



EVERYTHING FRESH

2022 ANNUAL REPORT

RETURN TO HOSPITALITY





Daisy
BRAND
COTTAGE CHEESE
with Pineapple
4% Milkfat Minimum
12g Protein
120 Calories
5.3oz (150g)

Daisy
BRAND
COTTAGE CHEESE
with Blueberries
4% Milkfat Minimum
6oz (170g)

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VISION

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

MISSION

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

CORE VALUES

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



EVERYTHING FRESH





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, 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.

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

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

The Company's Success

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

The Company prides itself on having a 'family-like' corporate culture, which is evidenced by the high-retention rate of its Team, with over seventy-five per cent 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.

A close-up photograph of a young Black woman, a chef, smiling warmly at the camera. She is wearing a white chef's jacket and a dark blue and white striped apron. She is holding a small silver pot in her left hand and a spoon in her right hand, carefully adding a red sauce to a dish on a white plate. The dish appears to be a steak with green peas and a golden-brown base. The background is a professional kitchen with stainless steel surfaces and a range hood.

Everything Fresh returned to pre-pandemic profitability levels in the fiscal year 2022, with its two main revenue streams – the hotel and retail industries – leading the way.

CHAIRMAN'S REPORT

Gregory Lancelot Pullen, JP



Everything Fresh Group has recorded its best year ever. Following two years navigating a challenging business environment due to COVID-19, we recovered to post sales and profits in 2022 which have exceeded pre-pandemic levels.

Our sales of \$2.64 billion in 2022 were 63% higher than the previous year's sales of \$1.61 billion.

We transitioned from the previous year's net loss of \$27.6 million to a current year net profit of \$48.2 million. The Group posted earnings per share of 5.46 cents this year compared to negative 4.30 cents in 2021. We continue to grow our sales while maintaining tight control of our expenses. For this, I am tremendously grateful to our dedicated team who kept our business viable and robust during the pandemic years, and positioned our Group to take advantage of the turnaround in the economy.

It was during the pandemic period that the strategic approach was employed to increase the focus on supermarkets and restaurants. To further build on the gains we made in supermarket sales in 2021, we increased the number of merchandisers on staff. They made certain that our products were always present and prominently displayed on the store shelves.

The Company will continue its drive to bring new brands and new products to all the sectors that we serve.

Our first priority in 2022 was to increase our inventory levels of products for the hotel sector. During the pandemic we experienced supply chain challenges such as a global shortage of Cream Cheese, as well as shortages of both shipping containers and available cargo space on ships sailing out of Europe. It became necessary to ramp up inventory to compensate for the risks associated with longer and uncertain lead times due to these supply problems. It wasn't until late 2022 that normality finally returned to the supply markets. The Company's inventory levels grew from \$256.2 million at the end of 2021 to \$480.7 million at the end of the following year.

Growing demand for our products

The Company needed to position itself to meet the growing demand for its products. This required additional warehouse space. It became necessary to increase our investment in the warehousing infrastructure of the Jamaican operation. Of our total capital expenditure of \$15.4 million in 2022, \$13.7 million went to warehouse improvement.

Beginning in October 2022 we reduced the size of our rented space at Marcus Garvey Drive in Kingston. At that point we began to transfer all excess hotel industry inventory to Bog Walk. This location was formerly our Meat Processing facility which had ceased operations in April of 2021. Prior to this latest move the company had utilized this location to earn supplementary income by providing cold storage services for clients. The company made the strategic decision to maximise on its own storage capacity rather than engage the use of an

external storage provider. This decision would also allow for the operation of a hotel depot, which is located much closer to the target market and therefore results in an overall reduction in transportation expenditure. By the end of February 2023, the Company began distribution to customers on the North Coast and Negril, exclusively from our new hotel depot at Bog Walk.

Committed to growing the business

Everything Fresh is committed to growing the business through long term customer and supplier relationships, while operating in diversified market segments. We maintained these relationships during the pandemic even when transactions were reduced. Our Group is poised to benefit from the expected growth in sales following on the construction of additional hotel rooms by some of our largest hotel customers.

On April 27th 2022, we increased our shareholding in Everything Fresh Bahamas from 60% to 80%. This allows us to participate to a greater extent in the benefits of having a profitable subsidiary in a growing market. There is still significant untapped potential in that market and it is the plan for the Group's management to focus on maximising the capacity of the subsidiary to achieve further growth in 2023.

Our business is positioned to continue the recovery that began in 2022. The resurgence of the hospitality sector is expected to fuel further growth in 2023.

The company participated in a wellness day fair at the Hope Valley Experimental School in 2022. Our team was on hand to speak to the children about the importance of nutrition as well as to hand out gifts comprising of some of our products, such as cheese and fruits. We are making arrangements with the Ministry of Education to adopt a basic school in the Greenwich Farm area, near the Kingston office. We have also adopted the Sirgany Beach in East Kingston by partnering with the National Environment and Planning Agency (NEPA). In March of 2023 we successfully completed our first of four quarterly clean-ups.

I thank our Board of Directors for their leadership and support during 2022. At the beginning of the year, our Mentor Mr. Leo Williams was appointed to the Board as well as to the Audit, Remuneration and Corporate Governance Committees. Mr. Williams replaced Mr. Donovan Perkins who retired effective December 31, 2021. I thank Mr. Perkins for his invaluable contribution to Everything Fresh Limited, and wish him all the best in his future endeavours.

On behalf of the entire board, I thank our hard working team for their commitment to the Group and for the exemplary service they provide to our customers. Our resilient staff, endured significant difficulties during the pandemic and I applaud their tenacity and dedication.

I would also like to express the Board's gratitude to our shareholders and to our customers who continue to believe in our Group and our product lines.

Thank you.

Gregory Pullen
Chairman

BOARD OF DIRECTORS



Gregory Lancelot Pullen, JP

Chairman

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



Courtney Lancelot Pullen

Managing Director and Founder

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



Melene Rose Pullen

Executive Director

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



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.

BOARD OF DIRECTORS



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.



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.



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.

DIRECTORS' REPORT



Leo A. Williams

Non-Executive Director

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

FINANCIAL RESULTS

The Directors hereby present their report for the financial year ended December 31, 2022.

	2022 \$'000	2021 \$'000
Revenues	2,638,943	1,614,806
Net Profit/(Loss) After Tax	48,156	(27,583)
Earnings per share	5.46 cents	(4.30) cents

The Board

Chairman:

Gregory Pullen, JP

Managing Director and Founder:

Courtney Pullen

Executive Directors:

Melene Pullen
Nesha Carby
Garret Gardener

Non-Executive Directors:

Leo Williams
Vivette Miller
Mark Croskery
Jennifer Lewis

During the year under review the following were the Board changes:

- Donovan Perkins resigned from the Board of Directors effective December 31, 2021
- Leo Williams was appointed to the Board of Directors effective January 10, 2022

Auditors

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

Operational Highlights

The Bog Walk facility was renovated and retooled to house stock and facilitate deliveries to the north coast customers beginning in 2023. A number of employees will be reassigned to manage and operate this facility.

New Products

During the 2022 year the company expanded their portfolio to include a range of beverages from Latin America called Petit Nectar.

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

BY ORDER OF THE BOARD

Gregory Pullen
Chairman

MANAGEMENT TEAM



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.

Jennile Berth Nevers

Sales & Marketing Officer

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

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

Jacqueline Archie

Administrative Officer

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



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

Inventory Controller

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

Accounts Receivable Officer

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

MANAGEMENT TEAM



Kimberly McLean

Administrative Officer

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

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.

Rochelle Simone de Sousa

Restaurant Sales & Imports Officer

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

SHAREHOLDINGS

TOP TEN SHAREHOLDINGS AS AT DECEMBER 31, 2022

PRIMARY HOLDER	JOINT HOLDER	TOTAL	PERCENTAGE (%)
Quality Investments Ltd	-	624,000,000	80.0%
Stocks & Securities Ltd (Alpha)	-	29,134,517	3.7%
PAM-Pooled Equity Fund		14,309,503	1.8%
Sagicor Select Funds Ltd (Class C) Manufacturing & Distribution	-	7,727,500	1.0%
Star Holdings Limited	-	5,000,000	0.6%
Gregory Pullen	Shemala Mitchell	4,793,855	0.6%
Everton A Smith	-	4,250,000	0.5%
Everton J Smith	Paula Smith, Richard Smith, Rohan Smith Everton A Smith, Racquel Smith,	4,200,000	0.5%
Anthony Chance	Claudine Chance	3,000,000	0.4%
Jillian Thomas	Brandon Thomas, Brandom Jerome Thomas	2,851,706	0.4%
Total	-	699,267,081	89.6%

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS AS AT DECEMBER 31, 2022

PRIMARY HOLDER	DIRECT	CONNECTED PARTY	TOTAL	PERCENTAGE(%)
Quality Investments Limited	624,000,000	-	624,000,000	80.00%
A business owned by key members:				
Courtney Pullen	-	-	-	0.00%
Melene Pullen	-	-	-	0.00%
Garret Gardner	-	675,000	675,000	0.09%
Nesha Carby	-	-	-	0.00%
Jennifer Lewis	40,000	-	40,000	0.01%
Gregory Pullen	4,793,855	-	4,793,855	0.61%
Vivette Miller	80,000	-	80,000	0.01%
Leo Williams	1,160,000	-	1,160,000	0.15%
Stephen Greig (Company Secretary)	279,000	-	279,000	0.04%
Total	630,352,855	675,000	631,027,855	80.90%

SENIOR MANAGERS SHAREHOLDINGS AS AT DECEMBER 31, 2022

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

CORPORATE DATA

Executive Directors:

Courtney Pullen
Melene Pullen
Nesha Carby
Garret Gardner

Non-executives:

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

Registered Head Office:

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

Bankers:

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

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

First Global Bank
2 Duke Street
Kingston, Jamaica

Company Attorneys:

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

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	28-Feb-2022	05-May-2022	11-Aug-2022	3-Nov-2022
Gregory Pullen (Chairman)	4	✓	✓	✓	✓
Courtney Pullen	4	✓	✓	✓	✓
Melene Pullen	4	✓	✓	✓	✓
Nesha Carby	4	✓	✓	✓	✓
Garrett Gardner	4	✓	✓	✓	✓
Leo Williams	4	✓	✓	✓	✓
Mark Croskery	4	✓	✓	✓	✓
Jennifer Lewis	4	✓	✓	✓	✓
Vivette Miller	4	✓	✓	✓	✓

COMMITTEES

The Board has constituted three Committees:

Audit and Compliance Committee

An Audit Committee 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.

