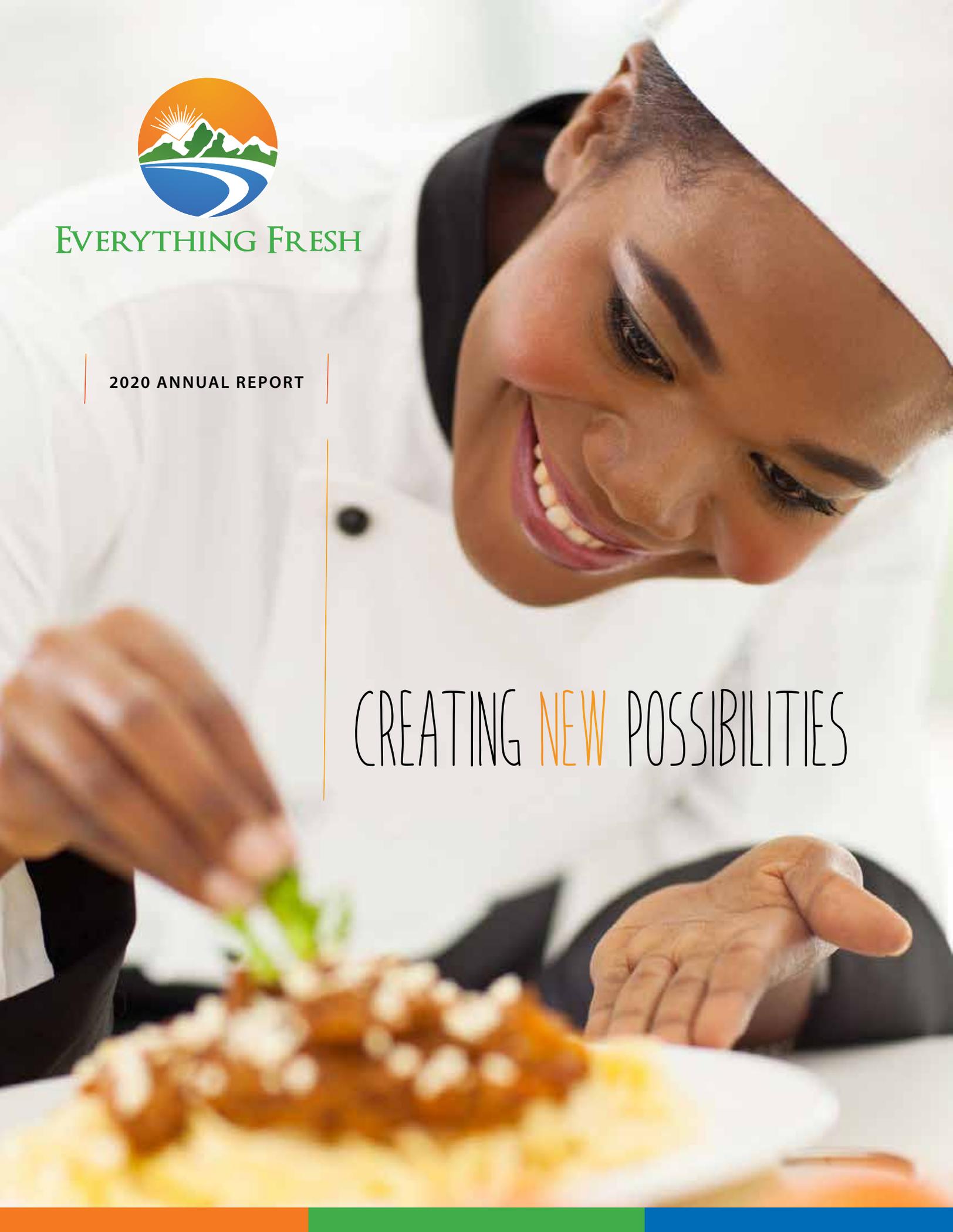




EVERYTHING FRESH

2020 ANNUAL REPORT

CREATING NEW POSSIBILITIES





MISSION

It is the mission of Everything Fresh Limited to provide professional, expeditious and courteous service to all customers we serve.



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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 Operations of Everything Fresh Limited

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,

The Company prides itself on having a 'family-like' corporate culture... 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.



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 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.

With a new goal diversifying their methods of sourcing products for their customers, the Company successfully acquired The Meat Experts, based in Bog Walk, St. Catherine, in January 2019. The acquisition provided access to increased cold storage and lowered expenses through shared back office operations which include management, administration,

logistics, sales team and more which enables the Company to manufacture goods locally.

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 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.



WE ARE
OPEN

CHAIRMAN'S REPORT



Everything Fresh is poised to be ahead of the curve in 2021. We are introducing new product lines to meet consumer demand and will continue to increase sales from the non-hotel sector through improved merchandising and inventory management.

In presenting the highlights of the 2020 financial year, we acknowledge the significant impact of the Covid-19 pandemic, not only on the financial performance of Everything Fresh Jamaica, but on our entire nation and the wider business community. Against this backdrop, I am grateful to our dedicated team who displayed tenacity, resilience, and agility in adapting to the market challenges.

Through their creativity, we were able to unearth solutions and open new retail channels which sustained the company throughout the period. Together, we weathered the storm and kept the business viable. We have emerged stronger, more confident in our strategic direction and in our ability to reverse the revenue decline of 2020.

The Year in Review

Being a family-oriented business, our first commitment throughout the year was to assure the safety and security of our team. We implemented strict health and safety protocols and created a staffing model that enabled us to retain all our team members and remain fully operational with zero reported cases of Covid-19.

The impact of the pandemic forced us to take swift and decisive action to restructure the business and accelerate plans already in the pipeline to deepen focus on our core competencies of sales and distribution. In line with this strategic direction, we scaled down our interest in manufacturing and eliminated non-performing product lines while retaining revenue-generating products such as sausages, where we had a competitive advantage.

As the hotel sector declined, we streamlined operations to further expand our sales and distribution capability into the retail trade: in-house sales, restaurants, supermarkets, and wholesales. By catering to these underserved segments and expanding into additional channels, we were able to sustain the business and generate steady revenue.

We also increased our marketing effectiveness and profitability through investing in a new accounting system which delivered powerful, actionable insights. In addition, the company took steps to reduce expenses and to negotiate and restructure existing debt.

Notwithstanding the efforts of the team, sales dropped to 50% of pre-Covid levels, particularly with the decline of the hospitality sector. Overall, the magnitude of challenges posed by the pandemic precipitated a 52% decline in gross profit to \$142.8 million from \$299.5 million a year earlier.

Financial Outlook for 2021

Based on our strategic direction, and the changes implemented to focus on our core competencies, Everything Fresh is poised to be ahead of the curve in 2021. We are introducing new product lines to meet consumer demand and will continue to increase sales from the non-hotel sector through improved merchandising and inventory management.

There are strong indications that tourism will begin to normalize as the vaccine rollout continues with focus on the hospitality industry. We anticipate that the hotel sector will start to recover during summer with bookings increasing for the winter season. This revival of the hotel industry, coupled with continued growth in the restaurant business, augurs well for our topline growth.

All our restructuring activities in 2020 are bearing fruit in 2021 and we expect a strong end-of-year performance with improved margins. The business is trending in the right direction and we will continue to carefully evaluate and pursue the best opportunities to grow sustainably.

I wish to acknowledge our Board of Directors in supporting Everything Fresh in building a solid foundation for growth in the gradual return to a post-Covid world. We stand unwavering in our commitment to support the community, invest in our people and generate value for our shareholders.

Gregory Pullen

Chairman



The Bruss Company
Great steaks and chops since 1937
Part of the  Foods Family
3548 North Kostner Avenue, Chicago, Illinois 60641

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MUSSELS
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Best Before: 12/2018
Product of New Zealand
Packaging: 20/200g
Product of New Zealand

Packaged For:
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Auckland, NEW ZEALAND
www.sanford.co.nz

SANFORD
SUSTAINABLE SEAFOOD

PRODUCT OF NEW ZEALAND

The Bruss Company
Great steaks and chops since 1937
Part of the  Foods Family
3548 North Kostner Avenue, Chicago, Illinois 60641

INGREDIENTS: GROUND BEEF,
AND NATURAL FLAVORING

Bruss Company
1937

DIRECTORS' REPORT

FINANCIAL RESULTS

The Directors hereby present their report for the financial year ended December 31 2020.

| | \$'000 |
|-----------------------|---------------|
| Sales | 1,048,758 |
| Loss before taxation | (177,777) |
| Taxation | (3,364) |
| Net loss for the year | (181,141) |
| Loss per share | (23.22) cents |

THE BOARD

The Directors as at December 31,2020 were as follows:

| | |
|-----------------|-----------------|
| Gregory Pullen | Courtney Pullen |
| Melene Pullen | Nesha Carby |
| Garret Gardner | Mark Croskery |
| Vivette Miller | Jennifer Lewis |
| Donovan Perkins | |

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,

The Directors wish to place on record their appreciation and recognition of the dedicated efforts and hard work given by the management and staff for the work they have done during the year.

