



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

The Directors hereby present the unaudited financial statements for the fourth quarter ended 31 December 2019 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The amounts shown in Comprehensive Income for 2019 include results from the Meat Processing Division which began operations on 1 January 2019 and therefore the comparative amounts from 2018 relate only to the traditional Distribution Division.

Revenues for the fourth quarter of \$563.0 million represented an increase of 15.2% over the \$489.0 million earned in the comparative quarter of the previous year. Of the \$563.0 million, \$481.2 million was earned by the traditional Distribution Division. Therefore, the traditional Distribution Division saw a drop in sales of \$7.8 million compared to the comparative quarter of the previous year. Gross Profit for the Company remained constant at \$50.0 million for both the current and the comparative quarter of the previous year. Of the \$50.0 million, \$35.6 million was achieved by the traditional Distribution Division. Gross margin of 8.8% for the current quarter was less than the 10.2% margin for the comparative quarter of the previous year. The combined gross margin of 8.8% was derived from the main Distribution Division earning 7.4% and the Meat Processing Division earning 17.6%.

Revenues for the year ended 31 December 2019 was \$2,201.9 million representing a 17.1 % increase over the prior year's amount of \$1,879.7 million. Overall gross margin was 11.5% in the current year compared to 11.6% in the previous year. The gross margin for the traditional Distribution Division was 12.2%, therefore this segment of the business improved its gross margin percentage compared to the previous year. The gross margin for the year for the meat processing division was 7.7%

The pressure on margins in the traditional Distribution Division in the last quarter is a result of having fixed contract pricing with customers through the end of 2019. As a result , rising costs associated with stock arriving in the last quarter had a downward impact on margins.

Administrative, selling and distribution expenses for the quarter totals \$100.3 million or an increase of 62.6% over the \$62.9 million expended in the comparative quarter of the previous year. Of the current amount of \$100.3 million, approximately \$27.5 million relates to the new Meat Processing Division. The traditional distribution business expenses were \$72.8 million, or an increase of 10.6% over the \$62.9 million from the comparative period of the previous year.

For the year ended 31 December 2019, the total administrative, selling and distribution expenses was \$334.3 million, up from \$188.6 million in the previous year. Of this amount, \$219.3 million relates to the traditional Distribution Division. There was an increase of \$30.7 million in these expenses for the traditional Distribution Division compared with the previous year.

Finance costs for the quarter of \$5.9 million represented an increase of \$3.8 million or 67.7% over the \$3.1 million charged for the comparative quarter of the previous year.

The traditional distribution segment of the Company made a pre-tax loss of \$6.2 million for the year ended 31 December 2019 as compared to a \$16.3 million profit earned for the previous year. The Meat Processing Division made a loss of \$90.0 million for the same year. As a result, the Company made an overall loss of \$96.2 million for the year ended 31 December 2019. This is mainly a result of the underutilisation of the Meat Processing Plant as gross margins were below the breakeven point. In addition to this, the price that the market demanded for pork products in particular, made it difficult to earn sufficient margins to turn a profit.

Based on the negative returns from the Meat Processing division, the Directors made the decision to discontinue the slaughtering of pigs and the related processing of pork products. On November 22, 2019, 24 employees of the division were made redundant. The division will continue the production of burgers, mince and sausages.

We thank our Customers for their continuing support. We also thank the Everything Fresh Team in Kingston and Bog Walk for their hard work and enthusiasm during our fourth quarter.



Courtney Pullen
Managing Director

EVERYTHING FRESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

TWELVE MONTHS ENDED 31 DECEMBER 2019


	Unaudited 3 months ended December 2019 \$'000	Unaudited 3 months ended December 2018 \$'000	Unaudited 12 months ended December 2019 \$'000	Audited 2018 December \$'000
REVENUE	563,042	489,065	2,201,942	1,879,661
COST OF SALES	<u>(513,079)</u>	<u>(438,827)</u>	<u>(1,947,884)</u>	<u>(1,660,956)</u>
GROSS PROFIT	49,963	50,238	254,058	218,705
Other operating income	<u>83</u>	<u>794</u>	<u>1,643</u>	<u>2,216</u>
	<u>50,046</u>	<u>51,032</u>	<u>255,701</u>	<u>220,921</u>
EXPENSES:				
Administrative and other expenses	(99,002)	(61,692)	(332,740)	(177,991)
Selling and promotion expenses	<u>(1,290)</u>	<u>(1,245)</u>	<u>(1,536)</u>	<u>(10,647)</u>
	<u>(100,292)</u>	<u>(62,937)</u>	<u>(334,276)</u>	<u>(188,638)</u>
OPERATING (LOSS)/PROFIT	(50,246)	(11,905)	(78,575)	32,283
Finance costs	<u>(5,922)</u>	<u>(3,107)</u>	<u>(17,655)</u>	<u>(13,525)</u>
	<u>(56,168)</u>	<u>(15,012)</u>	<u>(96,230)</u>	<u>18,758</u>
Taxation		<u>5,852</u>		<u>(2,415)</u>
NET (LOSS)/ PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	<u>(56,168)</u>	<u>(9,160)</u>	<u>(96,230)</u>	<u>16,343</u>
EARNINGS PER STOCK UNIT(cents)	(7.20)	(1.17)	(12.34)	2.98