Members: Jennifer Lewis – Chairman,
Leo Williams (* appointed January 10, 2022)
Vivette Miller

Remuneration Committee

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

Corporate Governance Committee

For this financial year, there were no meetings held for the Corporate Governance Committee.

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

Shareholders contact

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

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

Audit & Compliance Committee

Members	MEETINGS	25-Feb-2022	29-April-2022	4-Aug-2022	28-Oct-2022
Jennifer Lewis (Chairperson)	4	✓	✓	✓	✓
Leo Williams	4	✓	✓	✓	✓
Vivette Miller	4	✓	✓	✓	✓

MD & A



MANAGEMENT DISCUSSION & ANALYSIS

Against the backdrop of the global economic slowdown in 2022, Everything Fresh Limited achieved outstanding financial results.

The Group's performance every year since its establishment is a result of the extraordinary dedication of its team, which has helped customers and communities feel satisfied with the provision of a wide array of premier food items and consumables. Its board of directors has guided the team in anticipating and responding to the needs of customers and suppliers, while its investors offered their unwavering confidence in the Group's ability to deliver strong profitability, innovation and growth.

It is with this fortitude of support and confidence that Everything Fresh returned to pre-pandemic profitability levels in the fiscal year 2022, with its two main revenue streams – the hotel and retail industries – leading the way. The Group increased its sales by 64% from \$1.61 billion in 2021 to \$2.64 billion in 2022 while successfully commencing the restructuring of its main divisions to cater to an increase in demand.

These results are testimony to the resilience and adaptability of the Group and its team, even when faced with unique challenges and growing expectations. In spite of the financial setbacks of the previous years, in 2022, the Group intentionally fixed its gaze on long-term sustainable growth through innovation, investment, introspection, and action.

Strategic Focus

This proactive approach is what prepared the Group to benefit from the trickle-down effect of the strong tourism recovery in Jamaica as the country recovered over 90 percent of its 2019 visitor arrival numbers in 2022. For Everything Fresh, this resulted in revenues almost doubling owed to increased sales to the hotel industry.

While there was marginal improvement in the performance of retail and wholesale, success in the hotel industry was driven by the Group's competency to secure renewed contracts. It was successful in retaining all of its pre and post-pandemic customers and worked strategically to ramp up purchasing and increase inventory levels to meet the growing demand of the sector.

Determined to stand out in the industry, the Group remained sharp in the competitive landscape by offering favourable prices and uninterrupted availability of its products and services. Productive relationships were maintained with hotel clientele, securing additional contracts by virtue of its quality service and years of experience in the industry.

Management Discussion & Analysis

Everything Fresh also continued its expansion drive of in-store merchandising at supermarkets making improvements where necessary. It increased the staff of merchandisers at various retail locations to better assist sales representatives with the stocking of shelves, which improved sales. The Group also worked diligently to refine the roles of sales representatives so that they could better focus on selling. These well-calculated enhancements served to position the Group's retail division for increased success in the coming years.

With restaurants also forming an important part of the Group's portfolio, in the latter half of the year, an additional senior team member was assigned to focus on sales in the area, which will be a key strategic focus moving forward.

For overall improvements to operational efficiencies and significant activity for growth, the Group analysed its data by monitoring its history of sales and feeding this information into its purchase orders to avoid setbacks, such as excess or insufficient inventory ordering.

Everything Fresh is proud of its visionary leadership that has steered the Group into 2022 in a position of strength. With this captaincy, the Group skillfully navigated the challenges that came while leveraging its strengths to drive optimal results.

Profit Or Loss

Consolidated Revenue at the close of year ending December 2022 was \$2.64 billion, which is up 64% from \$1.61 billion in 2021.

Cost of sales rose by 65% to \$2.10 billion compared to the \$1.27 billion in the previous year. The Group also invested in the installation of machinery, labour costs, and general repairs and renovations.

Despite rising international prices, **gross profit** rose by 56% to \$536.22 million in 2022 from \$343.47 million in 2021. These results are testimony to the resilience of the team at Everything Fresh, even when faced with unique challenges.

The Group reported other **operating income** of \$5.83 million for the period, 41% less than the \$9.88 million reported for the corresponding period. This was due to a reduction in cold storage services offered to external clients as the Group sought to increase its own utilisation of internal storage to accommodate increased inventory levels.

Operational expenses rose a modest 27% to \$450.64 million compared to \$353.68 million in the corresponding period. Of this, administrative expenses rose to \$397.94 million from \$334.70 million a year earlier while selling and promotion

CONSOLIDATED REVENUE UP 64%

\$2.64B

GROSS PROFIT UP 56%

\$536.2M

TOTAL ASSETS UP

33%

Management Discussion & Analysis

expenses advanced to \$52.70 million from \$18.98 million in the previous year.

There was an increase in salaries for team members in recognition of their hard work and dedication. Meanwhile, motor vehicle costs rose to match the increase in sales. All other expenses rose only as a result of inflation.

Profit before tax was recorded at \$48.16 million compared to the loss before tax of \$27.58 million recorded in 2021.

There was an increase in **earnings per share** to \$0.05 from a loss per share of \$0.04 in the previous year. This upward trend is expected to continue in 2023.

Balance Sheet Position

With the global tourism industry back on its feet, Everything Fresh experienced an increase in total assets of 33% totalling \$1.26 billion compared to \$947.21 million in the previous year. This was attributed to an increase in inventories and trade receivables totalling \$541.32 million compared to \$307.77 million in 2021 and \$359.04 million compared to \$260.45 million in 2021, respectively. However, this was tempered by a downward movement in right-of-use assets which amounted to \$53.93 million compared to \$79.04 million in 2021.

In order to maximise its increase in sales through expanded

inventory, the Group increased its short-term borrowing by 51% to \$314.62 million, from \$207.78 million to address the need for cash flow. In addition, long-term borrowings increased by 95% to \$108.6 million, from \$55.63 million to provide additional finance.

In keeping with the Group's aim to provide optimal shareholder value, shareholder's equity grew by 12.4% totalling \$365.36 million compared to the previous year's total of \$325.11 million.

Continued Growth In The Business

Following its acquisition of 60% of the shareholdings of Everything Fresh Bahamas Limited in June 2021, the Group acquired an additional 20% stake on April 27, 2022, through the transfer of shares from a third party. This brings its total shareholding to 80% and forms part of the Group's long-term plan to boost earnings per share by consolidating a larger percentage of Everything Fresh Bahamas Limited, which continues to be profitable.

In 2022, the Group took steps to further its hotel and retail divisions, with the building out of its cold storage capacity at its Bog Walk, St. Catherine facility. Loading of trucks for deliveries to the hotel industry will be done at Bog Walk, while loading and deliveries for retail will be done at the Marcus Garvey Drive, Kingston location in 2023.



OPERATING EXPENSES UP 27%

\$450.6M

SHAREHOLDERS' EQUITY UP

12.4%

PROFIT BEFORE TAX

\$48.16M

10-YEAR FINANCIAL REVIEW

INCOME STATEMENT HIGHLIGHTS (J\$)

	Co. 2013 \$'000	Co. 2014 \$'000	Co. 2015 \$'000	Co. 2016 \$'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	60,659	57,663	75,711	55,520
Income Tax Expense	17,332	14,809	19,512	16,262
Net Profit	43,327	42,854	56,199	39,258

BALANCE SHEET HIGHLIGHTS (J\$)

	Co. 2013 \$'000	Co. 2014 \$'000	Co. 2015 \$'000	Co. 2016 \$'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

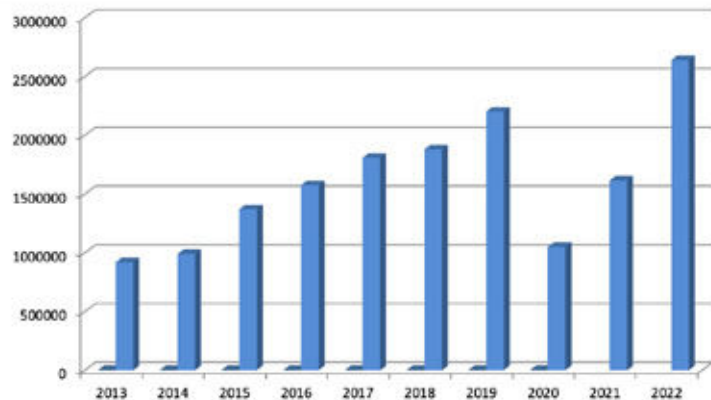


Co.	Co.	Co.	Co.	Group	Group
2017	2018	2019	2020	2021	2022
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1,807,940	1,879,661	2,201,942	1,048,758	1,614,806	2,638,943
1,578,892	1,660,956	1,902,456	905,939	1,271,339	2,102,724
229,048	218,705	299,486	142,819	343,467	536,219
2,521	2,216	1,643	3,079	9,878	5,829
174,350	188,638	381,738	293,501	353,678	450,638
11,851	13,525	23,056	30,174	27,250	43,254
45,368	18,758	-103,665	-177,777	-27,583	48,156
8,068	2,415	-20,146	3,364		
37,300	16,343	-83,519	-181,141	-27,583	48,156

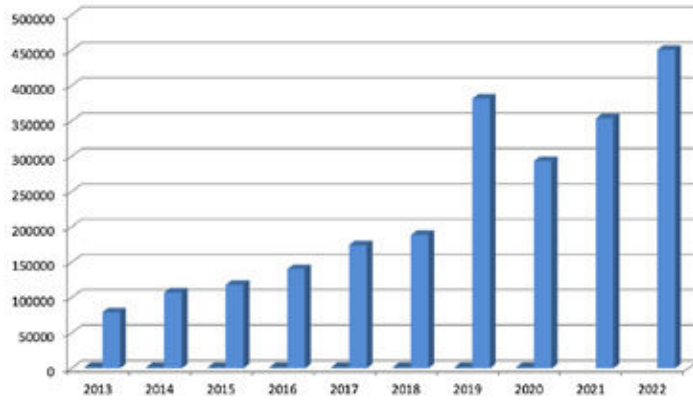
Co.	Co.	Co.	Co.	Group	Group
2017	2018	2019	2020	2021	2022
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31,250	61,884	314,435	290,939	308,523	276,374
459,992	812,076	661,635	463,462	638,687	985,610
491,242	873,960	976,070	754,401	947,210	1,261,984
248,222	250,676	284,439	263,847	525,708	760,916
0	0	151,866	131,930	107,768	138,134
248,222	250,676	436,305	395,777	633,476	899,050
243,020	623,284	539,765	358,624	313,734	362,934
1.85	3.24	2.33	1.76	1.21	1.30
11.7	10.5	8.0	3.4	4.5	5.0