BY ORDER OF THE BOARD



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, Champion 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 thirty-two 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, and as a Director for the National Council on Drug Abuse, Penwood High School and several media organisations. 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



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.



Nesha 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.





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.

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.

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 and Certified Accountants (ACCA), England and Fellow, Institute of Chartered Accountants of Jamaica.

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.



BOARD OF DIRECTORS



Donovan Perkins, JP

Non-Executive Director

Holding seats on boards in both the private and public sectors, Mr. Perkins is a powerhouse of knowledge and experience. He possesses a BBA in Finance, an MBA in Finance & Marketing and over thirty years of practical experience. He enthusiastically applies this deep expertise and wisdom to the governance of Everything Fresh Ltd.

Mr. Perkins has held several executive level roles within leading financial institutions, as well as directorships with key public entities, including a director for both the National Water Commission and National Insurance Fund. He has also been a staunch lobbyist. Under the umbrella of organizations like the Jamaica Exporters Association and Private Sector Organizations of Jamaica, Mr. Perkins has spent many years working to enhance Jamaica's competitiveness and enable a more conducive business environment. Recently retired from his position as Chief Executive Officer of Sagicor Bank Jamaica Ltd., Mr. Perkins now dedicates his time to 'paying it forward' - sharing his life lessons and insights to help structure and scale high-potential endeavours like the Company's continued growth and success.



Leo A. Williams

Company Mentor

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.



MANAGEMENT TEAM: Marcus Garvey Office

Bruno Loffler

Financial Controller

Mr. Loffler has over three decades of experience in Auditing, Accounting and Supply Management. 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 Institute of Chartered Accountants of Jamaica and applies his critical thinking skills, along with vast financial expertise to help lead the Company.



Steve Gardner

Sales Office Manager

There is no "I" in Team! A core feature of the way Mr. Gardner manages the Sales Office for the Company. Working in an environment where communication is key to keep things flowing smoothly between staff and customers, Mr. Gardner uses his innate social skills to ensure this is done in a stress free and professional manner. His ability to keep communication open and clear is supported by his thorough methods and attention to detail. With ten years of experience under his belt, he maintains high levels of service enjoyed by a strong core of repeat customers, as well as new ones.



Evon Thompson Jr.

Marketing Officer

With over nine years of experience working alongside prominent Marketing firms, Evon Thompson has gained a wealth of knowledge that he brings with him to the Everything Fresh team. Also, as a Video Producer, Evon is keen on implementing that particular skill set in the hopes of fully broadening brand awareness.

He is responsible for the maintenance of the social media pages, websites and all aspects of corporate branding. A lover of all technology, Evon continues to prove himself to be a viable asset to the company.



Jacqueline Archie

Administrative Assistant

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.



MANAGEMENT TEAM: Marcus Garvey Office



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.



Natoya Shakespeare

Accounting Assistant

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.



Amanda Gardner

Accounting Assistant

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.



Andrew Rayson Williams

Warehouse Supervisor & Inventory Controller

Andrew Rayson Williams has been employed to Everything Fresh Limited for over eight years now. He started out as regular warehouse personnel but eagerly embraced the challenge of added responsibility at every opportunity. He currently serves in the capacity of inventory controller and warehouse supervisor. He has significant experience in the area of customer service management. He enjoys working with others and considers himself a highly motivated team player. He is very detail oriented and thinks one is always equally accountable as he is responsible.



Althia Fuller

Administrative Officer

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.



Gary Knight

Assistant Warehouse Supervisor

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.



Marcos Nunez

Maintenance Technician

Skilled and proactive describes Marcos Nunez, our maintenance technician. With his quality of skills and great work ethic he manages to successfully execute all tasks at hand for both our Kingston and Bogwalk locations. He is solely responsible for the upkeep of our facility, including the servicing and repairs of all refrigerated and electrical related tasks. He continues to grow and gain excellent staff and customer relations meanwhile fulfilling his daily duties.

MANAGEMENT TEAM: Bog Walk Office



Claude Hughes

General Manager

Mr. Claude Hughes joined our management team in January 2019 as General Manager of our newly acquired meat processing facility, located at Barry Road, Bog Walk St. Catherine. Mr. Hughes has a vast knowledge of building, mechanical and electrical experience. He is disciplined, people oriented and a self motivated person. He has served in the auto industry and agricultural fields. His 40 plus years of experience makes him a valuable player in our company as we progress to further expand our market share of the meat industry.



Rochelle Simone de Sousa

Operations Manager

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 ensures that all departments work together for an overall seamless operation at the factory. She effectively handles matters relating to team members, suppliers, customers as well as external regulatory bodies.



Robert Nevers

Production Supervisor

As Production Supervisor overseeing the butchering, cutting, packaging of meat at the Bog Walk Factory, Robert Nevers has 25 years' experience as a butcher/ Meat Cutter. Previously with the Meat Experts, Robert has been a great addition to the E-Fresh team. His dedication to his craft and getting things done is impressive. At any given time he wears multiple hats, supervisor, butcher, meat cutter, sales, customer service and driver. Robert's motto in life is if at first you don't succeed, brush yourself off and try again.



CORPORATE DATA

Executive Directors:

Courtney Pullen
Melene Pullen
Nesha Carby
Garret Gardner

Non-executives:

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

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

Company Auditors

BDO Chartered Accountants
26 Beechwood Avenue
Kingston 5, Jamaica

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 | 6-Feb-2020 | 7-May-2020 | 13-Aug-2020 | 5-Nov-2020 |
|---------------------------|----------------|------------|------------|-------------|------------|
| Gregory Pullen (Chairman) | 4 | ✓ | ✓ | ✓ | ✓ |
| Courtney Pullen | 4 | ✓ | ✓ | ✓ | ✓ |
| Melene Pullen | 4 | ✓ | ✓ | ✓ | ✓ |
| Nesha Carby | 4 | ✓ | ✓ | ✓ | ✓ |
| Garrett Gardner | 4 | ✓ | ✓ | ✓ | ✓ |
| Donovan Perkins | 4 | ✓ | ✓ | ✓ | ✓ |
| Mark Croskery | 3 | | ✓ | ✓ | ✓ |
| Jennifer Lewis | 4 | ✓ | ✓ | ✓ | ✓ |
| Vivette Miller | 4 | ✓ | ✓ | ✓ | ✓ |

SUB-COMMITTEES

The Board has constituted four Sub-Committees:

Audit and Compliance Committee

The 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.

Jennifer Lewis – Chairperson, Donovan Perkins, Vivette Miller

Audit & Compliance Committee

| Members | MEETINGS | 29-Jan | 6-Apr | 1-May | 7-Aug | 1-Sept- | 30-Oct |
|------------------------------|----------|--------|-------|-------|-------|---------|--------|
| Jennifer Lewis (Chairperson) | 6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Donovan Perkins | 6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Vivette Miller | 6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Remuneration Committee

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

Corporate Governance Committee

Donovan Perkins
– Chairperson, Vivette Miller, Jennifer Lewis

Corporate Governance Committee

| Members | MEETINGS | 6-Feb-2020 | 13-Aug-2020 | 5-Nov-2020 |
|----------------------------|----------|------------|-------------|------------|
| Donovan Perkins (Chairman) | 3 | ✓ | ✓ | ✓ |
| Jennifer Lewis | 3 | ✓ | ✓ | ✓ |
| Vivette Miller | 2 | | ✓ | ✓ |

Investment Committee

The Investment Committee oversees the negotiation of new investments it did not meet in the reporting financial year. Member: Donovan Perkins – Chairman, Mark Croskery, Jennifer Lewis, Vivette Miller, Gregory Pullen

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 Ms. Nesha Carby, 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.