EVERYTHING FRESH LIMITED

STATEMENT OF FINANCIAL POSITION

TWELVE MONTHS ENDED 31 DECEMBER 2019

	Unaudited 2019 December \$'000	Audited 2018 December \$'000
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	187,522	57,990
Intangible asset	6,506	3,894
	<u>194,028</u>	<u>61,884</u>
CURRENT ASSETS:		
Inventories	236,262	200,460
Receivables	274,456	289,578
Related Parties	13,260	13,896
Taxation recoverable	4,457	2,882
Deposit on investments	59,093	120,362
Cash and short term deposits	90,340	184,898
	<u>677,868</u>	<u>812,076</u>
	<u>871,896</u>	<u>873,960</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	364,850	364,850
Retained Earnings	162,204	258,434
	<u>527,054</u>	<u>623,284</u>
NON-CURRENT LIABILITIES		
Borrowings	78,860	-
CURRENT LIABILITIES		
Borrowings	173,959	135,896
Payables	92,023	114,780
	<u>265,982</u>	<u>250,676</u>
	<u>871,896</u>	<u>873,960</u>



Gregory Pullen
Chairman



Courtney Pullen
Managing Director

EVERYTHING FRESH LIMITED

STATEMENT OF CHANGES IN EQUITY

TWELVE MONTHS ENDED 31 DECEMBER 2019

	Unaudited No. of Shares '000	Unaudited Share Capital \$'000	Unaudited Retained Earnings \$'000	Total \$'000
BALANCE AT 1 JANUARY 2018	100	100	242,091	242,191
TOTAL COMPREHENSIVE INCOME				
Issue of shares, net of transaction costs	779,900	364,750		364,750
Net profit for the period	-	-	16,343	16,343
BALANCE AT 31 DECEMBER 2018	<u>780,000</u>	<u>364,850</u>	<u>258,434</u>	<u>623,284</u>
BALANCE AT 1 JANUARY 2019	780,000	364,850	258,434	623,284
TOTAL COMPREHENSIVE INCOME				
Net loss for the period	-	-	(96,230)	(96,230)
BALANCE AT 31 DECEMBER 2019	<u>780,000</u>	<u>364,850</u>	<u>162,204</u>	<u>527,054</u>

EVERYTHING FRESH LIMITED**STATEMENT OF CASH FLOWS****TWELVE MONTHS ENDED 31 DECEMBER 2019**

	Unaudited 2019 December \$'000	Audited 2018 December \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)/profit for the period	(96,230)	16,343
Adjustments for:		
Unrealised foreign exchange gains	-	(3,752)
Impairment allowance	-	1,161
Amortisation of software (intangibles)	1,879	
Depreciation	27,970	7,535
Gain on sale of fixed assets	(1,336)	-
Interest income	(307)	(1,835)
Interest expense	17,655	11,106
Taxation	-	2,415
	<u>(50,369)</u>	<u>32,973</u>
Changes in operating assets and liabilities:		
Inventories	(35,802)	(69,254)
Receivables	15,122	(43,211)
Payables	(22,755)	(15,959)
Related parties	636	510
	<u>(93,168)</u>	<u>(94,941)</u>
Taxation paid	(1,575)	(6,356)
	<u>(94,743)</u>	<u>(101,297)</u>
Cash used in operating activities	(94,743)	(101,297)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposit on investments	61,269	(120,362)
Interest received	513	1,628
Purchase of intangible asset	(4,491)	(3,894)
Sales proceeds from disposal of fixed assets	1,479	-
Purchase of property, plant and equipment	(96,424)	(34,550)
	<u>(37,654)</u>	<u>(157,178)</u>
Cash used in investing activities	(37,654)	(157,178)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares, net of expenses	-	364,750
Interest paid	(17,655)	(10,672)
Loan received	371,381	367,313
Loan repayments	(277,338)	(409,091)
	<u>76,388</u>	<u>312,300</u>
Cash (used in)/ provided by financing activities	76,388	312,300
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(56,009)	53,825
Exchange gain on foreign cash balances	-	1,817
Cash and cash equivalents at beginning of year	<u>120,822</u>	<u>65,180</u>
	<u>64,813</u>	<u>120,822</u>
Cash and cash equivalents		
per balance sheet	90,340	184,898
less accrued interest	-	(207)
less credit card balances	(25,527)	(63,869)
	<u>64,813</u>	<u>120,822</u>