Management Discussion & Analysis

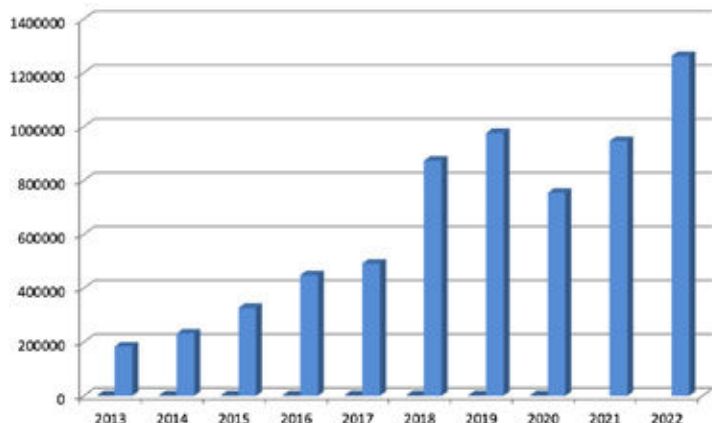
Revenue



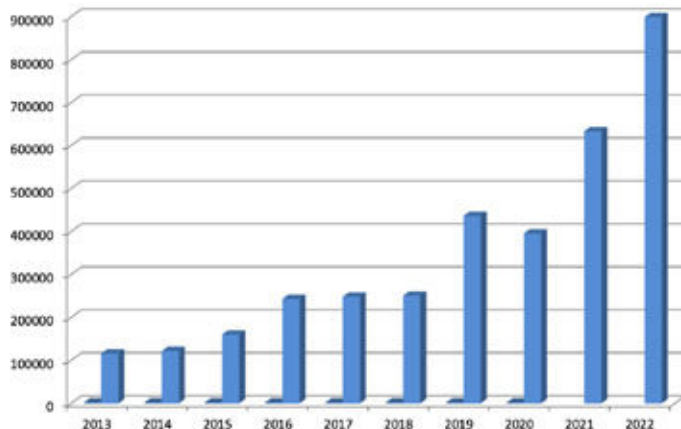
Operating Expenses



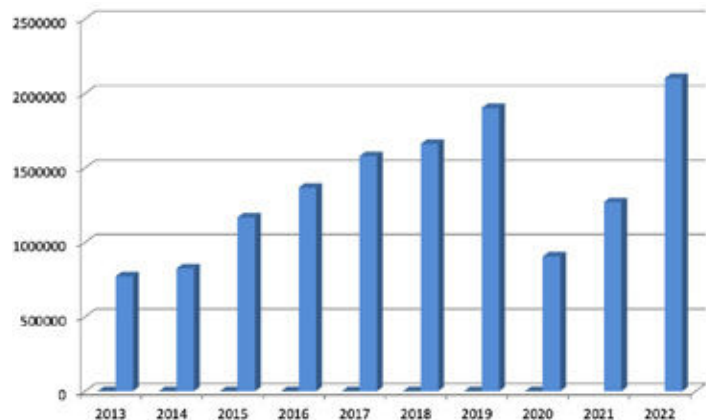
Total Assets



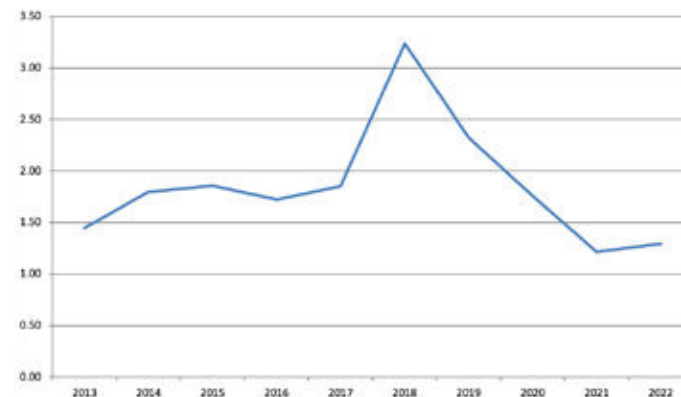
Total Liabilities



Cost of Sales



Current Ratio



For the first half of the year, the Bog Walk location – formerly a processing plant – was rented out as cold storage, generating income for the Group. Subsequently, an improvement project commenced at the location with expansions to warehousing to meet the growing demand for space. This project was responsible for the bulk of capital expenditure in 2022. It also lowered expenses, as the Group was able to reduce its rental cost at the Kingston location. With added space at Bog Walk, the Group will be able to transfer the bulk of its milk and dairy products to the location.

At the end of 2022, a new brand and business line was introduced by way of Petit - a new product which offers a broad variety of juices that are both tasty and nutritional. It marks the first time that the Group has supplied a juice and testing of the product with consumers commenced in supermarkets at the end of the year. The Group also experienced favourable sales in King's Hawaiian dinner rolls and in lamb when compared to sales in 2022 and previous years.

Environmental, Social And Governance

Everything Fresh is committed to the communities it serves and makes it a priority to give back in various ways that enable the Group to make a positive difference. In its commitment to carry out its business in an ethical way while engaging philanthropic deeds, Everything Fresh participated in the Health and Wellness Day of the Hope Valley Experimental School in Kingston. The Group distributed fresh fruits and cheese and shared information on the benefit of proper nutrition.

The Group also engaged in positive environmental practices such as waste segregation, which makes recycling easier; established more efficient routes for delivery; reduced its carbon footprint; acquired more environmentally safe cooling units and more. The Group will continue to explore additional environmental efficiencies in 2023 as it seeks to act responsibly and holistically contribute to sustainability.



Jennile Nevers engages the minds of the future, students of Hope Valley Experimental School, in a Q&A session during Wellness Day. In the background, Courtney Pullen prepares fruit plates for students.

Management Discussion & Analysis



Mr & Mrs Pullen serving fruits and cheese at Hope Valley Experimental's Wellness Day.



Everything Fresh's public-spirited philosophy also extends to local small businesses. In 2022, the Group continued its relationship with TrinJam Farm, an establishment in Clarendon, for the provision of local goat products such as milk, yoghurt and cheese. These products were distributed to the Group's customer base. Such local partnerships enable the Group to empower communities by promoting a culture of collaboration for mutual growth.

OUTLOOK

The Group is proud to have presented a year of purpose-driven business strategies that fostered prosperity. In 2023, Everything Fresh expects to deliver yet another year of strong profitability. With its highly reliable and professional team, the Group will zero in on refining and improving its strategies, operations and management towards the building of a more resilient Group. It will continue to focus on upgrading the framework and procedures of its corporate governance towards achieving a state of transparency and accountability that is ever-improving.

Steady growth is expected in the hotel and retail industries throughout the year as Everything Fresh increases its clientele and makes strategic improvements to merchandising.


Furthermore, boosting sales at Everything Fresh Bahamas remains crucial to the Group's prolonged success. Therefore, it will work assiduously to increase profits at the location, tapping into its highest potential. A series of knowledge-sharing initiatives will take place as well as logistical arrangements to ensure that the products performing well in Jamaica are available in The Bahamas. Meanwhile, the improvement project at Bog Walk will continue with additional focus on the training and development of the sales team to improve the capacity to increase sales and strengthen merchandising.

For long-term value, the Group will increase its presence in hotels and build on existing relationships. It will also give due focus to improving its footing at restaurants as an integral part of increasing revenue. New product lines will be introduced where possible as the Group builds on its vision to be a well-rounded one-stop shop for premier food items and consumables.

Meanwhile, continuing its CSR efforts, the Group will engage in a series of beach clean-ups and donations to schools in need. It will also seek out ways to increase the role it plays in alleviating major environmental and social issues.

Everything Fresh is determined to keep its head in the game to deliver better value for its investors. During uncertain economic times, the Group will continue to invest in its teams, projects, and overall vision towards delivering consistent growth that all stakeholders and shareholders can be proud of.

In summary, in the much-anticipated financial year of 2023, Everything Fresh will earnestly continue its mission of ensuring that the business persists in its service of offering superior quality fresh produce and specialty foods that drive profitability and build an outstanding reputation.



AUDITED FINANCIAL STATEMENTS

The Group also experienced favourable sales in lamb in 2022.



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P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Everything Fresh Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Everything Fresh Limited set out on pages 8 to 61, which comprise the group and the company's statements of financial position at 31 December 2022, and the group and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

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

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

Key Audit Matters

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

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

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p>Expected credit losses on trade receivables</p> <p><i>See notes 3 (m)(iv) and 5 (c)(ii) to the financial statements for management's disclosures of related accounting policies</i></p> <p>As at 31 December 2022, trade receivables, net of provision for credit losses amounted to \$316 million or 25% of total assets of the group. An impairment provision of \$2.6 million has been recognized by the group.</p> <p>The adequacy of the provision for credit losses on the group's trade receivables involves a high degree of estimation and judgement. The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience.</p> <p>Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.</p> <p>The estimates involve increased judgment as a result of the economic impacts of COVID-19.</p> <p>Management considered the following:</p> <ol 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 group's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard.</p> <p>This was achieved by:</p> <ol style="list-style-type: none"> 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. <p>Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p>Transactions with related parties</p> <p><i>See note 20 to the financial statements for management's disclosures of related accounting policies</i></p> <p>A significant portion of the foreign purchases are made from a related party and as such these transactions could present a risk if not conducted at arm's length.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1. We verified that the transactions were approved in accordance with internal procedures including involvement of key personnel at the appropriate level; 2. We verified a sample of the purchases from the related party to determine that the transactions were made at reasonable market prices. <p>Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>
<p>Impairment Assessment of Goodwill</p> <p><i>See notes 3(e), 4 and 16 of the consolidated financial statements</i></p> <p>The carrying value of the group's goodwill may not be recoverable due to changes in the business and economic environment in which the subsidiary operates. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.</p> <p>Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at 31 December 2022.</p> <p>We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation, is sensitive to changes in key assumptions and due to the challenges involved in determining the impact of COVID-19 on those key assumptions.</p>	<p>Management's impairment assessment was tested by performing the following procedures, amongst others:</p> <ol style="list-style-type: none"> 1. We obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the value in use of each cash generating unit (CGU). 2. We compared management's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth (including the impact of COVID-19), competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. 3. We tested management's impairment testing model calculations for mathematical accuracy. <p>Based on the audit procedures performed, no adjustments were made to the financial statements.</p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

