Becoming **BETTER**
at what we do BEST.

BELIEVE IN BETTER

2022 ANNUAL REPORT

DERRIMON
TRADING CO. LTD.

Our story is anything but ordinary, which is why every day, we strive to become better at what we do best. Providing you and your families with a wide variety of products and services that contribute to enriching your lives.

Our dedicated team, loyal suppliers and partners, give of themselves every day to ensure that we deliver on this promise and commitment to you. At Derrimon, we **Believe in Better** - better products and services, better corporate governance, better partnerships, and better community and stakeholder relations - because better starts with us serving you!

MISSION: To provide a wide portfolio of products and services that will add value for our customers and suppliers. We will accomplish this through the empowerment of our staff, encouraging innovation and rewarding productivity in our drive to become a world class company.

VISION: Through God's guidance to become a major company with world class performance standards, demonstrating the highest levels of integrity in all business practices and interactions with customers, suppliers, employees and the society at large.

VALUES:

- Our Word is our bond
- We go the extra mile for all our stakeholders with a spirit of Love
- We are always transparent
- We work together to achieve our goals
- We accept responsibility
- We display the highest ethical standards at all times
- We strive for Excellence in all that we do
- We understand that actions speak louder than words.
  So, at Derrimon we inspire trust.
- We keep it simple.
- We are open and inclusive.
- We tell it like it is.
- We lead from the head and the heart.
- We discuss. We decide. We deliver.

CHAIRMAN'S REPORT

Valued Shareholders, on behalf of the Board of Directors, I am pleased to present you with Derrimon Trading Company Limited's Annual Report for the financial year ended December 31, 2022. As we look forward to our upcoming 25th year in operation, I would like to take time to reflect on the past year's achievements and comment on what is to come.

We continue to diversify our business model with the strategic expansion of our retail businesses. The opening of our long awaited 41,000 square feet state of the art retail hub in central Jamaica was a proud moment for our team members, vendors and customers alike. Select Grocers, Millennium Mall created a showplace for both brands and small businesses as well as expanded our footprint to 9 locations, Sampars and Select Grocers combined. Furthermore, I must commend our team's agility, for despite many challenges, they persevered to improve and transform this location, all with our "Customers at Heart".

Our corporate brand, Derrimon, received a refresh with the launch of an updated website, slogan and brand-new look and feel. The timing couldn't have been more perfect as we increased visibility and rolled out our renovated brand, Delect. Derrimon's motto of "Believe in Better" paired with Delect's slogan "Better from the Heart", creates a synergy which will continue to feed into each for years to come.

As we navigated the perpetual changes to our business landscape and consumers trends, DTL Group saw a new record revenue of $18.4 billion and net profit of $618 million. This was achieved through the assiduous execution of our strategies by our committed team members. Our expectation now is to build on this achievement with heavy emphasis on product innovation and keen focus on initiatives to enhance efficiency and customer satisfaction. We believe that such an approach will increase the value delivered to our customers from their interaction with us.

"I must commend our team's agility, despite many challenges..."

The Group has been very blessed and as we take our voyage through our new financial year in 2023 we know that unpredictable hurdles may arise. However, the skillsets from our human resource talent as well as the support given to us by our partners provides a level of confidence that 2023 will be year of new milestones for our Group.

We are grateful for the tremendous support given to us over the years and remain excited for what the near future holds.

Derrick Cotterell
Chairman & Chief Executive Officer

CONTENTS

NOTICE OF THE ANNUAL GENERAL MEETING

DERRIMON TRADING COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of DERRIMON TRADING COMPANY LIMITED (the "Company") will be held on September 27, 2023 at 10:00 a.m. at the Terra Nova All-Suite Hotel to consider, and if thought fit, to pass the following resolutions:-

Ordinary Business: Resolutions 1-4

1. **To receive the Audited Accounts for the year ended 31 December 2022.**

   Resolution 1 – Audited Accounts

   "THAT the Audited Accounts for the year ended 31 December 2022 together with the reports of the Directors and Auditors thereon be and are hereby adopted."

2. **To elect Directors**

   The Directors retiring by rotation pursuant to the Articles of Incorporation are Derrick Cotterell, Earl Richards, Alexander Williams, Howard Mitchell, Tania Waldron-Gooden and Stephen Phillibert who being eligible offer themselves for re-election.

   Resolution 2a – Re-appointment of Derrick Cotterell

   "THAT the retiring Director, Derrick Cotterell be re-elected a Director of the Company"

   Resolution 2b – Re-appointment of Earl Richards

   "THAT the retiring Director, Earl Richards be re-elected a Director of the Company"

   Resolution 2c – Re-appointment of Alexander Williams

   "THAT the retiring Director, Alexander Williams be re-elected a Director of the Company"

   Resolution 2d – Re-appointment of Howard Mitchell

   the retiring Director, Howard Mitchell be re-elected a Director of the Company"

   Resolution 2e – Re-appointment of Tania Waldron-Gooden

   "THAT the retiring Director, Tania Waldron-Gooden be re-elected a Director of the Company"

   Resolution 2f –Re-appointment of Stephen Phillibert

   "THAT the retiring Director, Stephen Phillibert be re-elected a Director of the Company"

3. **To fix the remuneration of the Directors**

   Resolution 3 – Directors' Remuneration

   "THAT the Board of Directors of the Company be and are hereby authorised to fix the remuneration of the individual directors."

4. **To re-appoint Auditors and fix their remuneration.**

   Resolution 4 – Re-appointment of Auditors

   "THAT Baker Tilly, Chartered Accountants, having agreed to continue in office as Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office until the next Annual General meeting at a remuneration to be fixed by the Board of Directors of the Company."

Dated the 6th day of May, 2023

by Order of the Board

Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. Such proxy need not be a member of the Company.
2. A member most lodge his Proxy Form with the Secretary at 235 Marcus Garvey Drive, Kingston 11, Jamaica not less than 48 hours before the Meeting, but if not so lodged it may be handed to the Chairman of the Meeting.

DIRECTORS' REPORT

AS AT DECEMBER 31, 2022

The Directors of Derrimon Trading Company Limited submit their report for the financial year ended December 31, 2022. This report incorporates the results of the activities and the outcomes that have been implemented in 2022. It also includes the full year's consolidation of the financial performance of existing subsidiaries and joint venture company, the forty-five days performance of the new Select Grocers which opened in November 2022 and the nine months performance of Arosa Limited which was acquired on April 1, 2022.

FINANCIAL RESULTS

We are very excited by the financial and operating performance of the Group for the reporting period. These achievements provide this Board with the assurance that the strategies employed and implemented are yielding the desired results. We were able to raise funds to: ensure the operational readiness of the new flagship Select Grocers supermarket located at the Millennium Mall in Clarendon; complete the acquisition and retooling of Spicy Hill Farms Limited; and acquire Arosa Limited during the financial year. These strategic moves continue to provide the Group with the desired market growth in the retail space, enhance manufacturing capabilities and deliver on the mandate of diversifying our revenue streams.

"we wish to extend special thanks to all shareholders and bond holders."

The Statement of Comprehensive Income for the reporting period shows profit after tax of $228.06 million for the Company and $617.63 million for the Consolidated Group. While consolidated net profit grew by 37.81% to $617.63 million, Derrimon's profit attributable to shareholders increased by 45.02% from $399.94 million in 2021 to $579.98 million. Earnings per Share for the Group moved up from $0.094 to $0.128. The Company's net profit improved by 6.41% increasing to $228.06 million while Earnings per Share increased from $0.050 to $0.059.