TOP TEN SHAREHOLDINGS AS AT DECEMBER 31, 2020

| PRIMARY HOLDER | JOINT HOLDER | TOTAL | PERCENTAGE (%) |
|------------------------------------|--|--------------------|----------------|
| Quality Investments Ltd | - | 624,000,000 | 80.0% |
| Stocks & Securities Ltd (Alpha) | - | 61,028,475 | 7.8% |
| Sagikor Select Funds Ltd (Class C) | - | 7,727,500 | 1.0% |
| Manufacturing & Distribution | | | |
| Gregory Pullen | Shemala Mitchell | 5,281,855 | 0.7% |
| Star Holdings Limited | - | 5,000,000 | 0.6% |
| Everton A Smith | - | 3,454,982 | 0.4% |
| Anthony Chance | Claudine Chance | 3,000,000 | 0.4% |
| Andrew Pairman | Paula Pairman | 2,586,000 | 0.3% |
| Everton J Smith | Everton A Smith, Racquel Smith, Paula Smith, Richard Smith, Rohan Smith | 2,550,000 | 0.3% |
| Lloyd Badal | Dionne Sutherland-Badal, Bedard Badal Negus Lasley | 1,955,256 | 0.3% |
| Total | | 716,584,068 | |

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS AS AT DECEMBER 31, 2020

| 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 | - | - | - | |
| Leo Williams (Mentor) | 1,160,000 | - | 1,160,000 | 0.15% |
| Stephen Greig (Company Secretary) | 279,000 | - | 279,000 | 0.04% |
| Total | 6,975,669 | 624,000,000 | 631,015,669 | |

SENIOR MANAGERS AND CONNECTED PARTIES SHAREHOLDINGS AS AT DECEMBER 31, 2020

| 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 | |



MD&A

MANAGEMENT DISCUSSION & ANALYSIS

Building on the record level of sales in 2019, Everything Fresh started the year on a high with solid growth projections and a medium-term strategy to expand into retail sales. These projections were derailed by the global outbreak of COVID-19, which presented significant challenges to the business and severely impacted 2020 financial results.

Management Discussion & Analysis

The company's business model pre-Covid relied heavily on the hotel industry which contributed over 85% of total sales. With travel and hospitality being one of the first industries to be significantly impacted by the pandemic, Everything Fresh lost 98% of its main revenue stream within the first quarter of the year.

Taking swift action, the Company shifted to restructure operations, targeting the following retail channels: in-house sales, restaurants, supermarket business, and wholesale. Through driving this focus from March 2020 onwards, sales to the retail channel more than doubled and hotels accounted for 46% of total sales by the end of the year.

Net Loss

Having hit record revenue in the previous financial year, Everything Fresh had transitioned from being a medium sized business into becoming a large one. The 2020 financial year was meant to realize the synergies arising from the 2019 acquisition of The Meat Experts and generate further growth.

However, the sudden and total disruption in the operating environment slashed revenue in half to \$1.05 billion as at December 2020 year end from \$2.2 billion in 2019. The Company saw its steepest rate of decline in revenue during the middle of the year with improvements coming in the final quarter. March quarterly sales dropped 18% to \$489.2 million; June quarterly sales dropped 84% to \$84 million; September quarterly sales dropped 59% to \$216.6 million; and December quarterly sales dropped 54% to \$258 million.



The fallout from the drop in revenue drove a 52% decline in Gross profit to \$142.8 million from \$299.5 million in 2019.

The Company reset discretionary spend and curtailed expenses during the year to \$293.5 million from \$381.7 million a year earlier, or 23% less over the period. All major areas were cut, including administrative expenses down 19% to \$277 million, while selling and promotional expenses were reduced by 60% to \$16.5 million.

Despite the disciplined approach to curtailing costs, the pandemic still drove a pre-tax loss of \$177.8 million in 2020 compared to a loss of \$103.7 million in 2019. That equated to a loss of 23 cents per stock unit in 2020 compared to a loss of nearly 11 cents in 2019.

Balance sheet position

The market turmoil led the Company to convert receivables into cash and offload inventory. It resulted in shedding of total assets down to \$754.4 million from \$976 million in 2019. This was accompanied by a reduction in liabilities during the year, in particular on lease liabilities. Overall however, assets fell at a faster pace than liabilities which resulted in a decline in total equity to \$358.6 million from \$539.8 million in 2019.

Inventory

Inventory was recorded at \$258 million down from \$275 in 2019. This was partly attributable to the installation of Sage, a new accounting programme adopted in 2019. By analyzing the detailed product data reports generated by the system, the Company was able to improve inventory management and determine the most profitable retail channels.

With improved inventory levels, spoilage was kept at a minimum. Goods initially destined for food service or institutional sales were repurposed into retail packs for sale on supermarket shelves and smaller case sales for consumers purchasing directly from the warehouse.



Capital Expenditure

In 2019, the Company spent more in its capital outlay to acquire the assets of The Meat Experts processing plant based in Bog Walk, St. Catherine. During 2020, the Company reduced capital expenditure to \$21.7 million from \$103.7 million in 2019. The bulk of the funds went towards building cold storage rooms at \$3.9 million, followed by new fixtures and equipment at \$10.3 million and motor vehicles at \$6.9 million. A further sum of \$0.6 million was spent on general warehouse improvements.

Strategy

Going forward, the strategic focus of Everything Fresh is to increase retail sales in restaurants, supermarkets and online shopping through improved merchandising and inventory management. Since the start of 2021, the hotel sector accounted for 35% of total sales. This is a positive shift. Continued focus on the retail segment will eliminate reliance on the hotel industry and support sustainable growth.

In 2020, new product lines such as the Deep River brand of snacks and Provecho wraps performed very well in supermarkets. The Company will continue to source and introduce new products to meet consumer demand with the expectation that improved margins from retail sales will offset promotion expenses.

Any efficiencies gained during 2020 will continue as the Company returns to normal operating levels. The new accounting platform (Sage) will also enable improved stock rotation, logistics management and a further reduction in expenses.

Expansion to Bahamas - Everything Fresh Bahamas Limited

During the first half of 2021, the Company expects to consolidate the operations of Everything Fresh Bahamas Limited into the group.

This follows actions on July 1, 2020, to acquire 60% of the shares of Everything Fresh Bahamas Limited, a Company registered in the Bahamas. This was the culmination of a process that began at the beginning of 2019 when Everything Fresh provided a loan to the Bahamian Company to assist with start-up costs and sourcing of inventory. The Bahamian Law Firm representing Everything Fresh Bahamas gave notice that the share certificate for 3,000 shares in Everything Fresh Bahamas was issued on July 1, 2020. However, due to disruptions to commercial activities in Bahamas caused by the pandemic, a statutory additional filing was left incomplete at the year end. This meant that the Company did not meet the requirements to prepare consolidated financial statements for the year ended 2020. The final steps are now underway to complete the formal process.



Outlook

Current projections are for strong growth in the retail sector throughout 2021. There are also good indications that tourism will begin to normalize as the vaccine rollout continues, and we expect that the tourism industry will recover in time for the start of the winter season.

With this improved revenue ratio between the hotel trade and retail, Everything Fresh is well-positioned to deliver quarterly improvement in sales as more hotels reopen, and as we expand our offerings in the supermarket trade.

In summary, we are confident that the recovery of the hotel sector along with our expansion of retail channels, introduction of new product lines and effective cost containment will steer the Company toward a return to profitability. We have an exceptional and dedicated team that is excited about the future and we are committed to delivering optimal shareholder value.

8-YEAR FINANCIAL REVIEW

INCOME STATEMENT HIGHLIGHTS (J\$)

| | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|---------|---------|-----------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 919,290 | 989,961 | 1,368,746 | 1,576,004 |
| Cost of Goods Sold | 771,506 | 825,074 | 1,168,328 | 1,366,425 |
| Gross Profit | 147,784 | 164,887 | 200,418 | 209,579 |
| Other Income | 11 | 1,933 | 325 | 802 |
| Operating Expenses | 79,328 | 107,365 | 118,232 | 140,479 |
| Finance Costs | 7,808 | 1,792 | 6,800 | 14,382 |
| Pre-Tax Profits/(Losses) | 60,659 | 57,663 | 75,711 | 55,520 |
| Income Tax Expense/(Credit) | 17,332 | 14,809 | 19,512 | 16,262 |
| Net Profit | 43,327 | 42,854 | 56,199 | 39,258 |