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

Other Information

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

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

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

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

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

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

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

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

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

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

Report on additional matters as required by the Jamaican Companies Act

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

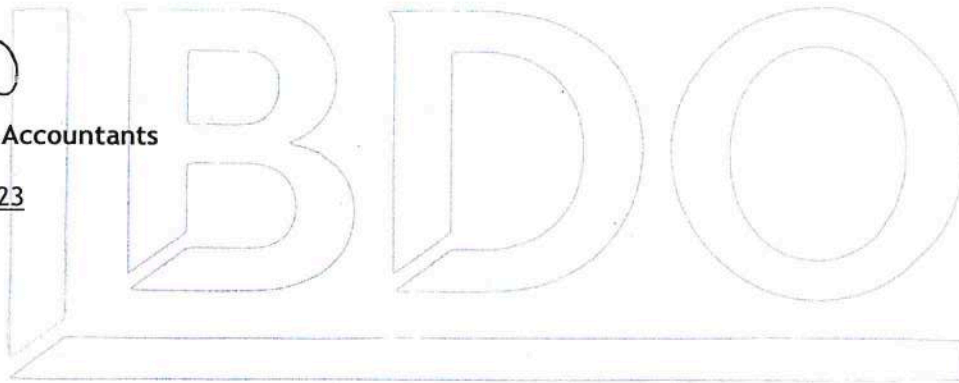
In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

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

A handwritten signature in black ink, appearing to be 'D. Hobson'.

Chartered Accountants

1 March 2023



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

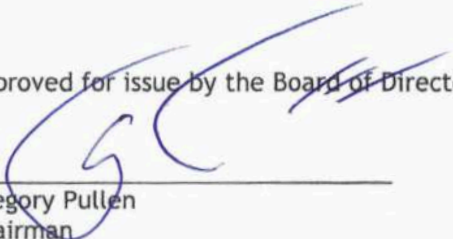
	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
REVENUE	7	2,638,943	1,614,806
COST OF SALES		<u>(2,102,724)</u>	<u>(1,271,339)</u>
GROSS PROFIT		536,219	343,467
Other operating income	8	<u>5,829</u>	<u>9,878</u>
		<u>542,048</u>	<u>353,345</u>
EXPENSES:			
Administrative and other expenses		(397,941)	(334,700)
Selling and promotion expenses		<u>(52,697)</u>	<u>(18,978)</u>
		<u>(450,638)</u>	<u>(353,678)</u>
OPERATING PROFIT/(LOSS)		91,410	(333)
Finance costs	11	<u>(43,254)</u>	<u>(27,250)</u>
PROFIT/(LOSS) BEFORE TAXATION		48,156	(27,583)
Taxation	12	<u>-</u>	<u>-</u>
NET PROFIT/(LOSS) FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	13	<u>48,156</u>	<u>(27,583)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Stockholders of the parent		42,575	(33,511)
Non-controlling interest	26	<u>5,581</u>	<u>5,928</u>
		<u>48,156</u>	<u>(27,583)</u>
EARNINGS PER STOCK UNIT	14	<u>5.46¢</u>	<u>(4.30¢)</u>


Consolidated Statement of Financial Position

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	120,088	126,597
Intangible assets	16	85,574	86,103
Right-of-use assets	17	53,930	79,041
Deferred taxation	18	<u>16,782</u>	<u>16,782</u>
		<u>276,374</u>	<u>308,523</u>
CURRENT ASSETS:			
Inventories	21	541,320	307,765
Receivables	22	359,037	260,450
Related parties	20(c)	10,763	9,780
Taxation recoverable		506	485
Cash and short term deposit	23	<u>73,984</u>	<u>60,207</u>
		<u>985,610</u>	<u>638,687</u>
		<u>1,261,984</u>	<u>947,210</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	24	364,850	364,850
Retained earnings	25	<u>513</u>	<u>(39,737)</u>
Equity attributable to shareholders of the parent		365,363	325,113
Non-controlling interest	26	<u>(2,429)</u>	<u>(11,379)</u>
		<u>362,934</u>	<u>313,734</u>
NON-CURRENT LIABILITIES:			
Borrowings	27	108,603	55,633
Lease liabilities	17(b)	<u>29,531</u>	<u>52,135</u>
		<u>138,134</u>	<u>107,768</u>
CURRENT LIABILITIES:			
Borrowings	27	314,617	207,780
Payables	28	415,251	280,376
Lease liabilities - current portion	17(b)	<u>31,048</u>	<u>37,552</u>
		<u>760,916</u>	<u>525,708</u>
		<u>1,261,984</u>	<u>947,210</u>

Approved for issue by the Board of Directors on 1 March 2023 and signed on its behalf by:


 Gregory Pullen
 Chairman


 Courtney Pullen
 Managing Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2022 (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>Non- Controlling Interest \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 JANUARY 2021		<u>780,000</u>	<u>364,850</u>	<u>(6,226)</u>	<u>-</u>	<u>358,624</u>
TRANSACTION WITH OWNERS						
Non-controlling interest at acquisition 1 June 2021	30	-	-	-	(17,307)	(17,307)
Net loss for the year		<u>-</u>	<u>-</u>	<u>(33,511)</u>	<u>5,928</u>	<u>(27,583)</u>
		<u>-</u>	<u>-</u>	<u>(33,511)</u>	<u>(11,379)</u>	<u>(44,890)</u>
BALANCE AT 31 DECEMBER 2021		<u>780,000</u>	<u>364,850</u>	<u>(39,737)</u>	<u>(11,379)</u>	<u>313,734</u>
TOTAL COMPREHENSIVE INCOME						
Change in ownership interest in subsidiary		-	-	(2,325)	3,369	1,044
Net profit for the year		<u>-</u>	<u>-</u>	<u>42,575</u>	<u>5,581</u>	<u>48,156</u>
		<u>-</u>	<u>-</u>	<u>40,250</u>	<u>8,950</u>	<u>49,200</u>
BALANCE AT 31 DECEMBER 2022		<u>780,000</u>	<u>364,850</u>	<u>513</u>	<u>(2,429)</u>	<u>362,934</u>

Consolidated Statement of Cash Flow

Year ended 31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss) for the year		48,156	(27,583)
Adjustments for:			
Unrealised foreign exchange (gains)/losses		(940)	7,135
Impairment allowance		4,290	(4,030)
Depreciation	15	21,429	22,401
Depreciation-right-of-use assets	17(a)	35,458	26,424
Amortisation	16	882	2,762
Gain on the disposal of property, plant and equipment	8	(186)	(1,514)
Interest income	8	(82)	(42)
Interest expense	11	33,965	18,786
Interest-right-of-use assets	11	<u>6,711</u>	<u>7,709</u>
		149,683	52,048
Changes in operating assets and liabilities:			
Inventories		(239,544)	11,073
Receivables		(102,836)	(40,038)
Payables		138,845	(22,215)
Related parties		<u>(983)</u>	<u>3,755</u>
Cash (used in)/provided by operating activities		<u>(54,835)</u>	<u>4,623</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		82	42
Cash flow from acquisition of subsidiary	30	-	7,593
Purchase of shares in subsidiary		(155)	-
Proceeds from disposal of property, plant and equipment		500	13,710
Purchase of property, plant and equipment		(15,403)	(9,006)
Purchase of Intangible asset	16	<u>(353)</u>	<u>-</u>
Cash (used in)/provided by investing activities		<u>(15,329)</u>	<u>12,339</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(32,550)	(18,786)
Loans received	23	503,536	248,292
Loan repayments	23	(339,632)	(245,723)
Lease payments	17(b)	<u>(46,088)</u>	<u>(29,690)</u>
Cash provided by/(used in) financing activities		<u>85,266</u>	<u>(45,907)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		15,102	(28,945)
Exchange (loss)/gain on foreign cash balance		(530)	1,340
Cash and cash equivalents at beginning of year		<u>(18,852)</u>	<u>8,753</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	<u>(4,280)</u>	<u>(18,852)</u>

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
REVENUE	7	2,085,708	1,300,227
COST OF SALES		<u>(1,667,298)</u>	<u>(1,029,800)</u>
GROSS PROFIT		418,410	270,427
Other operating income	8	<u>2,973</u>	<u>9,878</u>
		<u>421,383</u>	<u>280,305</u>
EXPENSES:			
Administrative and other expenses		(320,462)	(279,732)
Selling and promotion expenses		<u>(29,606)</u>	<u>(18,978)</u>
		<u>(350,068)</u>	<u>(298,710)</u>
OPERATING PROFIT/(LOSS)		71,315	(18,405)
Finance costs	11	<u>(38,906)</u>	<u>(23,999)</u>
PROFIT/(LOSS) BEFORE TAXATION		32,409	(42,404)
Taxation	12	<u>-</u>	<u>-</u>
NET PROFIT/(LOSS) FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	13	<u>32,409</u>	<u>(42,404)</u>

Statement of Financial Position

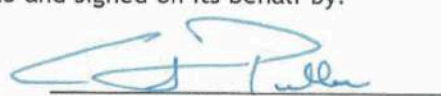
31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	113,076	117,935
Intangible assets	16	453	982
Right-of-use assets	17(a)	46,531	53,383
Deferred taxation	18	16,782	16,782
Investment in subsidiary	19	<u>59,248</u>	<u>59,093</u>
		<u>236,090</u>	<u>248,175</u>
CURRENT ASSETS:			
Inventories	21	480,706	256,239
Receivables	22	310,225	214,741
Related parties	20(c)	10,763	9,780
Taxation recoverable		505	485
Cash and short term deposit	23	<u>61,291</u>	<u>49,229</u>
		<u>863,490</u>	<u>530,474</u>
		<u>1,099,580</u>	<u>778,649</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY:			
Share capital	24	364,850	364,850
Retained earnings	25	(16,221)	(48,630)
		<u>348,629</u>	<u>316,220</u>
NON-CURRENT LIABILITIES:			
Borrowings	27	108,603	55,633
Lease liabilities	17(b)	<u>29,531</u>	<u>43,293</u>
		<u>138,134</u>	<u>98,926</u>
CURRENT LIABILITIES:			
Borrowings	27	314,617	207,780
Payables	28	275,246	138,238
Related party	20(c)	574	574
Lease liabilities - current portion	17(b)	<u>22,380</u>	<u>16,911</u>
		<u>612,817</u>	<u>363,503</u>
		<u>1,099,580</u>	<u>778,649</u>