These financial results are encouraging to the Board as they show growth in many of the key indicators as well as demonstrate that the strategies that we continue to implement are bearing positive outcomes. We are confident that the transformation of our company through the availing of various products, under our Delect Brands, will be the catalyst to propel our Distribution Segment from its current commodity-based platform to one consisting of many consumer products. The Board stands behind these innovations and strategies to be employed and anticipate aggressive growth in the near future.

The Board fully approve the debt management strategies being employed at this time. During the year, the debt financing was utilized to complete the acquisition of Spicy Hills Farms Limited, Arosa Limited and the buildout of the new flagship Select Grocers supermarket. We will ensure that the future efficiencies and profitability from these new business streams are channeled towards the liquidation of these debts within the shortest possible timeframe and ultimately rewarding our shareholders.

DIRECTORS

The Directors of the Company as at December 31, 2022 are:

Derrick F. Cotterell - CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Earl A. Richards - NON-EXECUTIVE DIRECTOR

Winston Thomas - NON-EXECUTIVE DIRECTOR

Alexander I.E. Williams - NON-EXECUTIVE DIRECTOR

Paul Buchanan (Jnr) - NON-EXECUTIVE DIRECTOR

Howard Mitchell - NON-EXECUTIVE DIRECTOR

Stephen Phillibert - NON-EXECUTIVE DIRECTOR

Ian C. Kelly - EXECUTIVE DIRECTOR / GROUP CHIEF FINANCIAL OFFICER

Tania Waldron-Gooden - NON-EXECUTIVE DIRECTOR

Monique Cotterell - EXECUTIVE DIRECTOR/COMPANY SECRETARY

The mentor of the Company continues to be Mrs. Tania Waldron-Gooden.

$228.06 MILLION

IN PROFIT AFTER TAX EARNINGS PER PRICE INCREASED FROM $0.050 TO $0.059

Auditors

The Auditors of the Company remains Baker Tilly of 11 Cargill Avenue, Kingston 5, Jamaica and continues to provide the desired service. The Directors continue to have their confidence and recommend their reappointment.

We wish to extend our special thanks to all shareholders, and bond holders for the confidence that you all continue to express in Derrimon Trading Company Limited. We look forward to a mutually rewarding relationship for the coming year and beyond.

We acknowledge and extend our appreciation to our members of staff for their committed efforts and hard work. We thank our customers, suppliers, consumers and all other stakeholders for their continued support.

On behalf of the Board

Derrick F. Cotterell

Chairman & Chief Executive Officer

5 YEAR STATISTICAL HIGHLIGHTS

	2022	2021	2020	2019	2018
INCOME STATEMENT	(J$'000)	(J$'000)	(J$'000)	(J$'000)	(J$'000)
REVENUES	$18,420,256	$17,744,717	$12,777,464	$12,649,017	$9,303,460
GROSS PROFIT	$4,639,501	$3,409,208	$2,482,663	$2,278,834	$1,691,033
TOTAL OPERATION EXPENSES	$3,684,372	$2,730,021	$1,843,487	$1,687,679	$1,303,213
PROFIT BEFORE TAXATION	$726,046	$555,719	$355,189	$345,726	$281,845
NET PROFIT	$617,629	$448,183	$331,089	$302,708	$277,213

BALANCE SHEET	(J$'000)	(J$'000)	(J$'000)	(J$'000)	(J$'000)
TOTAL ASSETS	$15,372,995	$11,548,371	$7,415,814	$5,782,684	$4,048,095
CAPITAL	$6,373,881	$5,762,167	$1,603,937	$1,333,512	$1,218,236
TOTAL ASSETS LESS CURRENT LIABILITIES	$11,065,943	$9,272,721	$5,207,693	$4,069,001	$2,083,974

SELECT RATIOS	(J$'000)	(J$'000)	(J$'000)	(J$'000)	(J$'000)
GROSS PROFIT MARGIN	25.19%	19.21%	19.43%	18.02%	18.18%
EBITDA MARGIN	9.35%	6.40%	7.64%	6.27%	5.78%
CURRENT RATIO	1.69	2.42	2.16	2.15	1.53
QUICK RATIO	0.73	1.22	1.17	0.98	0.88
DEBT TO EQUITY	0.85	0.70	3.12	2.60	1.37

CORPORATE DATA

REGISTERED OFFICE

DERRIMON TRADING COMPANY LIMITED

235 Marcus Garvey Drive Kingston 11,
Jamaica Tel: (876) 937-4897-8
Tel: (876) 901-3344 Email: info@derrimon.com
Website: www.derrimon.com

ATTORNEYS-AT-LAW

ALEXANDER WILLIAMS & COMPANY

Unit 6A, Seymour Park
2 Seymour Avenue Kingston 6, Jamaica

AUDITORS

BAKER TILLY

9 Cargill Avenue
Kingston 10, Jamaica

BANKERS/FINANCIAL ADVISORS

BANK OF NOVA SCOTIA

86 Slipe Road
Kingston 5, Jamaica

NATIONAL COMMERCIAL BANK

37 Duke Street
Kingston, Jamaica

SAGICOR BANK

17 Dominica Drive
Kingston 5, Jamaica

JMMB BANK (JAMAICA) LIMITED

6-8 Grenada Way
Kingston 5, Jamaica

BARITA INVESTMENTS LIMITED

60 Knutsford Boulevard
7th Floor, PanJam Building
Kingston 5, Jamaica

REGISTRAR & TRANSFER AGENTS

JAMAICA CENTRAL SECURITIES DEPOSITORY

40 Harbour Street
Kingston, Jamaica

BOARD OF DIRECTORS

Executive Directors

Derrick Cotterell, M.B.A., B.Sc.
Chairman & Chief Executive Officer

Monique Cotterell, B.Sc. Company
Secretary & Human Resource Director

Ian Kelly, CPA, M.Sc., B.Sc.
Chief FinancialOfficer

Non-Executive Directors

Alexander I.E. Williams, LL.B, C.L.E

Earl Richards, CD, M.B.A, B.A.Sc.

Winston Thomas, B.Sc.

Paul Buchanan (Jnr.), BAA

Tania Waldron Gooden, M.B.A, B.Sc.

Howard Mitchell, CD, JP, LL.M, B.Sc.

Stephen Phillibert, CFA, M.B.A, B.Sc.

LIST OF SENIOR OFFICERS

Derrick Cotterell, M.B.A., B.Sc.
Chairman & Chief Executive Officer

Monique Cotterell, B.Sc. Company
Secretary & Human Resource Director

Ian Kelly, CPA, M.Sc., B.Sc. Chief Financial
Officer & Divisional Director - Retail

Sheldon Simpson, M.B.A., B.Sc. General
Manager, Distribution Division

Janice Lee, M.B.A., PGDip. General Manager,
Caribbean Flavours & Fragrances Limited

Peter Douglas, AAT. General Manager,
Woodcats International Limited

John Paik, MAcc, B.Sc.
General Manager, FoodSaver NY & Good Food for Less

Oral Richards, M.B.A, BBA.
Head of Retail & Purchasing

Stewart Jacobs, BA.
General Manager, Arosa Limited

David Lee
General Manger Spicy Hill Farm Limited

Otema Thompson, M.B.A, B.Sc.
Group Financial Accountant

Verona Howell, B.Sc.
Group Management Accountant

Rockey Allen, JP.
Group Facilities & Security Manager

Kim Lee, B.Sc.
Group Chief Marketing Officer

Jermaine Thomas

Group Chief Information Officer

SEGMENT LOCATION

SAMPARS MARCUS GARVEY DRIVE

233 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: (876) 923-8733 Fax: (876) 757-8853
Email: contactus@samparsja.com Website:
www.shopsampars.com