BALANCE SHEET HIGHLIGHTS (J\$)

| | 2013 | 2014 | 2015 | 2016 |
|-------------------------|---------|---------|---------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-Current Assets | 16,248 | 14,806 | 30,684 | 30,292 |
| Current Assets | 167,433 | 217,120 | 296,076 | 418,325 |
| Total Assets | 183,681 | 231,926 | 326,760 | 448,617 |
| Current Liabilities | 115,569 | 120,945 | 159,610 | 242,578 |
| Non-Current Liabilities | 704 | 719 | 689 | 320 |
| Total Liabilities | 116,273 | 121,664 | 160,299 | 242,898 |
| Net Assets | 67,408 | 110,262 | 166,461 | 205,719 |
| Current Ratio | 1.45 | 1.80 | 1.85 | 1.72 |
| Inventory turns ratio | 27.9 | 23.2 | 18.1 | 12.4 |



| 2017 | 2018 | 2019 | 2020 |
|-----------|-----------|-----------|-----------|
| \$'000 | \$'000 | \$'000 | \$'000 |
| 1,807,940 | 1,879,661 | 2,201,942 | 1,048,758 |
| 1,578,892 | 1,660,956 | 1,902,456 | 905,939 |
| 229,048 | 218,705 | 299,486 | 142,819 |
| 2,521 | 2,216 | 1,643 | 3,079 |
| 174,350 | 188,638 | 381,738 | 293,501 |
| 11,851 | 13,525 | 23,056 | 30,174 |
| 45,368 | 18,758 | (103,665) | (177,777) |
| 8,068 | 2,415 | (20,146) | 3,364 |
| 37,300 | 16,343 | (83,519) | (181,141) |

| 2017 | 2018 | 2019 | 2020 |
|---------|---------|---------|---------|
| \$'000 | \$'000 | \$'000 | \$'000 |
| 31,250 | 61,884 | 314,435 | 290,939 |
| 459,992 | 812,076 | 661,635 | 463,462 |
| 491,242 | 873,960 | 976,070 | 754,401 |
| 248,222 | 250,676 | 284,439 | 263,847 |
| 0 | 0 | 151,866 | 131,930 |
| 248,222 | 250,676 | 436,305 | 395,777 |
| 243,020 | 623,284 | 539,765 | 358,624 |
| 1.85 | 3.24 | 2.33 | 1.76 |
| 11.7 | 10.5 | 8.0 | 3.4 |





AUDITED FINANCIAL STATEMENTS





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 (the company) set out on pages 6 to 43, which comprise the statement of financial position at 31 December 2020, and the 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 company as at 31 December 2020, 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 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.

Emphasis of Matter - Impact of COVID-19

We draw attention to note 26 in which is disclosed the strategies which management has adopted to deal with the impact of COVID-19 on the operations of the company.

Management is of the view that the strategies which have been implemented will overcome the challenges posed by the pandemic. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

In addition to the matter described in the Material Uncertainty Related to Going Concern paragraphs, we have determined the matters described below to be the key audit matters to be communicated in our report:

| 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 (l)(iv) and 19 to the financial statements for management's disclosures of related accounting policies</i></p> <p>As at 31 December 2020, trade receivables, net of provision for credit losses amounted to \$150 million or 20% of total assets of the company. An impairment provision of \$4.2 million has been recognized by the company.</p> <p>The adequacy of the provision for credit losses on the company's trade receivables involves a high degree of estimation and judgement. The company 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 estimates involve increased judgment as a result of the economic impacts of COVID-19.</p> <p>Management considered the following:</p> <ul style="list-style-type: none"> • qualitative factors that create COVID-19 related changes to significant increase in credit risk (SICR); and • increased uncertainty about potential future economic scenarios and their impact on credit losses. | <p>The company'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> <ul style="list-style-type: none"> • 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. • 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, particularly as it relates to the impact of COVID-19 and calculations tested through recomputation. • We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable. |

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>Transactions with related parties</i></p> <p>See note 20 to the financial statements for management's disclosures of related accounting policies</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><i>Effect of COVID-19 Pandemic</i></p> <p>See notes (3a & 26) to the financial statements for management's disclosures.</p> <p>46% of the company's revenue is derived from sales to hotels. Given the impact of the Covid-19 Pandemic on the hotel sector, we focused on the appropriateness of preparing the financial statements on the going concern basis.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We verified that the transactions were approved in accordance with internal procedures including involvement of key personnel at the appropriate level; We verified a sample of the purchases from the related party to determine that the transactions were made at reasonable market prices. <p>We assessed and tested the appropriateness of preparing the financial statements of the company on the going concern basis.</p> <p>Based on our review, management has identified a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern, and has put various strategies in place to mitigate against the effects.</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 company'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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company'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 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 company'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 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 achieves a true and fair view.

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.

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.



Chartered Accountants

1 March 2021

Statement of Profit or Loss And Other Comprehensive Income

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

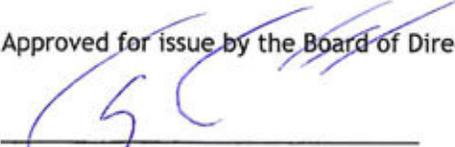
| | <u>Note</u> | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--|-------------|------------------------------|------------------------------|
| REVENUE | 7 | 1,048,758 | 2,201,942 |
| COST OF SALES | | (905,939) | (1,902,456) |
| GROSS PROFIT | | 142,819 | 299,486 |
| Other operating income | 8 | <u>3,079</u> | <u>1,643</u> |
| | | <u>145,898</u> | <u>301,129</u> |
| EXPENSES: | | | |
| Administrative and other expenses | | (277,001) | (340,476) |
| Selling and promotion expenses | | <u>(16,500)</u> | <u>(41,262)</u> |
| | | <u>(293,501)</u> | <u>(381,738)</u> |
| OPERATING LOSS | | (147,603) | (80,609) |
| Finance costs | 11 | <u>(30,174)</u> | <u>(23,056)</u> |
| LOSS BEFORE TAXATION | | (177,777) | (103,665) |
| Taxation | 12 | <u>(3,364)</u> | <u>20,146</u> |
| NET LOSS FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME | | <u>(181,141)</u> | <u>(83,519)</u> |
| EARNINGS PER STOCK UNIT | 13 | <u>(23.22¢)</u> | <u>(10.71¢)</u> |

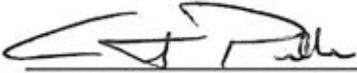
Statement of Financial Position

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

| | <u>Note</u> | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--------------------------------------|-------------|------------------------------|------------------------------|
| <u>ASSETS</u> | | | |
| NON-CURRENT ASSETS: | | | |
| Property, plant and equipment | 14 | 142,078 | 143,595 |
| Intangible assets | 15 | 3,744 | 6,506 |
| Right-of-use assets | 16(a) | 69,242 | 85,095 |
| Deferred taxation | 17 | 16,782 | 20,146 |
| Loan to related party | 20(c) | <u>59,093</u> | <u>59,093</u> |
| | | <u>290,939</u> | <u>314,435</u> |
| CURRENT ASSETS: | | | |
| Inventories | 18 | 258,218 | 274,685 |
| Receivables | 19 | 163,768 | 283,259 |
| Related parties | 20(c) | 13,534 | 13,260 |
| Taxation recoverable | | 474 | 4,457 |
| Cash and short term deposit | 21 | <u>27,468</u> | <u>85,974</u> |
| | | <u>463,462</u> | <u>661,635</u> |
| | | <u>754,401</u> | <u>976,070</u> |
| <u>EQUITY AND LIABILITIES</u> | | | |
| EQUITY: | | | |
| Share capital | 22 | 364,850 | 364,850 |
| Retained earnings | | <u>(6,226)</u> | <u>174,915</u> |
| | | <u>358,624</u> | <u>539,765</u> |
| NON-CURRENT LIABILITIES: | | | |
| Borrowings | 23 | 73,130 | 78,860 |
| Lease liabilities | 16(b) | <u>58,800</u> | <u>73,006</u> |
| | | <u>131,930</u> | <u>151,866</u> |
| CURRENT LIABILITIES: | | | |
| Borrowings | 23 | 122,174 | 125,632 |
| Payables | 24 | 125,156 | 144,407 |
| Related party | 20(c) | 574 | - |
| Lease liabilities - current portion | 16 | <u>15,943</u> | <u>14,400</u> |
| | | <u>263,847</u> | <u>284,439</u> |
| | | <u>754,401</u> | <u>976,070</u> |

Approved for issue by the Board of Directors on 1 March 2021 and signed on its behalf by:


 Gregory Pullen
 Chairman


 Courtney Pullen
 Director

Statement of Changes In Equity

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

| | <u>Note</u> | <u>No. of Shares '000</u> | <u>Share Capital \$'000</u> | <u>Retained Earnings \$'000</u> | <u>Total \$'000</u> |
|------------------------------------|-------------|-----------------------------------|-------------------------------------|---|-------------------------|
| BALANCE AT 1 JANUARY 2019 | | 780,000 | 364,850 | 258,434 | 623,284 |
| TOTAL COMPREHENSIVE INCOME | | | | | |
| Net loss for the year | | <u>-</u> | <u>-</u> | <u>(83,519)</u> | <u>(83,519)</u> |
| BALANCE AT 31 DECEMBER 2019 | 22 | 780,000 | 364,850 | 174,915 | 539,765 |
| TOTAL COMPREHENSIVE INCOME | | | | | |
| Net loss for the year | | <u>-</u> | <u>-</u> | <u>(181,141)</u> | <u>(181,141)</u> |
| BALANCE AT 31 DECEMBER 2020 | 22 | <u>780,000</u> | <u>364,850</u> | <u>(6,226)</u> | <u>358,624</u> |