Approved for issue by the Board of Directors on 1 March 2023 and signed on its behalf by:



 Gregory Pullen
 Chairman



 Courtney Pullen
 Managing Director

EVERYTHING FRESH LIMITED

Statement of Changes in Equity

Year ended 31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

	<u>No. of Shares '000</u>	<u>Share Capital \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 JANUARY 2021	780,000	364,850	(6,226)	358,624
TOTAL COMPREHENSIVE INCOME				
Net loss for the year	<u>-</u>	<u>-</u>	<u>(42,404)</u>	<u>(42,404)</u>
BALANCE AT 31 DECEMBER 2021	780,000	364,850	(48,630)	316,220
TOTAL COMPREHENSIVE INCOME				
Net profit for the year	<u>-</u>	<u>-</u>	<u>32,409</u>	<u>32,409</u>
BALANCE AT 31 DECEMBER 2022	<u>780,000</u>	<u>364,850</u>	<u>(16,221)</u>	<u>348,629</u>

Statement of Cash Flows

Year ended 31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss) for the year		32,409	(42,404)
Adjustments for:			
Unrealised foreign exchange (gains)/losses		(940)	7,136
Impairment allowance		(691)	(2,555)
Depreciation	15	19,948	20,953
Depreciation-right-of-use assets	17(a)	17,701	15,859
Amortisation	16	882	2,762
Gain on the disposal of property plant and equipment	8	(186)	(1,514)
Interest income	8	(82)	(42)
Interest expense	11	31,640	18,786
Interest-right-of-use assets	11	<u>4,687</u>	<u>4,458</u>
		105,368	23,439
Changes in operating assets and liabilities:			
Inventories		(224,467)	1,979
Receivables		(99,402)	(50,896)
Payables		138,135	14,118
Related parties		<u>(983)</u>	<u>3,754</u>
Cash used in operating activities		<u>(81,349)</u>	<u>(7,606)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		82	42
Cash flow from acquisition of subsidiary		(155)	-
Proceeds from disposal of property, plant and equipment		500	13,710
Purchase of property, plant and equipment	15	(15,403)	(9,006)
Purchase of intangible asset	16	<u>(353)</u>	<u>-</u>
Cash (used in)/provided by investing activities		<u>(15,329)</u>	<u>4,746</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(30,225)	(18,786)
Loans received	23	503,536	248,292
Loan repayments	23	(339,632)	(245,723)
Lease payments	17(b)	<u>(23,828)</u>	<u>(20,846)</u>
Cash provided by/(used in) financing activities		<u>109,851</u>	<u>(37,063)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		13,173	(39,923)
Exchange (loss)/gain on foreign cash balance		(316)	1,340
Cash and cash equivalents at beginning of year		<u>(29,830)</u>	<u>8,753</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	<u>(16,973)</u>	<u>(29,830)</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

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

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

2. REPORTING CURRENCY:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

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

(a) Basis of preparation

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

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

Notes to the Financial Statements

31 December 2022 (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 group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following amendments are relevant to its operations:

Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the group.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the group.

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The group will apply this amendment to future business combinations.

Annual Improvements 2018-2021, (effective for accounting periods beginning on or after 1 January 2022). The IASB issued its Accounting Improvements to IFRSs 2018-2021 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', in which illustrative example 13 was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

Notes to the Financial Statements

31 December 2022 (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 (cont'd)

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

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver 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 group.

(b) Basis of consolidation

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

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

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

The group uses the audited financial statements of its subsidiary, Everything Fresh Bahamas Limited at 31 December 2022 for the purpose of consolidation.

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Foreign currency translation

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

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

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

(d) Property, plant and equipment

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

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

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

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Intangible assets

Goodwill

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

Computer software

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

Brand

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

(f) Inventories

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

(g) Right-of-use asset

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

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

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

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Leases

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

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

The lease term determined by the group comprises:

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

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Leases (cont'd)

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

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

(i) Revenue recognition

Sale of goods

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

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

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

Interest income

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Impairment of non-current assets

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

(k) Current and deferred income taxes

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

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

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

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Employee benefits

Defined contribution plan

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

(m) Financial instruments

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

Financial assets

(i) Recognition and derecognition

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

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

(ii) Classification

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Recognition and derecognition (cont'd)

(iii) Measurement category

Amortised cost

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

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

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

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments (cont'd)

Financial assets (cont'd)

(iv) Impairment

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

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

Financial liabilities

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

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

(n) Share capital

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

(o) Dividend distribution

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(p) Borrowings

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

(q) Segment reporting

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

(r) Related parties

A party is related to the group, if:

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

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

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

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

(b) Key sources of estimation uncertainty

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

(i) Allowance for impairment losses on trade receivables

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

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

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

(ii) Income taxes

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

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

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

(iii) Depreciable assets

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

(iv) Net realizable value of inventories

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

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

(v) Assessment of goodwill

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

5. FINANCIAL RISK MANAGEMENT:

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

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

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

(a) Principal financial instruments

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

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

(b) Financial instruments by category

Financial assets

	<u>Amortised cost</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and short term deposit	73,984	60,207	61,291	49,229
Due from related parties	10,763	9,780	10,763	9,780
Receivables	<u>339,671</u>	<u>257,785</u>	<u>291,283</u>	<u>213,659</u>
Total financial assets	<u>424,418</u>	<u>327,772</u>	<u>363,337</u>	<u>272,668</u>

Financial liabilities

	<u>Amortized cost</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Payables	407,734	262,255	267,729	130,719
Borrowings	423,220	263,413	423,220	263,413
Lease liabilities	<u>60,579</u>	<u>89,687</u>	<u>51,911</u>	<u>60,204</u>
Total financial liabilities	<u>891,533</u>	<u>615,355</u>	<u>742,860</u>	<u>454,336</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

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

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

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

(i) Market risk

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

Currency risk

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

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

Notes to the Financial Statements

31 December 2022 (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 group is exposed to foreign currency risk in respect of US and Bahamian dollar as follows:

	The Group	
	US J\$'000	BSD J\$'000
31 December 2022		
Financial assets:		
Cash and bank balances	186,011	12,693
Receivables	<u>32,067</u>	<u>48,388</u>
Total financial assets	<u>218,078</u>	<u>61,081</u>
Financial liabilities:		
Payables	(255,775)	(140,005)
Borrowings	(216,176)	-
Lease liabilities	<u>(51,912)</u>	<u>(8,668)</u>
Total financial liabilities	<u>(523,863)</u>	<u>(148,673)</u>
Net financial position	<u>(305,785)</u>	<u>(87,592)</u>
31 December 2021		
Total financial assets	167,515	55,104
Total financial liabilities	<u>(240,837)</u>	<u>(105,915)</u>
Net financial position	<u>(73,322)</u>	<u>50,811</u>

Notes to the Financial Statements

31 December 2022 (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 (cont'd)

	The Company
	<u>US</u> <u>J\$'000</u>
31 December 2022	
Financial assets:	
Receivables	186,011
Cash and bank balances	<u>32,067</u>
Total financial assets	<u>218,078</u>
Financial liabilities:	
Payables	(255,775)
Borrowings	(216,176)
Lease liabilities	(51,912)
Total financial liabilities	<u>(523,863)</u>
Net financial position	<u>(305,785)</u>
31 December 2021	
Total financial assets	167,515
Total financial liabilities	<u>(240,837)</u>
Net financial position	<u>(73,322)</u>

Foreign currency sensitivity

The following table indicates the sensitivity of loss before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated receivables, cash and bank balances, borrowings, lease liabilities and payable balances, and adjusts their translation at the year-end for 4% (2021 - 8%) depreciation and a 1% (2021 - 2%) appreciation of the Jamaican dollar against the US dollar and Bahamian dollar. The changes below would have no impact on other components of equity.

Notes to the Financial Statements

31 December 2022 (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)

Foreign currency sensitivity (cont'd)

The Group				
<u>Currency</u>	<u>% Change in Currency Rate 2022</u>	<u>Effect on Profit before Taxation 2022 \$'000</u>	<u>% Change in Currency Rate 2021</u>	<u>Effect on Loss before Taxation 2021 \$'000</u>
USD	-4	(12,231)	-8	5,866
USD	+1	3,058	+2	(1,466)
BSD	-4	(3,504)	-8	8,473
BSD	<u>+1</u>	<u>876</u>	<u>+2</u>	<u>(2,118)</u>

The Company				
<u>Currency</u>	<u>% Change in Currency Rate 2022</u>	<u>Effect on Profit before Taxation 2022 \$'000</u>	<u>% Change in Currency Rate 2021</u>	<u>Effect on Loss before Taxation 2021 \$'000</u>
USD	-4	(12,231)	-8	5,866
USD	<u>+1</u>	<u>3,058</u>	<u>+2</u>	<u>(1,466)</u>

Price risk

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

Notes to the Financial Statements

31 December 2022 (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 group to cash flow interest rate risk, whereas fixed rate instruments expose the group to fair value interest rate risk.

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

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

Interest rate sensitivity

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

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

A 1% increase/0.5% decrease (2021 - 3% increase/0.5% decrease) in interest rates on Jamaican long term borrowings and credit cards would result in a \$2,103,000 increase and \$1,051,500 decrease (2021 -\$4,645,000 increase/\$774,000 decrease) in the operating results of the group.

