vegetables and dry goods.
- (ii) Meat Experts Processing Division - manufacture of burgers and sausages, and production of fine cuts of beef, pork and mutton

The distribution operations are conducted at 78 Marcus Garvey Drive, Kingston
The meat processing operations are carried out at Barry Main Road, Bog Walk, St. Catherine

Transactions between business segments have been eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2019.