Statement of Cash Flows

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

| | <u>Note</u> | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|---|-------------|------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss for the year | | (181,141) | (83,519) |
| Adjustments for: | | | |
| Unrealised foreign exchange losses/(gains) | | 197 | (3,606) |
| Impairment allowance | | (308) | 2,557 |
| Depreciation | 14 | 23,127 | 17,870 |
| Depreciation-right-of-use assets | 16(a) | 15,853 | 15,859 |
| Amortisation | 15 | 2,762 | 1,879 |
| Gain on the disposal of property plant and equipment | 8 | (266) | (1,336) |
| Interest income | 8 | (34) | (307) |
| Interest expense | 11 | 23,279 | 14,518 |
| Interest-right-of-use assets | 11 | 4,525 | 5,365 |
| Taxation | 12 | <u>3,364</u> | <u>(20,146)</u> |
| | | (108,642) | (50,866) |
| Changes in operating assets and liabilities: | | | |
| Inventories | | 16,467 | (74,225) |
| Receivables | | 121,791 | 2,339 |
| Payables | | (17,127) | 29,635 |
| Related parties | | <u>300</u> | <u>636</u> |
| | | 12,789 | (92,481) |
| Taxation paid | | <u>-</u> | <u>(1,576)</u> |
| Cash provided by/(used in) operating activities | | <u>12,789</u> | <u>(94,057)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Related company | 20(c) | - | (59,093) |
| Long term investment | | - | 120,362 |
| Interest received | | 34 | 514 |
| Purchase of intangible assets | 15 | - | (4,491) |
| Proceeds from disposal of property, plant and equipment | | 380 | 1,588 |
| Purchase of property, plant and equipment | 14 | <u>(21,724)</u> | <u>(103,727)</u> |
| Cash used in investing activities | | <u>(21,310)</u> | <u>(44,847)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Interest paid | | (23,279) | (14,677) |
| Loans received | 21 | 254,580 | 308,808 |
| Loan repayments | 21 | (260,071) | (198,830) |
| Lease payments | 16(b) | <u>(19,470)</u> | <u>(18,913)</u> |
| Cash (used in)/provided by financing activities | | <u>(48,240)</u> | <u>76,388</u> |
| DECREASE IN CASH AND CASH EQUIVALENTS: | | | |
| Exchange gain on foreign cash balance | | 5,067 | 2,141 |
| Cash and cash equivalents at beginning of year | | <u>60,447</u> | <u>120,822</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 21 | <u>8,753</u> | <u>60,447</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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 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.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company'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. Where necessary, prior year balances have been reclassified to conform to the current year presentation. 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 company'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

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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 company 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' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information. The adoption of these amendments did not have a significant impact on the company.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures', (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of these amendments did not have a significant impact on the company.

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The adoption of this amendment did not have a significant impact on the company.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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 company's future financial statements:

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2022). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exists 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 or 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 is not expected to have a significant impact on the company.

(b) 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.

(c) 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 company 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Property, plant and equipment (cont'd)

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.

(d) Intangible assets

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.

(e) 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.

(f) Right-of-use asset

The right-of-use asset was initially measured at an amount equal to the initial value of the lease obligation. For leases entered into, on or after 1 January 2019, the right-of-use asset will be initially calculated at an amount equal to the initial value of the lease liability, 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 company;
- iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Right-of-use asset (cont'd)

For short-term leases that have a lease term of 12 months or less and low-value assets, the company 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.

The right-of-use asset will be 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 as determined under IFRS 16. For leases entered into after 1 January 2019, the right-of-use asset will be depreciated from the date of commencement 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.

(g) Leases

Leases are accounted 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 company will use its incremental borrowing rate.

The lease term determined by the company 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 company is reasonably certain to exercise that option;
- iii) Periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Leases (cont'd)

The commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the company. 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 company is reasonably certain to exercise;
- v) Lease payments in an option renewal period if the company is reasonably certain to exercise the extension option;
- vi) Penalties for early termination of the lease unless the company is reasonably certain not to terminate early; and
- vii) Less any incentive receivable.

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 company 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) 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 company 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 company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

(i) 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) 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 company'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.

(k) 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.

(l) 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 company. 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Recognition and derecognition (cont'd)

The company 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 company is recognised as a separate asset or liability.

(ii) Classification

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

(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 company'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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

Financial assets (cont'd)

(iv) Impairment

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.

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 company'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 company derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

(m) 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Dividend distribution

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

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

(o) 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.

(p) 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, including revenues and expenses that relate to transactions with any of the company's other components. Each operating segment's operating results are reviewed regularly by the company'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 identified the Managing Director as its CODM.

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 company's accounting policies

In the process of applying the company'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 company 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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

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

(i) Allowance for impairment losses on trade receivables (cont'd)

Under this ECL model, the company 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.

(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 company 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 company 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT:

The company 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 company is exposed to risks that arise from its use of financial instruments. This note describes the company'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 company'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 company, 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

| | <u>Amortised cost</u> | |
|-------------------------------|-----------------------|----------------|
| | <u>2020</u> | <u>2019</u> |
| | <u>\$'000</u> | <u>\$'000</u> |
| Cash and short term deposit | 27,468 | 85,974 |
| Due from related parties | 72,627 | 72,353 |
| Receivables | 149,773 | 277,618 |
| Total financial assets | 249,868 | 435,945 |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

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

Financial liabilities

| | Amortised cost | |
|------------------------------------|-----------------------|-----------------------|
| | 2020 \$'000 | 2019 \$'000 |
| Payables | 118,841 | 129,622 |
| Borrowings | 195,304 | 204,492 |
| Due to related party | 574 | - |
| Lease liabilities | <u>74,743</u> | <u>87,406</u> |
| Total financial liabilities | <u>389,462</u> | <u>421,520</u> |

(c) Financial risk factors

The Board has overall responsibility for the determination of the company'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 company'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 company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company'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 company 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 company further manages this risk by maximizing foreign currency earnings.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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 company is exposed to foreign currency risk in respect of US dollar as follows:

| | <u>2020</u> <u>US</u> <u>J\$'000</u> | <u>2019</u> <u>US</u> <u>J\$'000</u> |
|---------------------------|--|--|
| Trade receivables | 63,778 | 177,607 |
| Cash and cash equivalents | 10,006 | 71,544 |
| Trade payables | (106,053) | (125,986) |
| Borrowings | (43,793) | (82,118) |
| Lease liabilities | (24,127) | (29,374) |
| | <u>(100,189)</u> | <u>11,673</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 6% (2019 - 6%) depreciation and a 2% (2019 - 4%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

| | <u>% Change in</u> <u>Currency Rate</u> <u>2020</u> | <u>Effect on</u> <u>Loss before</u> <u>Taxation</u> <u>2020</u> <u>\$'000</u> | <u>% Change in</u> <u>Currency Rate</u> <u>2019</u> | <u>Effect on</u> <u>Loss before</u> <u>Taxation</u> <u>2019</u> <u>\$'000</u> |
|-----------|---|---|---|---|
| Currency: | | | | |
| USD | -6 | 6,011 | -6 | (700) |
| USD | <u>+2</u> | <u>(2,004)</u> | <u>+4</u> | <u>(467)</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 company is not exposed to market price fluctuations at the reporting date.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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

The company 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 company. The company'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 1% increase/1% decrease (2019 - 1% increase/1% decrease) in interest rates on Jamaican and US dollar long term borrowings would result in a \$1,766,000 increase/decrease (2019 -\$2,045,000) in the operating results of the company.

(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 company has policies that limit the amount of credit exposure to any one financial institution.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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 company's primary operations are done on a credit basis. The company has policies in place to ensure that sales are made to customers with an appropriate credit history.