SAMPARS CROSS ROADS

1-3 Retirement Road
Kingston 5, Jamaica
Tel: (876) 960-1309-11 Fax: (876) 960-1312

SAMPARS OUTLET WASHINGTON BOULEVARD

8-10 Brome Close
Kingston 20, Jamaica
Tel: (876) 931-9121-2 Fax: (876) 941-3862

SAMPARS OUTLET - WEST STREET

62 West Street
Kingston, Jamaica
Tel: (876) 967-5403/948-3517

SAMPARS OLD HARBOUR

3 Arscott Drive, Old Harbour,
St. Catherine, Jamaica
Tel: (876) 983-0469 Fax: (876) 745-2103

SAMPARS ST. ANN'S BAY

3 Harbour Street, St. Ann's Bay
St. Ann, Jamaica
Tel: (876) 972-8825 Fax: (876) 972- 0156

SAMPARS OUTLET - MANDEVILLE

26 Hargreaves Road,
James Warehouse Complex Mandeville,
Manchester, Jamaica
Tel: (876) 631-1047 Fax: (876) 631-1048

SELECT GROCERS – MANOR PARK

184 Constant Spring Road
Manor Park Plaza Kingston 8, Jamaica
Tel: (876) 622-9676 Tel: (876) 631-0226

SELECT GROCERS – MAY PEN

Millennium Mall, Coates Pen Road
Clarendon, Jamaica

SUBSIDIARY LOCATION

CARIBBEAN FLAVOURS & FRAGRANCES LIMITED

226 Spanish Town Road
Kingston 11, Jamaica
Tel: (876) 937-0366

WOODCATS INTERNATIONAL LIMITED

235 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: (876) 922-3340 Tel: (876) 922-1946

AROSA LIMITED

Drax Hall St. Ann's Bay
St. Ann Jamaica
Tel: (876) 972-2310

MARNOCK LLC & MARNOCK RETAIL LLC (Good Food for Less & Food Savers New York)

402 E. 83rd Street
Brooklyn, NY 11236, USA
www.foodsaverny.com

SPICY HILL FARMS LIMITED

235 Marcus Garvey Drive
Kingston 11
Tel: (876) 470-8219
spicyhill.farmltd@derrimon.com

CORPORATE GOVERNANCE

DERRIMON TRADING COMPANY LIMITED

The post Covid -19 Pandemic era continues to see changes in the way businesses operate and the technology solutions adopted during this period, to aid communications, have Improved the efficiency of our operation.

At DTL, our mantra is to relentlessly strive to ensure that accountability is maintained at all levels and that our operations are conducted in an environment where transparency, ethics and compliance are upheld. During this reporting period, our Board continued to operate within the everchanging environment and therefore, implemented various policies to mitigate against many of the potential risks. The adaptation to the change in the way that meetings were held, from physical interactions to both physical and the use of digital platform, was effectively utilized in the decision making process of both the Board and all of its committees during this reporting period.

The increase prevalence of technology fraud, data hacking and ransomware were areas of prominent discussion at the Board level and policies to mitigate the possible impact were implemented.

Derrimon Trading Company Limited ensured that compliance with Corporate Governance Policies and Framework remained one of its highest priority and the company continued to improve and strengthen its corporate governance from a leadership stance whilst ensuring that the company adhered to the core values that Derrimon was established on.

The Board's overarching responsibility is to ensure that the management of Derrimon Trading Company Limited continues to operate in a manner that results in increased shareholder value in the interests of all stakeholder groups. The approval of policies as well as the active monitoring and evaluation of the management practices of the company, inclusive of its policies and decision-making processes and execution of corporate strategic objectives, are performed to ensure that the financial trajectory and the reputation of the company is maintained and business plans are executed within the requisite time frame.

"...our mantra is to relentlessly strive to ensure that accountability is maintained at all levels

WE BELIEVE IN BETTER

We utilize the various Board Committees to robustly monitor the financial policies, business strategies, internal controls and risk management policies. The provision of entrepreneurial leadership, strategic direction and guidance are critical components that the Board recognize as some of its key roles to create and maintain long-term shareholder value and confidence whilst satisfying and exceeding the expectation of all stakeholders and the wider community. We embrace transparency, accountability and global industry trends at all times in the operations of the business and keep abreast of the changing trends in technology and its impact on profitability and safe work life practices.

Derrimon Trading Company Limited is led by an effective Board of Directors who are responsible for the stewardship of the company. They are experienced professionals with diverse skills sets and knowledge from various professions. Their combined experience ensures that the Board and Board sub-committee decisions are made objectively and that all such decisions protect the interests of all stakeholders and the long-term success of the company.

Priority continues to be given to succession planning for our Board members and senior management remains a top priority. We will continue to seek out opportunities to attract, mentor and retain a diverse range of highly talented colleagues needed to lead the organization and to ensure that we can deliver on our strategic plans, pivot as the need arises and respond effectively to challenges.

As a Board we will ensure that the management of Derrimon Trading Company Limited and its subsidiaries operate in a manner that results in increased value in the interests of all stakeholder groups. The approval of policies, as well as the active monitoring and evaluation of the management practices of the company, inclusive of its policies and decision-making processes and execution of corporate strategic objectives are done in order to ensure that the financial and growth trajectory of the company is maintained.

BOARD FUNCTIONS

Areas of Responsibilities

The Board makes decisions, review and approve key policies and decisions of the Company, in particular:

Corporate Governance;

- Compliance with laws, regulations and the Company's Code of Conduct;
- Corporate Citizenship;
- Strategy and operational plans;
- Business development, acquisitions and expansions;
- Finance and treasury;
- Appointment and removal of directors;
- Remuneration of executive and non-executive Directors;
- Risk management;
- Financial reporting and auditing;
- Succession planning for its executive chairman and other senior executives;
- Technical - supply chain management, sales and marketing, customer service, trade and retail sales;
- Industry Experience - logistics, distribution, international trade, foreign exchange leveraging.

The Chairman of the Board is responsible for the effective operations and leadership of the Board, and to seek sufficient information to make informed decisions in keeping with the company's mandate. The Chairman provides invaluable support to the executive and senior management teams and ensures that directors receive adequate and appropriate training and induction into Derrimon Trading Company Limited.

The Company Secretary ensures that the Board's processes and procedures are appropriately followed and supports effective decision-making and governance in keeping with laws and best practices. The Secretary is appointed by the Board and may only be removed by the Board. All Directors have equal access to the Company Secretary's advice and services, and there is no formal procedure for a Director to obtain independent professional advice in the course of their duties. Board members are required to commit sufficient time to prepare for and to attend meetings of the Board, and its Committees or Sub-Committees. Regular attendance at the Board Meetings is mandatory.

Each Director is required to have an in-depth knowledge and understanding of all aspects of the Company's business in order to make informed and objective decisions. The preparation of detailed and timely reports in relation to the operational activities of the company is the responsibility of management, for review and analysis by Directors. Board Members have complete access to the management team of the Company through the Executive Chairman and are encouraged to keep abreast of all areas of the Company's operations.

Selection, Size and Composition of the Board

Members of the Board are selected based on their professional and industry expertise and as such are ideally capable to advise and act in the interests of all stakeholder groups. We continuously review the governance structure given the growth trajectory of the Company and Group to ascertain if further strengthening of the Board will be needed. No new directors were appointed to the Board of Directors during this reporting period.

