



EVERYTHING FRESH LIMITED

REPORT TO THE SHAREHOLDERS

FOR THE QUARTER ENDED 30 JUNE, 2021

Everything Fresh Limited, having weathered the challenges of 2020 and early 2021 has rebounded with a strong performance in the second quarter of the current year. The Company stands poised to maintain this trend for the remainder of 2021.

Overview

By the second half of 2020, the Company began to ramp up sales to supermarkets, wholesales and at our outlet store, in an effort to mitigate the effect which Covid-19 was having on our hotel and restaurant customers.

To this end, we grew sales to the retail sector by 70% in 2020 when compared to 2019, even as the hotel/restaurant sales declined by 67% over the same period.

Sales to the tourism sector began to rebound in March and April of this year followed by significant growth in May and June. In the second quarter of 2021 our sales to the retail sector continued the positive trend of 2020.

On June 1, 2021 the Company completed the purchase of 60% of the shares of Everything Fresh Bahamas Limited, and has consolidated the latter's results in these quarterly financial statements.

The Company ceased production of meat products at our plant in Bog Walk on April 30 of this year. This has yielded a significant reduction in expenses in May and June, and the improved profitability of the Company.

Revenues

The Company's sales for the second quarter of 2021 was \$349.6 million. This was an increase of \$265.6 million over the same quarter in the previous year, representing a 316% increase. This was mainly due to a resurgence in hotel occupancy in May and June of this year.

The Company's sales for the first six months of 2021 was \$545.2 million representing a 5% reduction when compared with the corresponding period in 2020. The winter tourist season was in full swing for the first two and a half months of 2020 before the lock downs began. The first two months of 2021 saw low occupancy as that sector was still reeling from the economic impact of the pandemic.

In June of 2021 the Bahamas Company had sales equivalent to J\$39.6 million.

Gross Profits

The Company recorded a gross profit of \$76.5 million for the second quarter of 2021 representing a significant increase in gross margin. For the comparative period of the previous year the gross profit was \$1.2 million. The prior year's gross profit was depressed by sales of some overstocked items below cost to supplement cash flows. For the first six months of 2021 the Company made a gross profit of \$120.8 million. This compares with a gross profit of \$75.9 million the previous year.

In June of 2021 the Bahamas Company made a gross profit equivalent to J\$9.0 million.

Net Profits

The Company's administrative and selling expenses totalled \$73.0 million for the second quarter of 2021 compared with \$53.0 million for the corresponding period in 2020. The increase was mainly due to the reduced hours which the staff had to work in the second quarter of 2020 as a result of the decline in sales due to the pandemic. Motor vehicle and delivery costs rose sharply in the second quarter of 2021 as sales to the tourism sector picked up.

The Company's six month administrative and selling expenses were \$140.2 million in 2021 compared to \$131.7 million in 2020. This increase stems from the same reasons outlined above for the quarterly increase.

Finance costs for the second quarter of 2021 were \$5.0 million. This represents a reduction from the \$7.2 million recorded in the comparative period of 2020 as the company paid down its loan balance due to EXIM Bank over the past nine months with the final payment made in June 2021.

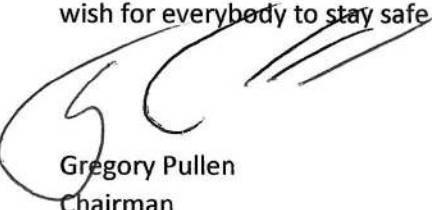
Similarly, the Company's six month finance costs reduced from \$15.1 million in 2020 to \$10.3 million in 2021.

The Company achieved a net profit of \$0.9 million for the second quarter of 2021 compared to a net loss of \$56.9 million for the same quarter in 2020. The net loss for the first six months of 2021 was \$26.7 million compared to a net loss of \$67.8 million the previous year representing a 61% reduction on the loss from 2020.

Outlook

The world is currently facing a new wave of the Covid -19 pandemic with the more contagious Delta variant being the dominant strain. It is possible that Jamaica's tourism industry will continue to benefit from the closure of other traditional destinations such as Europe. As such, our company will approach the second half of the year with caution. Every effort will be made to satisfy customer demand, while taking a more lean but agile approach to inventory management. Through marketing and promotions we will continue to grow the sales to the retail sector and reduce our dependence on the hospitality industry.

We would like to thank all our team members, customers and shareholders for their continuing support and wish for everybody to stay safe during these difficult times.



Gregory Pullen
Chairman

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