Trade receivables impairment provision

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 company 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>2020</u> | | | |
|------------------------|------------------------------|---------------------|-------------------------------|
| <u>Aging</u> | <u>Gross Carrying Amount</u> | <u>Default Rate</u> | <u>Lifetime ECL Allowance</u> |
| | <u>\$'000</u> | <u>%</u> | <u>\$'000</u> |
| Current (not past due) | 104,496 | 0.1 | 1,093 |
| 1 - 30 days | 1,461 | 3.9 | 57 |
| 31 - 60 days | 24,692 | 2.5 | 607 |
| 61 - 90 days | 11,478 | 8.7 | 994 |
| 91 days and over | <u>11,871</u> | 12.5 | <u>1,487</u> |
| Total | <u>153,998</u> | | <u>4,238</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables (cont'd)

Trade receivables impairment provision (cont'd)

2019

| <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) | 217,301 | 0.3 | 652 |
| 1 - 30 days | 28,862 | 3.5 | 1,004 |
| 31 - 60 days | 17,038 | 2.3 | 404 |
| 61 - 90 days | 3,193 | 44.5 | 1,423 |
| 91 days and over | <u>4,569</u> | 23.3 | <u>1,063</u> |
| Total | <u>270,963</u> | | <u>4,546</u> |

Expected credit losses on trade receivables

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

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|---|------------------------------|------------------------------|
| At 1 January | 4,546 | 1,989 |
| Adjustment for provision for expected credit losses | (308) | <u>2,557</u> |
| At 31 December | <u>4,238</u> | <u>4,546</u> |
| (Recovered)/provided during the year | (308) | 2,263 |
| Receivables written off as uncollectable | <u>788</u> | <u>288</u> |
| Expected credit losses reported in profit or loss | <u>480</u> | <u>2,551</u> |

(iii) Liquidity risk

Liquidity risk is the risk that the company 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

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company 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 company's financial liabilities, based on contractual undiscounted payments, is as follows:

| | <u>Within 1</u> <u>Year</u> <u>\$'000</u> | <u>1 to 2</u> <u>Years</u> <u>\$'000</u> | <u>2 to 5</u> <u>Years</u> <u>\$'000</u> | <u>Total</u> <u>\$'000</u> |
|---|---|--|--|-------------------------------|
| 31 December 2020 | | | | |
| Borrowings - long term | 23,753 | 47,506 | 34,311 | 105,570 |
| Borrowings - short term | 103,827 | - | - | 103,827 |
| Payables | 118,841 | - | - | 118,841 |
| Due to related party | 574 | - | - | 574 |
| Lease liabilities | <u>20,326</u> | <u>40,652</u> | <u>38,189</u> | <u>99,167</u> |
| Total financial liabilities (contractual maturity dates) | <u>267,321</u> | <u>88,158</u> | <u>72,500</u> | <u>427,979</u> |
| | <u>Within 1</u> <u>Year</u> <u>\$'000</u> | <u>1 to 2</u> <u>Years</u> <u>\$'000</u> | <u>2 to 5</u> <u>Years</u> <u>\$'000</u> | <u>Total</u> <u>\$'000</u> |
| 31 December 2019 | | | | |
| Borrowings - long term | 23,753 | 47,506 | 41,568 | 112,827 |
| Borrowings - short term | 107,644 | - | - | 107,644 |
| Payables | 129,622 | - | - | 129,622 |
| Lease liabilities | <u>18,831</u> | <u>19,623</u> | <u>66,524</u> | <u>104,978</u> |
| Total financial liabilities (contractual maturity dates) | <u>279,850</u> | <u>67,129</u> | <u>108,092</u> | <u>455,071</u> |



Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Capital management

The company's objectives when managing capital are to safeguard the company'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 company 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 company is subject.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

6. SEGMENT REPORTING:

The company has two reportable segments which are based on the different types of products that it offers. These products are described in its principal activities (note 1). The identification of business segments, is based on the management and internal reporting structure. Segment results, assets and liabilities 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. Performance is measured on segment profit before taxation as included in the management reports. Segment profit before taxation is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

| | <u>2020</u> | | |
|--|--|---|-------------------------|
| | <u>Trading Division \$'000</u> | <u>Meat Plant Division \$'000</u> | <u>Total \$'000</u> |
| Revenue | 929,448 | 119,310 | 1,048,758 |
| Cost of sales | (793,403) | (112,536) | (905,939) |
| | <u>136,045</u> | <u>6,774</u> | <u>142,819</u> |
| Other income | <u>1,380</u> | <u>1,699</u> | <u>3,079</u> |
| Administrative and selling expenses | (236,318) | (57,183) | (293,501) |
| Finance costs | (29,145) | (1,029) | (30,174) |
| | <u>(265,463)</u> | <u>(58,212)</u> | <u>(323,675)</u> |
| Loss for the year | <u>(128,038)</u> | <u>(49,739)</u> | <u>(177,777)</u> |
| Segment assets (1) | | | |
| Non-current assets | 172,084 | 102,073 | 274,157 |
| Current assets | <u>413,408</u> | <u>14,756</u> | <u>428,164</u> |
| | <u>585,492</u> | <u>116,829</u> | <u>702,321</u> |
| Unallocated assets | | | <u>52,080</u> |
| Total assets | | | <u>754,401</u> |
| Segment liabilities | | | |
| Non-current liabilities | 115,832 | 16,098 | 131,930 |
| Current liabilities | <u>254,292</u> | <u>9,555</u> | <u>263,847</u> |
| Total liabilities | <u>370,124</u> | <u>25,653</u> | <u>395,777</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

6. SEGMENT REPORTING (CONT'D):

| | <u>2019</u> | | |
|--|--|---|-------------------------|
| | <u>Trading Division \$'000</u> | <u>Meat Plant Division \$'000</u> | <u>Total \$'000</u> |
| Revenue | 1,877,084 | 324,858 | 2,201,942 |
| Cost of sales | <u>(1,588,781)</u> | <u>(313,675)</u> | <u>(1,902,456)</u> |
| | <u>288,303</u> | <u>11,183</u> | <u>299,486</u> |
| Other income | <u>1,643</u> | <u>-</u> | <u>1,643</u> |
| Administrative and selling expenses | (266,765) | (114,973) | (381,738) |
| Finance costs | <u>(21,651)</u> | <u>(1,405)</u> | <u>(23,056)</u> |
| | <u>(288,416)</u> | <u>(116,378)</u> | <u>(404,794)</u> |
| Profit/(loss) for the year | <u>1,530</u> | <u>(105,195)</u> | <u>(103,665)</u> |
| Segment assets ⁽¹⁾ | | | |
| Non-current assets | 199,818 | 94,471 | 294,289 |
| Current assets | <u>363,442</u> | <u>29,351</u> | <u>392,793</u> |
| | <u>563,260</u> | <u>123,822</u> | <u>687,082</u> |
| Unallocated assets | | | <u>288,988</u> |
| Total assets | | | <u>976,070</u> |
| Segment liabilities | | | |
| Non-current liabilities | 129,476 | 22,390 | 151,866 |
| Current liabilities | <u>277,456</u> | <u>6,983</u> | <u>284,439</u> |
| Total liabilities | <u>406,932</u> | <u>29,373</u> | <u>436,305</u> |

(1) Reportable segments' assets are reconciled to the company's total assets as follows:

| | <u>2020 \$'000</u> | <u>2019 \$'000</u> |
|---|------------------------|------------------------|
| Segment assets from reportable segments | 702,321 | 687,082 |
| Unallocated assets - | | |
| Deferred taxation | 16,782 | 20,146 |
| Receivables | 8,181 | 266,417 |
| Cash and bank balance | <u>27,117</u> | <u>2,425</u> |
| | <u>754,401</u> | <u>976,070</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

7. REVENUE:

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

8. OTHER OPERATING INCOME:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|---|------------------------------|------------------------------|
| Interest income | 34 | 307 |
| Gain on the sale of property, plant and equipment | 266 | 1,336 |
| Rental income | <u>2,779</u> | <u>-</u> |
| | <u>3,079</u> | <u>1,643</u> |

9. EXPENSES BY NATURE:

Total direct, administrative, selling and other expenses:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|---|------------------------------|------------------------------|
| Cost of inventories recognised as expense | 905,939 | 1,902,456 |
| Staff costs (note 10) | 148,787 | 202,673 |
| Directors' fees | 2,380 | 2,185 |
| Transportation and motor vehicle expenses | 16,268 | 39,691 |
| Advertising and promotion | 1,031 | 1,247 |
| Legal and professional fees | 3,682 | 5,001 |
| Insurance | 5,368 | 4,762 |
| Printing and stationery | 1,462 | 2,082 |
| Rental | 171 | 87 |
| Utilities and postage | 29,446 | 35,060 |
| Security | 6,499 | 9,444 |
| Other warehouse expenses | 1,764 | 2,840 |
| Auditors' remuneration | 2,140 | 2,000 |
| Foreign exchange loss | 9,893 | 6,458 |
| Bad debts | 480 | 2,551 |
| License and inspection fees | - | 2,162 |
| Repairs and maintenance | 14,486 | 17,862 |
| Depreciation | 38,980 | 33,729 |
| Amortisation | 2,762 | 1,879 |
| Other administrative expenses | <u>7,902</u> | <u>10,025</u> |
| | <u>1,199,440</u> | <u>2,284,194</u> |

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|-------------------------|------------------------------|------------------------------|
| Cost of sales | 905,939 | 1,902,456 |
| Administrative expenses | 277,001 | 340,476 |
| Selling expenses | <u>16,500</u> | <u>41,262</u> |
| | <u>1,199,440</u> | <u>2,284,194</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

10. STAFF COSTS:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|-------------------------|------------------------------|------------------------------|
| Salaries and wages | 81,446 | 125,491 |
| Directors' remuneration | 40,259 | 44,361 |
| Statutory contributions | 12,873 | 17,357 |
| Pension costs (note 25) | 2,616 | 6,613 |
| Other | <u>11,593</u> | <u>8,851</u> |
| | <u>148,787</u> | <u>202,673</u> |

The number of persons employed by the company at year end was 48 (2019 - 48).