As at December 31, 2022, The Board comprised of ten (10) members; three (3) Executive Directors, including the Executive Chairman, and seven (7) Non-Executive Directors. We are confident in the Board's ability and they continue to provide guidance based on its collective knowledge and expertise and all that is required to deliberate on the activities of the business as well as any new projects which may arise. Given the size of the organization, and the environment in which it operates, the Board remains confident that the current complement is adequate to provide the guidance that is required by law and our own internal Charter.

Executive and Non-Executive Directors

The number of Executive Directors should at no time exceed 50% of the total number of Board Directors. This was the case as at December 31, 2022 reporting period.

Conflicts of Interests/Disclosure

All transactions involving the Company's shares by any Director, must be promptly reported to the Company Secretary who is obliged to disclose such information on a regular basis to the Jamaica Stock Exchange. This was done and all trading of the Company's shares by Directors and senior management were reported to the Jamaica Stock Exchange during this Financial Year.

No Director should trade in the Company's shares during the period of one (1) month prior to the release of quarterly Financial Statements, and in the case of the Audited Accounts two (2) months prior to such release or any such time that the Company has an embargo on trading. No trading shall occur between the time a dividend is considered and the time in which that information is provided to the Jamaica Stock Exchange. No reports were filed to the Jamaica Stock Exchange during this reporting period.

A Director who has an interest in the Company or in any transaction with the Company that could create or appear to create a conflict of interest, must disclose such interest to the Company. These include:

- Any interest in a firm or charity that does substantial business with the Company;
- Any interest in contracts or proposed contracts with the Company;
- Any interest in securities held by the Company;
- Emoluments other than Board fees received from the Company;
- Loans or guarantees granted by the Company to/for the Director

Disclosures shall be made at the first opportunity in the next scheduled Board Meeting in writing and such disclosure shall be recorded in the Minutes of the Board Meeting. The Director is required to excuse himself/herself from the Board Meetings where the Board is deliberating over any such contract and shall not vote on any such matter. If a conflict exists and is unable to be resolved, the Director should resign. None of such activities occurred during this reporting period.

Election, Terms, Re-election and Retirement

Election, terms, re-election and retirement of each Board Member is conducted in keeping with the Articles of Incorporation of the Company, with the exception that each Board member is to retire during the financial year when the Directors will reach the age of 70 years.

Board and Executive Compensation

Compensation of the Executive and Non-Executive Directors reflects the time, commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Directors of the quality required. The compensation is competitive and subject to review relative to what is being paid in comparable positions elsewhere. The Company did not undertake any of this activity through the Human Resources and Compensation Committee in 2022 as there was no proposal which required this Committee's adjudication during this financial period.

Access to External Advisors and Funding

The Company continues to utilize and relies on the services of external expertise to make decisions when such expertise is not available in-house. The Company ensures funds are available to the Board for any such expertise and in particular, to the Non-Executive Directors, as is reasonably required for those Directors to objectively make decisions.

Succession Planning

The Board has full responsibility to ensure that the business is managed well at all times and that succession plans and potential candidates are identified for all Senior Executives, inclusive of the Executive Chairman.

Should the Executive Chairman or the Chief Financial Officer demit office due to an emergency, the Board will convene at the earliest possible time, no more than two (2) weeks after such an event, with a view to appoint an interim or permanent successor to that post.

Code Of Conduct

The Board expects all Directors, as well as officers and employees, to act ethically at all times and to adhere to all codes and policies that describes the values and principles of Derrimon Trading Company Limited, namely:

- Respect and dignity
- Trust
- Communication
- Teamwork and appreciation
- Professionalism
- Good Value
- Group pride

BOARD MEETINGS AND COMMITTEES

Meetings

It is the responsibility of The Chairman and Company Secretary to establish and produce an agenda for each Board meeting, inclusive of items brought forward by members of the Board. Submission of specific matters and other information relevant to members' understanding of the business should be made to the members electronically and/or in writing prior to each Board meeting – where adequate preparation can be made for focused discussion. Where the subject matter is of a sensitive nature, the presentation will be delivered in person, at the meeting.

The Board encourages the inclusion of Company Managers in Board meetings, where assistance is rendered to Board members in the execution of their responsibilities with the provision of additional insight into items for discussion and/or for exposure, on recommendation from senior management, where future potential is seen.

Audit and Risk Management Committee

On behalf of the Board, the Audit and Risk Management Committee shall:

- Review the Company's annual and interim financial statements and related assumptions, and any accompanying reports or related policies and statements;
- Monitor and review the effectiveness of the Company's internal audit function;
- Monitor and review the External Auditor's independence, objectivity and effectiveness;
- Develop and implement policy on the engagement of the External Auditor to supply

non-audit services;

- Approve the Company's risk management policy which defines the Company's risk appetite and level of risk tolerance;
- Monitor the adequacy and effectiveness of the Company's system of risk management and control

The majority of members of the Audit Committee shall consist of Non-Executive Directors of the Company duly appointed by the Board. The Board shall also appoint the Chairman and Secretary of the Audit Committee. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three (3) members.

The Audit Committee shall meet at least four (4) times a year, within forty-five (45) days of the end of each quarter and at such other times as may be required.

The Audit Committee shall review all financial statements and matters, which are of significant import to the investing public. The full Board will have responsibility and accountability for the final release of such information. This Committee met four (4) times during the financial year ended December 31, 2022.

During this financial year, the services of Bakertilly was renewed as our external Auditors and was approved by the Board Committee, full Board of Directors and also at the last Annual General Meeting. They are also recommended to serve for the new financial year. The Company has in its employ, a team with responsibility to undertake its internal audit functions with a focus on daily inventory and periodic cash validation, and all results are reported to the Audit Committee which is chaired by Mr. Earl A. Richards. Other members of the Audit Committee includes Mrs. Tania Waldron-Gooden, Messr. Paul Buchanan Jr. and Ian Kelly. Periodic invitations are extended to Mr. Otema Thompson, Group Financial Controller.

Compensation and Human Resources Committee

The Human Resources & Compensation Committee shall:

- Review the performance of the Executive Directors and the Senior Executives of the Company on at least an annual basis
- Report the findings at once per annum at a regular Board Meetings and
- Comprise of a majority of Non-Executive Directors

This Committee is Chaired by Mr. Alexander Williams with support from Mrs. Tania Waldron-Gooden, Mrs. Monique Cotterell and Mr. Winston Thomas. There was one (1) meeting of this Committee during this reporting period.

Projects Committee

The Project Committee met twice (2) during the financial year in order to deliberate on the submissions made by management for the build out of the new Spicy Hill Farms factory and the associated capital expenditure and the completion of the transaction for the purchase of Arosa Limited. This Committee continues to support the Board and provides valuable advice on all matters presented.

CORPORATE GOVERNANCE

The Company continues to benefit from the sterling contribution of its Mentor, a requirement of the Junior Market Rules of the Jamaica Stock Exchange, who also served as a Non-Executive Director.

Derrimon Trading Company Limited has established policies and procedures to ensure timely and full disclosure of all matters concerning the Company to the relevant authorities. The Company also ensures that investors have access to information on the Company's financial performance. These policies and procedures address areas of materiality of any matter and the impact that such matter may have on the price of the company's stock.