(ii) Credit risk

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

Maximum exposure to credit risk

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

Cash and bank balances and short term deposit

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

Notes to the Financial Statements

31 December 2022 (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 group's primary operations are done on a credit basis. The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

Expected credit losses on trade receivables

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

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

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

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

Notes to the Financial Statements

31 December 2022 (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)

Expected credit losses on trade receivables (cont'd)

<u>The Group</u> <u>2021</u>			
<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
Current (not past due)	7,340	2.4	179
1 - 30 days	211,872	0.4	945
31 - 60 days	17,805	1.4	264
61 - 90 days	5,063	4.2	211
91 days and over	<u>15,386</u>	12.3	<u>1,895</u>
Total	<u>257,466</u>		<u>3,494</u>

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

Notes to the Financial Statements

31 December 2022 (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)

Expected credit losses on trade receivables (cont'd)

<u>Aging</u>	<u>The Company</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)	167	0.6	1
1 - 30 days	186,174	0.4	669
31 - 60 days	14,851	0.8	116
61 - 90 days	4,518	3.5	157
91 days and over	<u>9,620</u>	7.7	<u>740</u>
Total	<u>215,330</u>		<u>1,683</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 1 January	3,494	4,238	1,683	4,238
Acquisition through business combination	-	3,286	-	-
Adjustment for- Translation adjustment	(36)	-	-	-
Provision for expected credit losses	<u>(775)</u>	<u>(4,030)</u>	<u>(691)</u>	<u>(2,555)</u>
At 31 December	<u>2,683</u>	<u>3,494</u>	<u>992</u>	<u>1,683</u>
Recovered during the year	(606)	(4,030)	(691)	(2,555)
Receivables written off as uncollectable	<u>11,137</u>	<u>786</u>	<u>7,487</u>	<u>2,280</u>
Expected credit losses reported in profit or loss	<u>10,531</u>	<u>(3,244)</u>	<u>6,796</u>	<u>(275)</u>

(iii) Liquidity risk

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

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

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

Cash flows of financial liabilities

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

	The Group			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
31 December 2022				
Borrowings - long term	32,607	123,447	-	156,054
Borrowings - short term	291,137	-	-	291,137
Payables	393,427	-	-	393,427
Lease liabilities	<u>31,997</u>	<u>42,954</u>	<u>-</u>	<u>74,951</u>
Total financial liabilities (contractual maturity dates)	<u>749,168</u>	<u>166,401</u>	<u>-</u>	<u>915,569</u>
31 December 2021				
Borrowings - long term	75,812	89,725	11,092	176,629
Borrowings - short term	108,561	-	-	108,561
Payables	262,255	-	-	262,255
Lease liabilities	<u>43,852</u>	<u>41,518</u>	<u>16,367</u>	<u>101,737</u>
Total financial liabilities (contractual maturity dates)	<u>490,480</u>	<u>131,243</u>	<u>27,459</u>	<u>649,182</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

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

	The Company			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
31 December 2022				
Borrowings - long term	32,607	123,447	-	156,054
Borrowings - short term	291,137	-	-	291,137
Payables	267,729	-	-	267,729
Lease liabilities	<u>23,329</u>	<u>42,954</u>	<u>-</u>	<u>66,283</u>
Total financial liabilities (contractual maturity dates)	<u>614,802</u>	<u>166,401</u>	<u>-</u>	<u>781,203</u>
31 December 2021				
Borrowings - long term	75,812	89,725	11,092	176,629
Borrowings - short term	108,561	-	-	108,561
Payables	130,719	-	-	130,719
Lease liabilities	<u>21,147</u>	<u>32,058</u>	<u>16,367</u>	<u>69,572</u>
Total financial liabilities (contractual maturity dates)	<u>336,239</u>	<u>121,783</u>	<u>27,459</u>	<u>485,481</u>

(d) Capital management

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

6. SEGMENT REPORTING:

The group 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. The meat plant division was closed on 30 April 2021. 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.

	The Group			
	<u>2022</u>			
	<u>Trading Division \$'000</u>	<u>Jamaica Meat Plant Division \$'000</u>	<u>Bahamas Trading Division \$'000</u>	<u>Total \$'000</u>
Revenue	2,085,708	-	553,235	2,638,943
Cost of sales	(1,667,298)	-	(435,426)	(2,102,724)
	<u>418,410</u>	<u>-</u>	<u>117,809</u>	<u>536,219</u>
Other income	<u>2,973</u>	<u>-</u>	<u>2,856</u>	<u>5,829</u>
Administrative and selling expenses	(350,068)	-	(100,570)	(450,638)
Finance costs	(38,906)	-	(4,348)	(43,254)
	<u>(388,974)</u>	<u>-</u>	<u>(104,918)</u>	<u>(493,892)</u>
Profit before taxation for the year	<u>32,409</u>	<u>-</u>	<u>15,747</u>	<u>48,156</u>
Attributable to:				
Stockholders of the parent	32,409	-	10,166	42,575
Non-controlling interest	-	-	5,581	5,581
	<u>32,409</u>	<u>-</u>	<u>15,747</u>	<u>48,156</u>
Segment assets ⁽¹⁾				
Non-current assets	245,181	-	14,411	259,592
Current assets	<u>862,182</u>	<u>-</u>	<u>123,428</u>	<u>985,610</u>
	<u>1,107,363</u>	<u>-</u>	<u>137,839</u>	1,245,202
Unallocated assets				<u>16,782</u>
Total assets				<u>1,261,984</u>
Segment liabilities				
Non-current liabilities	138,134	-	-	138,134
Current liabilities	<u>610,934</u>	<u>-</u>	<u>149,982</u>	<u>760,916</u>
Total liabilities	<u>749,068</u>	<u>-</u>	<u>149,982</u>	<u>899,050</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

6. SEGMENT REPORTING (CONT'D):

	The Group			
	<u>2021</u>			
	<u>Jamaica Trading Division \$'000</u>	<u>Jamaica Meat Plant Division \$'000</u>	<u>Bahamas Trading Division \$'000</u>	<u>Total \$'000</u>
Revenue	1,277,920	22,307	314,579	1,614,806
Cost of sales	(1,008,751)	(21,049)	(241,539)	(1,271,339)
	<u>269,169</u>	<u>1,258</u>	<u>73,040</u>	<u>343,467</u>
Other income	<u>1,556</u>	<u>8,322</u>	<u>-</u>	<u>9,878</u>
Administrative and selling expenses	(264,098)	(34,612)	(54,968)	(353,678)
Finance costs	(22,539)	(1,460)	(3,251)	(27,250)
	<u>(286,637)</u>	<u>(36,072)</u>	<u>(58,219)</u>	<u>(380,928)</u>
(Loss)/profit before taxation for the year	<u>(15,912)</u>	<u>(26,492)</u>	<u>14,821</u>	<u>(27,583)</u>
Attributable to:				
Stockholders of the parent	(15,912)	(26,492)	8,893	(33,511)
Non-controlling interest	<u>-</u>	<u>-</u>	<u>5,928</u>	<u>5,928</u>
	<u>(15,912)</u>	<u>(26,492)</u>	<u>14,821</u>	<u>(27,583)</u>
Segment assets ⁽¹⁾				
Non-current assets	192,278	65,143	34,320	291,741
Current assets	<u>529,900</u>	<u>-</u>	<u>108,787</u>	<u>638,687</u>
	<u>722,178</u>	<u>65,143</u>	<u>143,107</u>	<u>930,428</u>
Unallocated assets				<u>16,782</u>
Total assets				<u>947,210</u>
Segment liabilities				
Non-current liabilities	90,459	8,467	8,842	107,768
Current liabilities	<u>353,960</u>	<u>9,035</u>	<u>162,713</u>	<u>525,708</u>
Total liabilities	<u>444,419</u>	<u>17,502</u>	<u>171,555</u>	<u>633,476</u>

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

	<u>2022 \$'000</u>	<u>2021 \$'000</u>
Segment assets from reportable segments	-	930,428
Unallocated assets - Deferred taxation	<u>-</u>	<u>16,782</u>
	<u>-</u>	<u>947,210</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

6. SEGMENT REPORTING (CONT'D):

	The Company		
	<u>Trading</u> <u>Division</u> <u>\$'000</u>	<u>2022</u> <u>Meat Plant</u> <u>Division</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Revenue	2,085,708	-	2,085,708
Cost of sales	<u>(1,667,298)</u>	<u>-</u>	<u>(1,667,298)</u>
	<u>418,410</u>	<u>-</u>	<u>418,410</u>
Other income	<u>2,973</u>	<u>-</u>	<u>2,973</u>
Administrative and selling expenses	(350,068)	-	(350,068)
Finance costs	<u>(38,906)</u>	<u>-</u>	<u>(38,906)</u>
	<u>(388,974)</u>	<u>-</u>	<u>(388,974)</u>
Profit before taxation for the year	<u>32,409</u>	<u>-</u>	<u>32,409</u>
Segment assets ⁽¹⁾			
Non-current assets	219,308	-	219,308
Current assets	<u>863,490</u>	<u>-</u>	<u>863,490</u>
	<u>1,082,798</u>	<u>-</u>	<u>1,082,798</u>
Unallocated assets			<u>16,782</u>
Total assets			<u>1,099,580</u>
Segment liabilities			
Non-current liabilities	138,134	-	138,134
Current liabilities	<u>612,817</u>	<u>-</u>	<u>612,817</u>
Total liabilities	<u>750,951</u>	<u>-</u>	<u>750,951</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

6. SEGMENT REPORTING (CONT'D):

	The Company		
	<u>2021</u>		
	<u>Trading Division \$'000</u>	<u>Meat Plant Division \$'000</u>	<u>Total \$'000</u>
Revenue	1,277,920	22,307	1,300,227
Cost of sales	(1,008,751)	(21,049)	(1,029,800)
	<u>269,169</u>	<u>1,258</u>	<u>270,427</u>
Other income	<u>1,556</u>	<u>8,322</u>	<u>9,878</u>
Administrative and selling expenses	(264,098)	(34,612)	(298,710)
Finance costs	(22,539)	(1,460)	(23,999)
	<u>(286,637)</u>	<u>(36,072)</u>	<u>(322,709)</u>
Loss before taxation for the year	<u>(15,912)</u>	<u>(26,492)</u>	<u>(42,404)</u>
Segment assets ⁽¹⁾			
Non-current assets	166,250	65,143	231,393
Current assets	<u>530,474</u>	<u>-</u>	<u>530,474</u>
	<u>696,724</u>	<u>65,143</u>	<u>761,867</u>
Unallocated assets			<u>16,782</u>
Total assets			<u>778,649</u>
Segment liabilities			
Non-current liabilities	90,430	8,496	98,926
Current liabilities	<u>354,468</u>	<u>9,035</u>	<u>363,503</u>
Total liabilities	<u>444,898</u>	<u>17,531</u>	<u>462,429</u>

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

	<u>2022 \$'000</u>	<u>2021 \$'000</u>
Segment assets from reportable segments	-	761,867
Unallocated assets - Deferred taxation	<u>-</u>	<u>16,782</u>
	<u>-</u>	<u>778,649</u>