11. FINANCE COSTS:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--------------------------------|------------------------------|------------------------------|
| Processing fees | 2,370 | 3,173 |
| Interest expense - | | |
| Bank overdraft | 2 | 18 |
| Loan interest | 15,750 | 7,318 |
| Lease liabilities (note 16(b)) | 4,525 | 5,365 |
| Other | <u>7,527</u> | <u>7,182</u> |
| | <u>30,174</u> | <u>23,056</u> |

12. TAXATION:

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

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|------------------------|------------------------------|------------------------------|
| Current taxation | - | - |
| Deferred tax (note 17) | <u>3,364</u> | <u>(20,146)</u> |
| | <u>3,364</u> | <u>(20,146)</u> |

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

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--|------------------------------|------------------------------|
| Loss before taxation | <u>(177,777)</u> | <u>(103,665)</u> |
| Taxation calculated at applicable tax rate | (44,444) | (25,916) |
| Adjusted for the effects of: | | |
| Expenses not deducted for tax purposes | 13,181 | 12,638 |
| Net effect of other charges and credits | <u>34,627</u> | <u>(6,868)</u> |
| Taxation charge/(credit) in the income statement | <u>3,364</u> | <u>(20,146)</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

12. TAXATION (CONT'D):

(c) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately \$273,890,000 (2019 - \$99,777,000) 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.

(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.

13. 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>2020</u> | <u>2019</u> |
|---|-----------------|-----------------|
| Net loss attributable to stockholders (\$'000) | (181,141) | (83,519) |
| Weighted average number of ordinary stocks units ('000) | <u>780,000</u> | <u>780,000</u> |
| Basic earnings per stock unit (¢ per share) | <u>(23.22)</u> | <u>(10.71)</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

14. PROPERTY, PLANT AND EQUIPMENT:

| | <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 2019 | 14,432 | 48,758 | 14,920 | 13,996 | 92,106 |
| Additions | 5,852 | 50,621 | 39,084 | 8,170 | 103,727 |
| Disposal | - | - | (1,788) | - | (1,788) |
| 31 December 2019 | 20,284 | 99,379 | 52,216 | 22,166 | 194,045 |
| Additions | 586 | 3,856 | 10,373 | 6,909 | 21,724 |
| Disposal | - | - | (173) | (111) | (284) |
| 31 December 2020 | <u>20,870</u> | <u>103,235</u> | <u>62,416</u> | <u>28,964</u> | <u>215,485</u> |
| Depreciation - | | | | | |
| 1 January 2019 | 2,571 | 17,128 | 5,108 | 9,309 | 34,116 |
| Charge for the year | 1,516 | 6,844 | 6,686 | 2,824 | 17,870 |
| Elimination on disposal | - | - | (1,536) | - | (1,536) |
| 31 December 2019 | 4,087 | 23,972 | 10,258 | 12,133 | 50,450 |
| Charge for the year | 1,730 | 9,956 | 8,136 | 3,305 | 23,127 |
| Elimination on disposal | - | - | (59) | (111) | (170) |
| 31 December 2020 | <u>5,817</u> | <u>33,928</u> | <u>18,335</u> | <u>15,327</u> | <u>73,407</u> |
| Carrying value - | | | | | |
| 31 December 2020 | <u>15,053</u> | <u>69,307</u> | <u>44,081</u> | <u>13,637</u> | <u>142,078</u> |
| 31 December 2019 | <u>16,197</u> | <u>75,407</u> | <u>41,958</u> | <u>10,033</u> | <u>143,595</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

15. INTANGIBLE ASSETS:

| | <u>Software</u> <u>\$'000</u> | <u>Brand</u> <u>\$'000</u> | <u>Total</u> <u>\$'000</u> |
|---|----------------------------------|-------------------------------|-------------------------------|
| At Cost - | | | |
| 1 January 2019 | 3,894 | - | 3,894 |
| Additions | <u>4,391</u> | <u>100</u> | <u>4,491</u> |
| At 31 December 2019 and 31 December 2020 | <u>8,285</u> | <u>100</u> | <u>8,385</u> |
| Depreciation - | | | |
| 1 January 2019 | - | - | - |
| Charge for the year | <u>1,879</u> | <u>-</u> | <u>1,879</u> |
| 31 December 2019 | 1,879 | - | 1,879 |
| Charge for the year | <u>2,762</u> | <u>-</u> | <u>2,762</u> |
| 31 December 2020 | <u>4,641</u> | <u>-</u> | <u>4,641</u> |
| Carrying value - | | | |
| 31 December 2020 | <u>3,644</u> | <u>100</u> | <u>3,744</u> |
| 31 December 2019 | <u>6,406</u> | <u>100</u> | <u>6,506</u> |

The amortisation of the Brand in 2020 was not material.

16. LEASES:

(a) Right-of-use assets

| | <u>Land and building</u> | |
|----------------------------------|--------------------------|-----------------|
| | <u>2020</u> | <u>2019</u> |
| | <u>\$'000</u> | <u>\$'000</u> |
| 1 January | 85,095 | - |
| Adoption of IFRS 16 | - | 100,954 |
| Depreciation charge for the year | <u>(15,853)</u> | <u>(15,859)</u> |
| 31 December | <u>69,242</u> | <u>85,095</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

16. LEASES (CONT'D):

(b) Lease liabilities

| | Land and building | |
|----------------------------------|--------------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| | <u>\$'000</u> | <u>\$'000</u> |
| 1 January | 87,406 | - |
| Adoption of IFRS 16 | - | 100,954 |
| Interest expense | 4,525 | 5,365 |
| Lease payments | (19,470) | (18,913) |
| Unrealised foreign exchange loss | <u>2,282</u> | <u>-</u> |
| 31 December | 74,743 | 87,406 |
| Less current portion | <u>(15,943)</u> | <u>(14,400)</u> |
| | <u>58,800</u> | <u>73,006</u> |

Amounts recognized in statement of profit or loss

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Depreciation - right-of-use assets | 15,853 | 15,859 |
| Interest on lease liability (note 11) | <u>4,525</u> | <u>5,365</u> |
| | <u>20,378</u> | <u>21,224</u> |

Contractual undiscounted cash flows maturity analysis

| | | |
|--|----------------------|-----------------------|
| Not later than one year | 20,326 | 18,831 |
| One to two years | 40,652 | 19,623 |
| Later than two years but less than 5 years | 32,734 | 50,157 |
| More than 5 years | <u>5,455</u> | <u>16,367</u> |
| Total undiscounted lease liabilities 31 December | <u>99,167</u> | <u>104,978</u> |

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 operates. 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

17. 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>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|---|------------------------------|------------------------------|
| Net asset at beginning of year | 20,146 | - |
| (Charged)/credited to income statement for the year (note 12) | (3,364) | <u>20,146</u> |
| Net asset at end of year | <u>16,782</u> | <u>20,146</u> |

Deferred tax asset is due to the following items:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|---|------------------------------|------------------------------|
| Deferred income tax assets/(liabilities): | | |
| Property, plant and equipment | 4,190 | 7,494 |
| Intangible assets | - | (109) |
| Right-of-use asset | (728) | (10,637) |
| Lease liability | 1,955 | 10,926 |
| Tax loss carried forward | <u>11,365</u> | <u>12,472</u> |
| | <u>16,782</u> | <u>20,146</u> |