EVERYTHING FRESH LIMITED

SEGMENT REPORTING

TWELVE MONTHS ENDED 31 DECEMBER 2019

	Combined \$'000	Trading Division \$'000	Meat Plant Division \$'000
REVENUE	2,201,942	1,880,621	321,321
Cost of Sales	<u>(1,947,884)</u>	<u>(1,651,539)</u>	<u>(296,345)</u>
	254,058	229,082	24,976
Other Income	1,643	1,643	-
Administrative and selling expenses	(334,276)	(219,303)	(114,973)
Finance Costs	<u>(17,655)</u>	<u>(17,655)</u>	<u>-</u>
Profit/(loss) for the period	<u><u>(96,230)</u></u>	<u><u>(6,233)</u></u>	<u><u>(89,997)</u></u>
Segment assets			
Non-current assets	194,028	116,744	77,284
Current assets	<u>677,868</u>	<u>652,480</u>	<u>25,388</u>
	<u><u>871,896</u></u>	<u><u>769,224</u></u>	<u><u>102,672</u></u>
Segment liabilities			
Current liabilities	265,984	265,343	641
Other segment items:			
Capital expenditure	96,424	14,250	82,174
Depreciation	<u>27,970</u>	<u>22,975</u>	<u>4,995</u>

EVERYTHING FRESH LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDED 31 DECEMBER 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, 2018.

EVERYTHING FRESH LIMITED
DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS
AS AT DECEMBER 31, 2019

PRIMARY HOLDER	DIRECT	CONNECTED PARTY	TOTAL	PERCENTAGE
Courtney Pullen	-	624,000,000	624,000,000	80.00%
Melene Pullen	-	624,000,000	624,000,000	80.00%
Garret Gardner	-	624,000,000	624,000,000	80.00%
Nesha Carby	-	624,000,000	624,000,000	80.00%
Jennifer Lewis	40,000	-	40,000	0.01%
Gregory Pullen	5,281,855	-	5,281,855	0.68%
Donovan Perkins	453,814	-	453,814	0.06%
Vivette Miller	80,000	-	80,000	0.01%
Mark Croskery	-	-	-	0.00%
Leo Williams (mentor)	1,160,000	-	1,160,000	0.15%
Total	6,975,669	624,000,000	631,015,669	

SENIOR MANAGERS AND CONNECTED PARTIES SHAREHOLDINGS
AS AT DECEMBER 31, 2019

PRIMARY HOLDER	DIRECT	CONNECTED PARTY	TOTAL	PERCENTAGE
Jacqueline Archie	43,000	-	43,000	0.01%
Arthur Haye	120,000	-	120,000	0.02%
Natoya Shakespeare	625,000	-	625,000	0.08%
Amanda Gardner	263,000	-	263,000	0.03%
Total	1,051,000	-	1,051,000	

TOP TEN SHAREHOLDINGS
AS AT DECEMBER 31, 2019

PRIMARY HOLDER	JOINT HOLDER	TOTAL	PERCENTAGE
Quality Investments Ltd	-	624,000,000	80.0%
Stocks & Securities Ltd (Alpha)	-	61,028,475	7.8%
Sagicor Select Fund (Class 'C' Shares) Manufacturing & Distribution	-	7,727,500	1.0%
Gregory Pullen	Shemala Mitchell	5,281,855	0.7%
Star Holdings Limited	-	5,000,000	0.6%
Anthony Chance	Claudine Chance	3,000,000	0.4%
Andrew Pairman	Paula Pairman	2,586,000	0.3%
Everton A Smith	-	2,140,000	0.3%
Everton J Smith	Everton A. Smith, Racquel B. Smith-Anderson, Paula A. Smith, Rohan O Smith, Richard Smith	2,126,664	0.3%
Caribbean Foods Limited	-	1,477,403	0.2%
	-		
Total	-	714,367,897	