Notes to the Financial Statements

31 December 2022 (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.

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel	1,465,720	758,378	1,344,548	689,171
Non-hotel	<u>1,173,223</u>	<u>856,428</u>	<u>741,160</u>	<u>611,056</u>
	<u>2,638,943</u>	<u>1,614,806</u>	<u>2,085,708</u>	<u>1,300,227</u>

8. OTHER OPERATING INCOME:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	82	42	82	42
Gain on the sale of property, plant and equipment	186	1,514	186	1,514
Rental income	2,705	8,322	2,705	8,322
Other	<u>2,856</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,829</u>	<u>9,878</u>	<u>2,973</u>	<u>9,878</u>

9. EXPENSES BY NATURE:

Total direct, administrative, selling and other expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost of inventories recognised as expense	2,102,724	1,271,339	1,667,298	1,029,800
Staff costs (note 10)	239,807	192,650	196,016	164,329
Directors' fees	1,600	2,005	1,600	2,005
Transportation and motor vehicle expenses	28,919	21,917	28,919	21,831
Advertising and promotion	2,803	962	2,803	962
Legal and professional fees	10,453	8,103	4,215	3,815
Insurance	5,786	6,279	5,473	5,627
Printing and stationery	1,813	1,623	1,813	1,436
Rental	175	2,130	175	83
Utilities and postage	40,195	29,427	36,793	27,519
Security	3,710	1,746	3,710	1,746
Other warehouse expenses	21,188	6,086	1,832	1,080
Auditors' remuneration	3,058	2,350	3,058	2,350
Foreign exchange (gain)/loss	(2,315)	10,226	(2,315)	10,226
Bad debts	10,531	(3,224)	6,796	(275)
Repairs and maintenance	5,688	5,681	5,688	5,681
Depreciation	56,887	48,825	37,650	36,812
Amortisation	882	2,762	882	2,762
Other administrative expenses	<u>19,458</u>	<u>14,130</u>	<u>14,960</u>	<u>10,721</u>
	<u>2,553,362</u>	<u>1,625,017</u>	<u>2,017,366</u>	<u>1,328,510</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

9. EXPENSES BY NATURE (CONT'D):

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Cost of sales	2,102,724	1,271,339	1,667,298	1,029,800
Administrative expenses	397,941	334,700	320,462	279,732
Selling expenses	<u>52,697</u>	<u>18,978</u>	<u>29,606</u>	<u>18,978</u>
	<u>2,553,362</u>	<u>1,625,017</u>	<u>2,017,366</u>	<u>1,328,510</u>

10. STAFF COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Salaries and wages	152,987	116,135	111,148	89,620
Directors' remuneration	44,660	42,031	44,660	42,031
Statutory contributions	19,821	16,085	17,869	14,280
Pension costs (note 29)	6,411	5,104	6,411	5,104
Other	<u>15,928</u>	<u>13,295</u>	<u>15,928</u>	<u>13,294</u>
	<u>239,807</u>	<u>192,650</u>	<u>196,016</u>	<u>164,329</u>

The number of persons employed by the group at year end was 61 (2021 - 56).

11. FINANCE COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Processing fees	2,578	755	2,579	755
Interest expense -				
Bank overdraft	21	24	21	24
Loan interest	16,137	10,533	16,137	10,533
Lease liabilities (note 17(b))	6,711	7,709	4,687	4,458
Other	<u>17,807</u>	<u>8,229</u>	<u>15,482</u>	<u>8,229</u>
	<u>43,254</u>	<u>27,250</u>	<u>38,906</u>	<u>23,999</u>

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12. TAXATION:

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current taxation	-	-	-	-
Deferred tax (note 18)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit/(loss) before taxation	<u>48,156</u>	<u>(27,583)</u>	<u>32,409</u>	<u>(42,404)</u>
Taxation calculated at applicable tax rate	12,039	(6,896)	8,102	(10,601)
Different tax rates in other jurisdiction	(3,937)	(3,705)		-
Adjusted for the effects of:				
Expenses not deducted for tax purposes	11,449	16,662	11,449	16,662
Net effect of other charges and credits	<u>(19,551)</u>	<u>(6,061)</u>	<u>(19,551)</u>	<u>(6,061)</u>
Taxation charge in the income statement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

12. TAXATION (CONT'D):

(d) Remission of income tax:

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

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

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

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

13. NET PROFIT/(LOSS):

	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Dealt with in the financial statements of:		
The company	32,409	(42,404)
Subsidiary	<u>15,747</u>	<u>14,821</u>
	<u>48,156</u>	<u>(27,583)</u>
Attributable to:		
Stockholders of the parent	42,575	(33,511)
Non-controlling interest	<u>5,581</u>	<u>5,928</u>
	<u>48,156</u>	<u>(27,583)</u>

14. EARNINGS PER STOCK UNIT:

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

	<u>2022</u>	<u>2021</u>
Net profit/(loss) attributable to stockholders of the parent (\$'000)	42,575	(33,511)
Weighted average number of ordinary stocks units ('000)	<u>780,000</u>	<u>780,000</u>
Basic earnings per stock unit (¢ per share)	<u>5.46</u>	<u>(4.30)</u>

Notes to the Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT:

	<u>The Group</u>				
	<u>Warehouse Improvements</u> \$'000	<u>Cold Storage Rooms</u> \$'000	<u>Fixtures & Equipment</u> \$'000	<u>Motor Vehicles</u> \$'000	<u>Total</u> \$'000
Cost-					
1 January 2021	20,870	103,235	62,416	28,964	215,485
Additions	-	-	4,456	4,550	9,006
Acquisition through business combination (note 30)	-	-	4,380	5,435	9,815
Disposal	-	(1,519)	(11,224)	(8,510)	(21,253)
31 December 2021	20,870	101,716	60,028	30,439	213,053
Additions	13,691	299	1,413	-	15,403
Disposal	-	-	(833)	-	(833)
31 December 2022	<u>34,561</u>	<u>102,015</u>	<u>60,608</u>	<u>30,439</u>	<u>227,623</u>
Depreciation -					
1 January 2021	5,817	33,928	18,335	15,327	73,407
Charge for the year	1,734	10,595	6,387	3,685	22,401
Translation adjustment	-	-	(173)	(122)	(295)
Elimination on disposal	-	(414)	(1,973)	(6,670)	(9,057)
31 December 2021	7,551	44,109	22,576	12,220	86,456
Translation adjustment	-	-	(39)	208	169
Charge for the year	1,929	10,194	6,213	3,093	21,429
Elimination on disposal	-	-	(519)	-	(519)
31 December 2022	<u>9,480</u>	<u>54,303</u>	<u>28,231</u>	<u>15,521</u>	<u>107,535</u>
Carrying value -					
31 December 2022	<u>25,081</u>	<u>47,712</u>	<u>32,377</u>	<u>14,918</u>	<u>120,088</u>
31 December 2021	<u>13,319</u>	<u>57,607</u>	<u>37,452</u>	<u>18,219</u>	<u>126,597</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

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

	<u>The Company</u>				
	<u>Warehouse Improvements \$'000</u>	<u>Cold Storage Rooms \$'000</u>	<u>Fixtures & Equipment \$'000</u>	<u>Motor Vehicles \$'000</u>	<u>Total \$'000</u>
Cost-					
1 January 2021	20,870	103,235	62,416	28,964	215,485
Additions	-	-	4,456	4,550	9,006
Disposal	-	(1,519)	(11,224)	(8,510)	(21,253)
31 December 2021	20,870	101,716	55,648	25,004	203,238
Additions	13,691	299	1,413	-	15,403
Disposal	-	-	(833)	-	(833)
31 December 2022	<u>34,561</u>	<u>102,015</u>	<u>56,228</u>	<u>25,004</u>	<u>217,808</u>
Depreciation -					
1 January 2021	5,817	33,928	18,335	15,327	73,407
Charge for the year	1,734	10,595	5,537	3,087	20,953
Elimination on disposal	-	(414)	(1,973)	(6,670)	(9,057)
31 December 2021	<u>7,551</u>	<u>44,109</u>	<u>21,899</u>	<u>11,744</u>	<u>85,303</u>
Charge for the year	1,929	10,194	5,670	2,155	19,948
Elimination on disposal	-	-	(519)	-	(519)
31 December 2022	<u>9,480</u>	<u>54,303</u>	<u>27,050</u>	<u>13,899</u>	<u>104,732</u>
Carrying value -					
31 December 2022	<u>25,081</u>	<u>47,712</u>	<u>29,178</u>	<u>11,105</u>	<u>113,076</u>
31 December 2021	<u>13,319</u>	<u>57,607</u>	<u>33,749</u>	<u>13,260</u>	<u>117,935</u>

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31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

16. INTANGIBLE ASSETS:

	<u>The Group</u>			
	<u>Goodwill</u> <u>\$'000</u>	<u>Software</u> <u>\$'000</u>	<u>Brand</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Cost -				
1 January 2021	-	8,285	100	8,385
Acquisition through business combination (note 30)	<u>85,121</u>	<u>-</u>	<u>-</u>	<u>85,121</u>
31 December 2021	85,121	8,285	100	93,506
Additions	<u>-</u>	<u>353</u>	<u>-</u>	<u>353</u>
31 December 2022	<u>85,121</u>	<u>8,638</u>	<u>100</u>	<u>93,859</u>
Amortisation -				
1 January 2021	-	4,641	-	4,641
Charge for the year	<u>-</u>	<u>2,762</u>	<u>-</u>	<u>2,762</u>
31 December 2021	-	7,403	-	7,403
Charge for the year	<u>-</u>	<u>882</u>	<u>-</u>	<u>882</u>
31 December 2022	<u>-</u>	<u>8,285</u>	<u>-</u>	<u>8,285</u>
Carrying value -				
31 December 2022	<u>85,121</u>	<u>353</u>	<u>100</u>	<u>85,574</u>
31 December 2021	<u>85,121</u>	<u>882</u>	<u>100</u>	<u>86,103</u>

Goodwill -

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

Impairment tests for goodwill -

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

16. INTANGIBLE ASSETS (CONT'D):

	<u>The Company</u>		
	<u>Software</u> <u>\$'000</u>	<u>Brand</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Cost -			
31 December 2020 and 31 December 2021	8,285	-	8,385
Additions	<u>353</u>	<u>-</u>	<u>353</u>
31 December 2022	<u>8,638</u>	<u>100</u>	<u>8,738</u>
Amortisation -			
1 January 2021	4,641	-	4,641
Charge for the year	<u>2,762</u>	<u>-</u>	<u>2,762</u>
31 December 2021	7,403	-	7,403
Charge for the year	<u>882</u>	<u>-</u>	<u>882</u>
31 December 2022	<u>8,285</u>	<u>-</u>	<u>8,285</u>
Carrying value -			
31 December 2022	<u>353</u>	<u>100</u>	<u>453</u>
31 December 2021	<u>882</u>	<u>100</u>	<u>982</u>

The amortisation of the Brand in 2022 was not material.