During this financial period, Board meetings were held and the attendance of each member is outlined in the table below for the various Committee:

BOARD MEMBER	BOARD MEETING	AUDIT & RISK	CORPORATE GOVERNANCE	HR & COMPENSATED	PROJECTS
DERRICK COTTERELL	5	X	X	X	2
MONIQUE COTTERELL	5	X	X	1	X
EARL RICHARDS	4	4	X	X	2
WINSTON THOMAS	5	X	1	X	X
ALEXANDER WILLIAMS	4	X	1	1	X
PAUL BUCHANAN	5	4	1	1	2
HOWARD MITCHELL	3	X	1	X	2
STEPHEN PHILIBERT	4	X	X	X	X
IAN KELLY	5	4	X	X	2
TANIA WALDRON-GOODEN	3	3	X	1	2

The Chairperson for each Committee are as follows:

- Audit and Risk Management - Mr. Earl Richards
- Projects - Mr. Paul Buchanan
- Corporate Governance - Mr. Howard Mitchell
- Compensation and Human Resources - Mrs. Tania Waldron-Gooden

Risk Management

Derrimon Trading Company Limited understand and appreciate that rigorous risk management practices are critical in ensuring the viability and stability of the company. Our risk management practices have also served to ensure the maintenance of our competitive advantage within the embarked place. We have established systems and polices to manage identifiable risks, which are strictly adhered to and remain an essential part of our company's operations. The risk management approach undertaken by the Company includes:

- Establishing and maintaining practices that foster a culture within the company whereby personnel at all levels are aware of the relevant policies and support the highest standards of performance and accountability;
- Adoption of an integrated approach to risk management whereby risk management in an integral part of all key organizational processes.
- Safeguarding of the Company's assets namely human, property, reputation and intellectual
- Rewarding the achievement of the Company's strategic and operating plan through an effective balance of risk and reward
- Rigorous compliance with statutory and regulatory obligations

The Board has full responsibility for the Company's internal control systems and for monitoring its effectiveness through various established committees. The systems that are implemented by the Board are designed to recognize and manage risks, while identifying areas which require continuous attention. Based on these inherent risks, we provide reasonable assurance against material misstatements regarding the fairness of the Audited Financial Statements. The Board has established a continuous and robust process for monitoring, identifying, evaluating and managing significant risks that the company faces. The Audit Committee continues to provide the oversight for this function.

The key areas of the internal controls include:

- The assignment of specific aspects of the Company's operation to members of the Executive Management Team. The team meets on a weekly basis and is responsible for operationalizing overall strategy and for reviewing the outputs of these strategies within the framework of the policies and procedures of the company. The outcomes are submitted to the Board and Board Committees for deliberations.

- There continues to be an established system for the segregation of duties of members of the organization, established authorization limits for expenditure, contracts, IT application and interfaces as outlined in the Delegation of Authority Limits.
- Performance review at the Executive team level; at this juncture actual outcomes are reviewed

with forecasts, budgets and prior reporting year data assessed.

- Periodic reviews of identifiable risks through product cycle counts and annual reviews during the annual audit and confirmation exercise.

Annual General Meeting Of Shareholders

The Annual General Meeting (AGM) of the Shareholders remains the Company's highest decision-making body. It decides the duties for which it is responsible in accordance with the Companies Act 2004 and the Company's Articles of Incorporation. The AGM decides on, among other things, the adoption of the financial statements and the consolidated financial statements contained therein and the approval of dividend payments. It is at the AGM that members of the Board are re-elected and Auditors remunerations are approved. At the last Annual General Meeting of the Shareholders, all proposals brought to the Shareholders were unanimously approved.

Derrick Cotterell
Chairman and Chief Executive Officer

The ***Annual General Meeting*** *remains the Company's highest decision-making body, deciding on, amongst other things, the adoption of the financial statements, the approval of dividend payments, the re-election of Board members and the approval of the Auditors' remunerations. At the last Annual General Meeting, all proposals brought to the Shareholders were unanimously approved.*

Derrick Cotterell
Chairman & Chief Executive Officer

BOARD OF DIRECTORS

DERRICK COTTERELL
Chairman & Chief Executive Officer

As Chairman and Group Chief Executive Officer of Derrimon Trading Company Ltd, Derrick has been responsible for the strategic direction and growth of the company since its inception in 1998. He also has significant experience in General Management, Sales, Marketing, and Procurement. Derrick also holds the position of Managing Director of Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Marnock LLC and Marnock Retail.

He is a member of the Board of Directors for all the subsidiaries of Derrimon, Dupont Primary School, the Governor General of Jamaica's "I Believe Initiative", and the Chairman of My Ocean Limited. He also serves as a Deacon at his Church and is always seeking out opportunities to impact the lives of young people.

Derrick is a graduate of the University of the West Indies and Florida International University, where he attained a Bachelor of Science in Management Studies and a Master of Business Administration, respectively.

BOARD OF DIRECTORS

Winston has over 30 years of expertise in the distribution industry, with significant experience in Fast Moving Consumer Goods (FMCG). These include, bulk products, beverages, and international household brands. Winston was previously an Executive Director where he served the company in the capacity of Chief Operating Officer.

He holds a Bachelor of Science Degree in Management Studies from the University of the West Indies.

WINSTON THOMAS
Non -Executive Director

MONIQUE COTTRELL
Company Secretary & HR Director

Monique serves as Company Secretary and Human Resource Director at Derrimon Trading. She brings extensive experience in the service and retail industries; in particular, Customer Service Delivery and Customer Experince. Monique also serves as a Director of the Rescue Package Foundation.

She holds a Bachelor of Science in Business Administration from the University College of the Caribbean (UCC).

ALEXANDER I.E. WILLIAMS
Non-Executive Director

Alexander is an Attorney-At-Law with specialization in civil litigation, constitutional law claims, commercial litigation, judicial review of administrative action and industrial relations and labour law. He maintains a private practice and has been practicing for over 30 years.

He serves as the President of the Jamaican Bar Association, Chairman of the Jamaica Anti-Doping Commission, Chairman of the Land Divestment Advisory Committee, Chairman of the Land Information Counsel of Jamaica and Chairman of the Tax Incentive Committee of the Urban Development Corporation.

TANIA WALDRON-GOODEN
Non-Executive Director & Mentor to the Board

Effective January 1, 2022, Tania Waldron-Gooden was appointed Chief Executive Officer of Caribbean Assurance Brokers Limited.

Mrs. Waldron-Gooden served in the capacity of Deputy CEO of Caribbean Assurance Brokers Limited from October 1, 2020, to December 31, 2021, and has been a member of the Company's Board of Directors since November 2017. She brings to the organization seventeen years of experience in areas of Investment Banking, Research, New Product Development, Pension Fund and Portfolio Management Tania is a Director of Chicken Mistress Limited, Island Grill Holdings Limited, AJAS Limited, First Rock PE and Margaritaville Caribbean Group Limited. She is the Mentor and Director of Main Event Entertainment Group, Express Catering Limited and Derrimon Trading Company Limited.

She is the Mentor to Spur Tree Spices Jamaica, Caribbean Flavors & Fragrances Limited, EduFocal Limited and Dolla Financial Services. She is also a co-opted committee member of the Finance & Audit Committee of the National Health Fund. As the Mentor to various companies, she is responsible for providing the Board with support in establishing proper procedures, systems, and controls for its compliance with the Jamaica Stock Exchange Rule requirements for financial reporting, good corporate governance, and the making of timely announcements. Mrs. Waldron-Gooden holds a Bachelor of Science degree (BSc. - Hons.) in Geology from the University of the West Indies, a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K and has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. Additionally, she holds a post graduate diploma in Paralegal Studies; and is registered/licensed as an Individual Investment Adviser as well as to sell and give advice on Life Insurance business and Sickness & Health Insurance business.