18. INVENTORIES:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|------------------|------------------------------|------------------------------|
| Goods for resale | 233,675 | 240,321 |
| Goods-in-transit | <u>24,543</u> | <u>34,364</u> |
| | <u>258,218</u> | <u>274,685</u> |

19. RECEIVABLES:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|-----------------------------------|------------------------------|------------------------------|
| Trade receivables | 153,998 | 270,963 |
| Less: provision for credit losses | (4,238) | (4,546) |
| | 149,760 | 266,417 |
| Goods prepaid | - | 11,189 |
| Other receivables | <u>14,008</u> | <u>5,653</u> |
| | <u>163,768</u> | <u>283,259</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

| | | | |
|-----|---|---------------|---------------|
| 20. | RELATED PARTY TRANSACTIONS AND BALANCES: | | |
| | | <u>2020</u> | <u>2019</u> |
| | | <u>\$'000</u> | <u>\$'000</u> |
| | (a) Transactions between the company and its related companies | | |
| | Purchases of goods - | | |
| | Quality Produce & Groceries Inc. | 384,523 | 856,233 |
| | Sale of goods - | | |
| | Di Grill Shack Ltd. | 499 | 4,039 |
| | Loan - | | |
| | Related Party | <u>-</u> | <u>59,093</u> |
| | (b) Key management compensation (included in staff costs note 10) | | |
| | Key management includes executive directors and senior managers - | | |
| | Salaries and other short-term employee benefits | 77,562 | 94,921 |
| | Directors' emoluments - | | |
| | Fees | 2,380 | 2,185 |
| | Management remuneration (included above) | <u>40,259</u> | <u>44,361</u> |
| | (c) Year-end balances arising from transactions with related parties | | |
| | | <u>2020</u> | <u>2019</u> |
| | | <u>\$'000</u> | <u>\$'000</u> |
| | Due from - | | |
| | Long term- | | |
| | Loan to related party | <u>59,093</u> | <u>59,093</u> |
| | Short term- | | |
| | Di Grill Shack Ltd. | 2,348 | 2,348 |
| | Jamaica's Finest Produce Limited | 3,400 | 3,400 |
| | Quality Investments Limited | 682 | 334 |
| | Directors | <u>7,104</u> | <u>7,178</u> |
| | | <u>13,534</u> | <u>13,260</u> |
| | Di Grill Shack Ltd. (included in trade receivables) | <u>143</u> | <u>448</u> |

The loan to related party of US\$452,100 (JA\$59,093,000) was entered into on 30 December 2019 for a period of 48 months, at an interest rate equal to the six month Jamaica Treasury Bill rate plus 2% at the date of the agreement (3.599% per annum). Interest is payable monthly and the principal is repayable at the end of the loan period. The company is in the process of formalizing the conversion of this loan into a 60% shareholding in Everything Fresh Bahamas Limited. The foreign exchange adjustment on the loan in 2020 was not material.

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

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

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

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

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--|------------------------------|------------------------------|
| Due to - | | |
| Quality Produce & Groceries Inc. (included in trade payables) | 68,530 | 69,752 |
| Everything Fresh Bahamas Limited | <u>574</u> | <u>-</u> |

21. CASH AND CASH EQUIVALENTS:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|---|------------------------------|------------------------------|
| Cash in hand | 351 | - |
| Local currency accounts | 13,536 | 14,372 |
| Foreign currency accounts | 10,006 | 71,544 |
| Short term deposit | <u>3,575</u> | <u>58</u> |
| | 27,468 | 85,974 |
| Short term borrowings - Credit card balances (note 23) | <u>(18,715)</u> | <u>(25,527)</u> |
| | <u>8,753</u> | <u>60,447</u> |

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

(b) Interest rate exposure

| | <u>2020</u> <u>%</u> | <u>2019</u> <u>%</u> |
|----------------------------------|-------------------------|-------------------------|
| Weighted average interest rate - | | |
| Bank account - local | 0.15 | 0.05 |
| Bank accounts - foreign | 0.05 | 0.05 |
| Short term deposit | <u>1.01</u> | <u>0.98</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

21. CASH AND CASH EQUIVALENTS (CONT'D):

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

Amounts represent bank loans, excluding credit card balances.

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|------------------------------|------------------------------|------------------------------|
| At 1 January | 178,965 | 72,027 |
| Cash - | | |
| Loans received | 254,580 | 308,808 |
| Loans repaid | (260,071) | (198,830) |
| Non-cash - | | |
| Interest accrued | - | 274 |
| Foreign exchange loss/(gain) | <u>3,115</u> | <u>(3,314)</u> |
| At 31 December (note 23) | <u>176,589</u> | <u>178,965</u> |

22. SHARE CAPITAL:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--|------------------------------|------------------------------|
| Authorised - 1,000,000,000 (2019-100,000) Ordinary shares of no par value | | |
| Stated capital - | | |
| Issued and fully paid - | | |
| 100,000 ordinary shares of no par value | - | - |
| 780,000,000 ordinary shares of no par value | 390,162 | 390,162 |
| Less: transaction costs of share issue | <u>(25,312)</u> | <u>(25,312)</u> |
| | <u>364,850</u> | <u>364,850</u> |

23. BORROWINGS:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--------------------------------------|------------------------------|------------------------------|
| Composition of borrowings | | |
| Long term - | | |
| Jamaica Money Market Brokers Limited | | |
| Long term portion | 91,477 | 96,847 |
| Less : Current portion | <u>(18,347)</u> | <u>(17,987)</u> |
| | <u>73,130</u> | <u>78,860</u> |

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

23. BORROWINGS (CONT'D):

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--|------------------------------|------------------------------|
| Composition of borrowings (cont'd) | | |
| Short term - | | |
| Credit card balances (note 21) | <u>18,715</u> | <u>25,527</u> |
| (i) National Export-import Bank of Jamaica Limited | 41,319 | 40,998 |
| (ii) First Global Bank Limited | 43,793 | 41,120 |
| (iii) Jamaica Money Market Brokers Limited | <u>18,347</u> | <u>17,987</u> |
| | <u>103,459</u> | <u>100,105</u> |
| | <u>122,174</u> | <u>125,632</u> |

- (i) The National Export-Import Bank of Jamaica Limited loan represents a revolving loan facility with a credit limit of the United States Dollar equivalent of Sixty Three Million One Hundred Fourteen Thousand Seven Hundred Sixty Five Dollars and Eighty Six Cents (J\$63,114,765.86). On 30 September 2020 the loan was converted to a Jamaican dollar facility which matures on 28 June 2021 and attracts a current variable interest rate of 10% per annum. The loan is secured by the assignment of Trade Credit Insurance agreement and inventory to the value of \$133.6 million.
- (ii) The First Global Bank Limited loan balance represents credit facilities of US\$200,000 and US\$107,000. The loans are repayable over 90 days and attract a current variable interest rate of 7.25%, per annum. The loans are secured as follows :
- 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 \$58,752,000.
 - 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.
- (iii) The Jamaica Money Market Brokers Limited loan is at current variable interest rate of 6.5% 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.

Notes to the Financial Statements

Year ended 31 December 2020 (Stated in Jamaican dollars unless otherwise indicated)

24. PAYABLES:

| | <u>2020</u> <u>\$'000</u> | <u>2019</u> <u>\$'000</u> |
|--|------------------------------|------------------------------|
| Trade payables | 116,701 | 126,863 |
| Other accounts payable and accrued charges | <u>8,455</u> | <u>17,544</u> |
| | <u>125,156</u> | <u>144,407</u> |

25. 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 \$2,616,000 for the year (2019 - \$6,613,000).

26. IMPACT OF COVID-19:

In 2019, 85% of total sales were derived from the hotel industry. By the end of 2020 hotels accounted for 46% of total sales. Even though overall sales declined from \$2.2 billion in 2019 to \$1.0 billion in 2020 the company was able to grow sales from non-hotel sources, such as supermarkets.

Due to Covid-19 the hotel sector began its first lock down in mid-March 2020. This was followed by a gradual reopening in June 2020 and occupancy slowly increased up to December. Due to a resurgence of the pandemic in Europe, Canada and the USA at the end of 2020, Jamaica is now experiencing a sharp decline in tourism bookings.

Since the start of 2021 the hotel sector accounted for only 25% of total sales of the company. With the rollout of the vaccine in 2021, it is expected that the tourism industry will recover in time for the start of the winter season. In 2021 the company will continue to increase sales from the non-hotel sector through improved merchandising and inventory management. New lines of products will be introduced. There will also be further reductions in expenses. This will allow the company to remain viable and eliminate reliance on the hotel industry.



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