17. LEASES:

(a) Right-of-use assets

	<u>The Group</u>		<u>The Company</u>	
	<u>Land and building</u>		<u>Land and building</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
1 January	79,041	69,242	53,383	69,242
Addition	10,849	-	10,849	-
Depreciation charge for the year	(35,458)	(26,424)	(17,701)	(15,859)
Translation adjustment	(502)	1,059	-	-
Acquisition through business contribution (note 30)	<u>-</u>	<u>35,164</u>	<u>-</u>	<u>-</u>
31 December	<u>53,930</u>	<u>79,041</u>	<u>46,531</u>	<u>53,383</u>

Notes to the Financial Statements

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17. LEASES (CONT'D):

(b) Lease liabilities

	<u>The Group</u>		<u>The Company</u>	
	<u>Land and building</u>		<u>Land and building</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1 January	89,687	74,743	60,204	74,743
Addition	10,848	-	10,848	-
Interest expense	6,711	7,709	4,687	4,458
Lease payments	(46,088)	(29,690)	(23,828)	(20,846)
Unrealised foreign exchange loss	-	1,849	-	1,849
Acquisition through business combination (note 30)	-	39,544	-	-
Translation adjustment	(579)	(4,468)	-	-
31 December	60,579	89,687	51,911	60,204
Less current portion	(31,048)	(37,552)	(22,380)	(16,911)
	<u>29,531</u>	<u>52,135</u>	<u>29,531</u>	<u>43,293</u>

(c) Amounts recognized in statement of profit or loss

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Depreciation - right-of-use assets	35,458	26,424	17,701	15,859
Interest on lease liability (note 11)	<u>6,711</u>	<u>7,709</u>	<u>4,687</u>	<u>4,458</u>
	<u>42,169</u>	<u>34,133</u>	<u>22,388</u>	<u>20,317</u>

(d) Contractual undiscounted cash flows maturity analysis

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

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

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

18. DEFERRED TAX:

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

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

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Net asset at beginning of year	16,782	16,782
Credited to Income Statement (note 12)	-	-
Net asset at end of year	<u>16,782</u>	<u>16,782</u>

Deferred tax asset is due to the following items:

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Deferred income tax assets/(liabilities):		
Property, plant and equipment	4,190	4,190
Right-of-use asset	(728)	(728)
Lease liability	1,955	1,955
Tax loss carried forward	<u>11,365</u>	<u>11,365</u>
	<u>16,782</u>	<u>16,782</u>

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

19. INVESTMENT IN SUBSIDIARY:

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

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

20. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Transactions between the company and its related companies				
Purchases of goods - Quality Produce & Groceries Inc.	1,436,728	927,998	1,111,774	622,976
Lease payments - Tresco Enterprise Limited	<u>22,260</u>	<u>22,705</u>	<u>-</u>	<u>-</u>
Repairs and maintenance - Tresco Enterprise Limited	<u>2,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Key management compensation				
(included in staff costs note 10):				
Key management includes executive Directors and senior managers				
Salaries and other short-term employee benefits	98,165	93,263	88,939	81,474
Directors' emoluments				
Fees	1,600	2,005	1,600	2,005
Management remuneration (included above)	<u>57,391</u>	<u>52,862</u>	<u>48,165</u>	<u>42,031</u>
(c) Year-end balances arising from transactions with related parties				
	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short term-				
Jamaica's Finest Produce Limited	3,400	3,400	3,400	3,400
Quality Investments Limited	1,187	682	1,187	682
Directors	<u>6,176</u>	<u>5,698</u>	<u>6,176</u>	<u>5,698</u>
	<u>10,763</u>	<u>9,780</u>	<u>10,763</u>	<u>9,780</u>
Included in receivables - Tresco Enterprises Limited	<u>-</u>	<u>1,892</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

31 December 2022 (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)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Due to -				
Quality Produce & Groceries Inc. (included in trade payables)	267,477	234,775	150,240	106,468
Everything Fresh Bahamas Limited	<u>-</u>	<u>-</u>	<u>574</u>	<u>574</u>

21. INVENTORIES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Goods for resale	423,597	278,124	362,983	226,598
Goods-in-transit	<u>117,723</u>	<u>29,641</u>	<u>117,723</u>	<u>29,641</u>
	<u>541,320</u>	<u>307,765</u>	<u>480,706</u>	<u>256,239</u>

22. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	318,703	257,466	272,170	215,330
Less: provision for credit losses	(2,683)	(3,494)	(992)	(1,683)
	316,020	253,972	271,178	213,647
Other receivables	<u>43,017</u>	<u>6,478</u>	<u>39,047</u>	<u>1,094</u>
	<u>359,037</u>	<u>260,450</u>	<u>310,225</u>	<u>214,741</u>

Notes to the Financial Statements

31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

23. CASH AND CASH EQUIVALENTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and short term deposit -				
Cash in hand	296	424	244	225
Local currency accounts	28,361	10,969	28,361	10,969
Foreign currency accounts	43,686	39,614	32,067	34,435
Short term deposit	<u>1,641</u>	<u>9,200</u>	<u>619</u>	<u>3,600</u>
	73,984	60,207	61,291	49,229
Short term borrowings -				
Credit card balances (note 27)	<u>(78,264)</u>	<u>(79,059)</u>	<u>(78,264)</u>	<u>(79,059)</u>
	<u>(4,280)</u>	<u>(18,852)</u>	<u>(16,973)</u>	<u>(29,830)</u>

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

Interest rate exposure

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>%</u>	<u>%</u>
Weighted average interest rate -		
Bank account - local	0.15	0.15
Bank accounts - foreign	0.07	0.07
Short term deposit	<u>0.99</u>	<u>0.99</u>

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

Amounts represent bank loans, excluding credit card balances.

	<u>The Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
At 1 January	184,354	176,589
Cash -		
Loans received	503,536	248,292
Loans repaid	(339,632)	(245,723)
Non-cash -		
Foreign exchange (gain)/loss	<u>(3,302)</u>	<u> 5,196</u>
At 31 December (note 27)	<u>344,956</u>	<u>184,354</u>

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24.	SHARE CAPITAL:	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
	Authorised - 1,000,000,000 (Ordinary shares of no par value)		
	Stated capital - Issued and fully paid - 780,000,000 ordinary shares of no par value	<u>364,850</u>	<u>364,850</u>
25.	RETAINED EARNINGS:	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
	Reflected in the financial statements of:		
	The Company	(16,221)	(48,630)
	Subsidiary	<u>16,734</u>	<u>8,893</u>
		<u>513</u>	<u>(39,737)</u>
26.	NON-CONTROLLING INTEREST:		
	The table below shows the summarised financial information for Everything Fresh Bahamas Limited that has non-controlling interest:		
		<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
	Statement of financial position		
	Total assets	137,839	143,107
	Total liabilities	<u>(149,983)</u>	<u>(171,555)</u>
	Net liabilities	<u>(12,144)</u>	<u>(28,448)</u>
	Attributable to non-controlling interest	<u>(2,429)</u>	<u>(11,379)</u>
	Statement of comprehensive income		
	Revenue	<u>(553,235)</u>	<u>(314,579)</u>
	Profit for the period, being total comprehensive income	<u>15,747</u>	<u>(14,821)</u>
	Profit attributable to non-controlling interest	<u>5,581</u>	<u>5,928</u>

Notes to the Financial Statements

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27. BORROWINGS:

	<u>The Group and the Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Composition of borrowings		
Long term -		
Jamaica Money Market Brokers Limited		
Long term portion	130,000	73,130
Less: Current portion	(22,824)	(19,576)
	<u>107,176</u>	<u>53,554</u>
First Global Bank Limited		
Long term portion	2,083	2,682
Less: Current portion	(656)	(603)
	<u>1,427</u>	<u>2,079</u>
	<u>108,603</u>	<u>55,633</u>
Short term -		
Credit card balances (note 23)	<u>78,264</u>	<u>79,059</u>
Other loans		
(i) First Global Bank Limited	213,529	109,145
(ii) Jamaica Money Market Brokers Limited	<u>22,824</u>	<u>19,576</u>
	<u>236,353</u>	<u>128,721</u>
	<u>314,617</u>	<u>207,780</u>

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

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

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31 December 2022 (Stated in Jamaican dollars unless otherwise indicated)

27. BORROWINGS (CONT'D):

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

28. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Trade payables	384,434	258,327	258,736	126,791
Other accounts payable and accrued charges	<u>30,817</u>	<u>22,049</u>	<u>16,510</u>	<u>11,447</u>
	<u>415,251</u>	<u>280,376</u>	<u>275,246</u>	<u>138,238</u>

29. PENSION PLAN:

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

The plan is funded by the company's and employees' contributions. The company's contributions to the plan are expensed and amounted to \$6,411,000 for the year (2021 - \$5,104,000).

30. BUSINESS COMBINATION:

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

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

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

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30. BUSINESS COMBINATION (CONT'D):

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

	<u>\$'000</u>
Net liabilities arising on the acquisition:	
Cash and cash equivalents	7,593
Inventories	30,328
Receivables	51,834
Right-of-use assets	35,164
Property, plant and equipment	9,815
Lease liabilities	(39,544)
Payables	<u>(138,525)</u>
Fair value of net liabilities acquired	<u>(43,335)</u>
Non-controlling interest (note 26)	<u>(17,307)</u>
Goodwill (note 16)	<u>85,121</u>
Purchase consideration settled in cash	-
Cash and cash equivalents in business acquired	<u>7,593</u>
Cash inflow on acquisition	<u>7,593</u>

31. IMPACT OF COVID-19:

The COVID-19 pandemic is now effectively over.

The Hotel Industry began to turnaround by the end of 2021, and was fully recovered throughout 2022.

The increased activity in 2022 has resulted in the Company maintaining higher levels of working capital to meet the demands of the reopened economy and the resulting increase in sales.



EVERYTHING FRESH

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