IAN KELLY
Chief Financial Officer

Ian is adept at finance and risk management with over 25 years of senior level experience in treasury, asset management, correspondent banking, mergers and acquisitions, corporate finance and securities trading. He serves as the Group Chief Financial Officer for Derrimon Trading Company Limited and the Divisional Director for Sampars. He is responsible for the financial reporting and stewardship of the company to internal and regulatory stakeholders, monitoring of subsidiary companies, as well as the execution of the expansion strategy of the Company.

Ian is also the Chief Financial Officer and Company Secretary for Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Marnock LLC and Marnock Retail LLC.

He is a Certified Public Accountant (CPA) and holds both a Bachelor and Master of Science degree in Accounting from The University of the West Indies. Ian also completed the Executive Development Program at Wharton Business School, the University of Pennsylvania.

Ian serves on several Boards of which he is the Chairman of The Governor-General Jamaica Trust, TyDixon Primary School, Focused Opthalmics and Reggae Marathon. He also holds Director positions at Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Marnock LLC, Marnock Retail, FosRich Group of Companies, Unibev Limited, FirstRock Private Equity and Dolla Guyana.

BOARD OF DIRECTORS

EARL ANTHONY RICHARDS, CD
Non-Executive Director

Earl is adroit in strategic planning, general management and operations. He has a prestigious history of public service and received the Order of Distinction - Commander Class (CD) for Public Service in 2002.

He is a past President of the Airport Authority of Jamaica and former Chief Executive Officer of the Norman Manley International Airport (NMIA) Limited.

Earl is a graduate of the University of Toronto with a Bachelor of Applied Science in Civil Engineering. He also received a Master of Business Administration from the University of the West Indies.

STEPHEN PHILLIBERT
Non-Executive Director

Stephen has over 20 years' of experience in Finance & Accounting, General Management and Strategy, Mergers & Acquisitions and Financial Risk. He joined Cornerstone in 2020 from PanJam Investment Limited, where he held the title of Chief Financial Officer for six years, and prior to that spent approximately ten years at GraceKennedy Limited in various financial and strategic roles, ending as Head-Corporate Planning & Strategy for the group.

In his capacity at Cornerstone, he is responsible for the financial operations of the group, including financial accounting and management, regulatory and financial reporting in accordance with regulatory requirements, capital and operational budgeting, tax planning and reporting, and oversight of the financial control environment. Stephen also provides support on projects of strategic significance. He holds an MBA from the University of Toronto, a BSc - Accounting from the University of the West Indies as well as the Chartered Financial Analyst designation.

A lawyer by profession, Mr. Howard Mitchell maintained a successful Commercial Law Practice for thirty-five (35) years, with concentrations in Mining Law and Taxation, before retiring in 2010.

Howard has decades of strong commitment to Public Service and has served in the past as a Board member and Chairman of the National Housing Trust (NHT). He serves as a Justice of the Peace (JP) and in 2017 was awarded the Order of Distinction (Commander Class) for outstanding service to Business and the Public Sector.

He is the immediate past Chairman of the Council of the Institute of Jamaica and the Jamaica Accountability Meter Portal and has also served as Chairman on numerous statutory boards across a wide range of government ministries over the past twenty years. Mr. Mitchell has also negotiated a number of mining agreements on behalf of the Government of Jamaica. He currently serves on numerous boards in the capacity of Chairman or Director.

Howard has also served in the past as the President of the Private Sector Organization of Jamaica (PSOJ) and as a Director of the Jamaica Manufacturers and Exporters Association (JMEA).

HOWARD MITCHELL
Non-Executive Director

PAUL BUCHANAN
Non-Executive Director

Paul is an experienced Investment Professional who brings years of experience in portfolio management, client acquisition, sales and marketing. He's currently the Managing Director of Manwei International Limited and Chief Investment Officer of Cadre Investments Company Limited. He also sits on the Board of WILCO Finance Limited.

Paul holds a Bachelor of Business Administration, majoring in Finance, from The University of Technology, Jamaica.

DISCLOSURE OF SHAREHOLDINGS

TOP 10 STOCKHOLDERS AS AT DECEMBER 31, 2022	**NUMBER OF SHARES HELD**
DERRICK COTTERELL	1,125,531,673
BARITA INVESTMENTS LTD-LONG A/C	918,510,927
MONIQUE COTTERELL	400,000,000
MAYBERRY JAMAICAN EQUITIES LIMITED	307,145,980
IAN C. KELLY	169,107,209
JCSD TRUSTEE SERVICES LIMITED AC Barita Unit Trust Capital Growth Fund	132,744,709
ESTATE OF E. COTTERELL (Deceased)	100,000,000
WINSTON THOMAS	59,801,180
ATL GROUP PENSION TRUSTEES NOM LTD	56,349,216
HEART TRUST/ NTA PENSION SCHEME	54,606,000

DISCLOSURE OF SHAREHOLDINGS

TOP 10 DIRECTORS AS AT DECEMBER 31, 2022	NUMBER OF SHARES HELD
DERRICK COTTERELL	1,125,531,673
MONIQUE COTTERELL	400,000,000
IAN C. KELLY	169,107,209
WINSTON THOMAS	59,801,180
EARL ANTHONY RICHARDS	5,441,167
ALEXANDER I.E. WILLIAMS	500,000
PAUL BUCHANAN	300,000
TANIA WALDRON-GOODEN	NIL
HOWARD MITCHELL	NIL
STEPHEN PHILLIBERT	NIL

SENIOR OFFICERS	
SHELDON SIMPSON	2,591,358
CRAIG ROBINSON	325,704

MANAGEMENT DISCUSSION AND ANALYSIS

DERRIMON TRADING COMPANY LIMITED

The management of Derrimon Trading Company Limited (Derrimon, DTL or company) and its subsidiaries (Group) are responsible for the integrity and presentation of the Management Discussion and Analysis (MD&A) for this 2022 financial year. The Audited Financial Statements for the period ended December 31, 2022, should be read in conjunction with the MD&A for the reader to gain full clarity of DTL's audited results. The financial information discussed below is presented in Jamaican Dollars (JMD), the functional currency of the company and covers the reporting period January 1 to December 31, 2022 and were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Derrimon was incorporated on December 21, 1998.

$15 BILLION

DERRIMON WAS RECOGNISED AS THE LARGEST COMPANY ON THE JUNIOR MARKET OF THE JAMAICA STOCK EXCHANGE (JSE) WITH TOTAL ASSETS POSTED OF $15.37 BILLION.

Recap of Financial year 2022

2022 was a phenomenal year for the Derrimon Group of Companies against a backdrop of geo-politics, continued supply chain disruptions and record inflation across the globe. Despite the limitations encountered early in the year as a result of these factors, the Derrimon Group was able to accomplish some notable feats including the opening of the new Select Grocers at the Millennium Mall, acquisition of Spicy Hill Farms and Arosa Limited and the continued expansion of our Delect brand of products. It was a notable accomplishment that Derrimon was recognised as the largest company on the Junior Market of the Jamaica Stock Exchange (JSE) with total assets posted of $15.37 billion. Derrimon was also the noted as the fifth largest company by market capitalization of $9.70 billion and the fourth largest company by net profit attributable to shareholders of $579.98 million. Of note when Derrimon listed on the JSE on December 17, 2013, it had total assets of $872.20 million, revenue of $4.76 billion and net profit of $15.79 million as per the 2012 audited financials. The JSE has been a critical avenue for our growth into a multibillion-dollar conglomerate operating businesses in Jamaica and the United States of America and exports spanning the Caribbean. Over the years our initial public offering, two preference shares issue and an additional public offering, were fully subscribed and gave us the capital required to achieve new frontiers.

The Derrimon Group has overcome many challenges and we are thankful for the confidence that our customers, shareholders and all other stakeholders have vested in us over these last 24 years. We celebrate our 25th anniversary on December 21, 2023, and welcome everyone to join us for the festivities to be announced later in the year. We cater for everyone and hope you bring home the happiness with our expanded Delect product line and products from our various subsidiaries.

Quarter 1 (January 1 – March 31)

On January 10, we acquired all of the existing and developing brands of Spicy Hills Farms Limited. Spicy Hill manufactures products such as Ram Goat Soup "Mannish Water" and Ram it Up Curry Goat Booster. The products are sold in more than 200 local retail businesses with exports in the Caribbean, United States of America (USA), Canada and the United Kingdom. Upon purchase, the manufacturing plant was relocated from its Trelawny base to the new facility at 235 Marcus Garvey Drive, the intention was to integrate that operation with the Derrimon Group to increase its production capacity. The former administrative offices of Derrimon were transformed to become the manufacturing plant. Woodcats also moved a part of its production to Marcus Garvey Drive as the company is poised to increase its exports in the coming years following the slowdown caused by the pandemic.

The new manufacturing plant was operating at approximately 30% capacity in April and reached full capacity at the end of the second quarter. We have plans afoot to double the sales of Spicy Hill over the next two (2) years as new products are developed to meet the insatiable demand locally and in the crucial export markets.

Even though COVID-19 cases continued to decline, the Government of Jamaica did not immediately remove the ongoing restrictions especially with the Omicron variant dominating the headlines in January. However, the government extended the curfew time and removed certain restrictions based on developments which also occurred in the USA such as testing to enter and to leave the country. By March 18, the Disaster Risk Management Act (DRMA) was removed entirely which meant that there was no longer any major impediment to commerce in the economy.

However, Jamaica had to quickly prepare for a new crisis brewing on the European continent as Russia invaded Ukraine on February 24 which sent shockwaves across the globe. The G7 imposed severe economic restrictions on Russia which resulted in commodity prices skyrocketing with oil prices moving from US$78 a barrel at the start of the year to US$116 by the end of February. These elevated prices resulted in the cost for distribution increasing with other grain commodity prices pushing up the cost of food. Apart from elevated commodity prices, supply chains were further disrupted as Russia's role as a global commodity player was reduced with Ukraine unable to conduct normal trade for some of their normal exports which included wheat and other key metals. China also implemented even more stringent COVID-19 measures as they focused on keeping the virus contained.

In response to the climbing point-to-point inflation rate of 11.3%, the Bank of Jamaica implemented a 150 basis point (bp) hike in February and a 50 bp hike in March. This was in addition to using its B-FXITT tool to intervene significantly in February and implemented certain foreign exchange (FX) restrictions on the issuance of US dollar securities. The BOJ's target range for inflation was 4.0% - 6.0%.

The USA's Federal Reserve increased rates by 25 basis points in March which pushed the Federal rate to 0.25% – 0.50% as it took note of inflation around 8.5%. This was the first time in over two years that the Fed had increased rates.

Quarter 2 (April 1 – June 30)

At the start of the second quarter, we acquired Arosa Limited on April 2 which resulted in the company recognizing some goodwill based on the valuation of the assets and the purchase price. This acquisition resulted in a diversification of our range of products , increased our manufacturing capacity and marked our entry into the hospitality trade. While Arosa is a manufacturer and distributor, its portfolio is geared more towards the processing of meats and high end imports such as cheeses from Europe and wines from both Europe and Central America. The former principals namely Robert Hoehener and Herma Grant and many of the technical senior staff remained onboard to contribute to the growth of the Derrimon Group. A senior management staff from Derrimon Trading was seconded to the leadership of the company.

"Derrimon brand was put on the spotlight at the food awards..."

Derrimon took on $500 million of debt to finance the purchase of Arosa. Both Arosa and Spicy Hill Farms were acquired partly because of their great export potential. However, they needed larger manufacturing capacity to unlock their true potential. As part of our strategy to ensure this growth , many aspects of both businesses were centralized at our head office on Marcus Garvey Drive. It should be noted that both Arosa and Spicy Hills were integrated during this period which means that investments that were made in the operations would have seen a smaller contribution to group revenue during the period.

The Marnock Retail LLC subsidiary benefited from a retooling of the store setup which resulted in a temporary disruption in its operations. This retooling involved improving information technology (IT) efficiency, working with the team in optimizing operations, adjusting the product selection and reorganizing the store. The move served us well as we made the necessary changes to not only better serve our customers, but also to limit any potential for wastage and improve efficiencies.

Another notable benefit during this quarter was the return to physical school and increased activity by the population who were limited in their actions for two years.

The Government of Jamaica implemented measures locally to assist the populace with rising electricity cost associated with high oil prices. Higher demand was also observed in the international markets such as the USA whose Congress passed various bills to stimulate the economy.

Point-to-point inflation peaked in April at 11.9% and moderated to 10.9% by the end of June. However, the BOJ still doled out two consecutive 50 bp hikes which pushed the policy rate to 5.50% by the end of the quarter. This had a negative impact on our debt portfolio and resulted in adjustment to our base interest rates by approximately 400 basis point. Inflation in the USA ended June at 9.1% which was a multi-decade high. As a result of inflation creeping higher, the Fed increased its rate by 50 bp and 75 bp which pushed the rate to 1.50% -1.75%.

Quarter 3 (July 1 – September 30)

The Summer season served as an opportunity for the Group to evaluate its position and quantity of inventory being held. With inflation shrinking the customers' pockets even further, the projected demand for some goods was not fully materializing especially against the backdrop of the Group absorbing higher costs to mitigate the impact on our customers. Given the returns which were expected on specific goods, the decision was taken to remove certain items which were not generating the desired yield. The retrofitting of operations and re-evaluation of products resulted in better returns on products sold and limited write-offs on future products.

In September, Derrimon was presented with the opportunity to be part of the Jamaica Observer's Table Talk Food Awards. A part of this opportunity came in the form of sampling different products under the award for the Best (New) Local Product. The Group's CEO and Chairman, Derrick Cotterell, was a guest judge for this award as the winner would also secure an avenue for their products with the Derrimon Group.

On September 20, both the Group CEO and CFO were presenters at a Foodie Seminar on the topic 'From Yaad To Abroad'. The discussion not only gave members of the audience the opportunity to understand Derrimon's group of businesses but also gain insight into how the company evaluates each acquisition opportunity both locally and abroad.

On September 29, the Derrimon brand was put in the spotlight at the Food Awards through Arosa, Spicy Hill Farms and Delect which had booths that served our wide range of products to guests. The event was well attended with reception to our offerings being favourable across the spectrum.

After careful deliberation, Ashebre Gourmet Condiments by Oji Jaja's was the winner of the Best (New) Local Product. The Smoked Scotch Bonnet Pepper Sauce and Blackening Spice had excellent quality and packaging and the relevant label design up to international standards that made it ready for the international market. As a result of this victory, Ashebre Gourmet Condiments will be featured on the shelves of Select Grocers or Sampars, FoodSaver NY and Good Food For Less (Brooklyn) and will be considered for distribution through our operations.
Derrimon Company Limited hosted its Annual General Meeting (AGM) on September 28 at the Terra Nova Hotel with participants also given the option to view the meeting virtually. We also garnered media coverage of our activities and upcoming plans which gave the world a deeper view into what Derrimon does and why they should consider doing business with us.

Point-to-point inflation moderated further to 9.3% which was coming down from the record highs, but the BOJ implemented two consecutive 50bp hikes which resulted in the policy rate coming in at 6.50%. Headline inflation in the USA was 8.2% with core inflation at 6.6% which was well above the Fed's 2.0% target. The Fed deployed two consecutive 75bp hikes and pushed the rate to 3.00% – 3.25%.

Quarter 4 (October 1 – December 31)

We opened our second Select Grocers location on November 16 at the Millenium Mall in Mineral Heights, Clarendon. This was five (5) years following the first location in Manor Park, St. Andrew. The 41,000 square feet location has two levels with the ground level covering 30,000 sq. ft. and the upper level covering 11,000 square feet. This investment represents more than $1 billion of dedicated capital to the development of the Derrimon Group in Clarendon and future ambitions across Jamaica. Apart from the general supermarket operations on the ground level, the upper level will feature different businesses to make Select Grocers a desired location for a wide range of services to the public and to provide that complete experience to our shoppers. We hired eighty (80) persons for the location with most coming from the surrounding communities which makes it easier for them to commute to and from work. This also forms part of Derrimon's commitment to assist residents of the communities in which it operates.

We implemented Microsoft LS Retail which is the new retail technology platform in our new Select Grocers location and made plans to deploy it across all our other retail stores within our network. Following the opening of our new Select Grocers we made active steps to grow our Delect brand and our specific route to market activities were executed during this quarter. Arosa had a very successful quarter as sales increased for the yuletide season which included Christmas hams and wines. The consolidation of operations and channelling of resources through the Group served the company well as it geared up for a busy season. We successfully won several bids within the various major hotel chains

	Q4 2022 ($'000)	Q4 2021 ($'000)	% CHANGE
REVENUE	$4,611,378	$5,548,996	-16.90
GROSS PROFIT	$1,621,082	$1,050,375	54.33
OPERATION PROFIT	$397,472	$241,572	64.54
FINANCE COSTS	-$196,659	-$150,799	30.41
NET PROFIT	$135,442	$28,395	376.99
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	$118,228	$1,618	2,207.05
EBITDA	$588,811	$341,971	72.18

to supply wines, spirits, hams, bacon, breakfast sausages and other assortments as the winter season brought the need for additional supplies to meet the demand at their various locations. The record air traffic arrivals and plethora of events held in December spoke to the demand of the consumer to enjoy normality again.

The BOJ executed a 50 bp rate hike to 7.00% in November and paused in December which was the first time in over a year the central bank took no action. The same could not be said for the US Federal Reserve which had two consecutive 50 bp hikes to push the fed rate to 4.25% – 4.50% by the end of the year. At the start of 2022, the fed rate was 0% - 0.25% with the US central bank taking decisive action in light of elevated inflation.

Macroeconomic Environment

Preliminary estimates by the Statistical Institute of Jamaica showed the country's Gross Domestic Product (GDP) increasing by 5.2% compared to 4.6% in 2021. It is anticipated that with these levels of economic recovery, the country is on track to return to pre-COVID-19 GDP levels in 2023. The growth projections for the country were above 3.5% based on prediction by the International Monetary Fund (IMF) and other projections set by other statutory bodies. While the IMF is projecting a 2.0% rise in GDP for 2023, any significant global macroeconomic event may create disruption to those projections.

Mining and quarrying were the strongest performing sector of the goods producing services segment of the economy as it rose by 99.0% in the fourth quarter. Agriculture, forestry and fishing and manufacturing increased 5.9% and 5.4%, respectively, as output increased for both sectors during the fourth quarter. Construction declined by 4.8% during the fourth quarter during a period where interest rates rose, and construction material prices spiked. All service industry sectors excluding producers of government services saw an improvement in performance with the hotels and restaurants segment recording a 21.6% rise in the fourth quarter.

Agriculture, forestry and fishing and manufacturing increased 5.9% & 5.4%, respectively

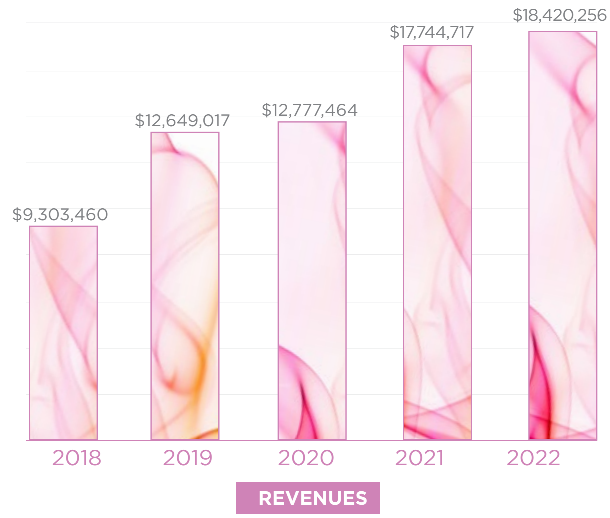
The USA's GDP estimates for 2022 was 2.1% growth despite declines in the first two quarters of the year according to the Bureau of Labour Statistics. The labour market also remained strong as the unemployment rate was 3.7% in November 2022.

The country recorded its lowest unemployment rate to date in April 2022 at 6.0% with July 2022's unemployment rate at 6.6%. The employed labour force was 1,268,000 in July 2022 which is still below the 1,269,100 persons in January 2020 when the unemployment rate was 7.3%. Point-to-point inflation peaked in April at 11.8% before ending 2022 at 9.4%. Calendar year inflation was 6.2% compared to the 9.1% in 2021. The Jamaican Dollar appreciated by 1.95% from $155.08 to $152.05 at the end of 2022.

The BOJ's interest rate hikes were done in response to rising inflation and the need to also maintain stability in the economy. While these moves were not liked by various parties, it was done ahead of the USA's Federal Reserve which had to execute much more aggressive hikes as it dealt with its own inflation situation. Jamaica's net international reserves decreased from US$4.0 billion to US $3.98 billion or 37 weeks of good imports. Remittances marginally declined from US$3.5 billion in 2021 to US$3.44 billion which remains well above pre-COVID levels. The diaspora has strong support for Jamaica even when there are increased expenses abroad. The Sangster International Airport had a 69% improvement in passenger traffic to 4,356,100 passengers which included several months surpassing 2019's historic figures. The Norman Manley International Airport saw air traffic surpassing 1,562,100 passengers for 2022 whilst rating agency Fitch maintained a B+ rating for Jamaica with a stable outlook as Jamaica continued reducing its debt to GDP ratio.

Revenue

Consolidated revenue for the group increased by 3.81% from $17.74 billion to $18.42 billion as our distribution business sold more volumes during the year while the company revenue grew 4.45% to $11.53 billion. Group gross profit increased by 36.09% to $4.64 billion with the gross margin increasing from 19.21% to 25.19%. Other operating income rose by 28.47% to $237.37 million which included a gain of $82.18 million.



Gross profit for the company increased by 62.56% from $1.74 billion to $2.83 billion with the gross margin moving from 15.76% to 24.52%. The company earned $219.14 million in other operating income with the management fees charged to the Marnock subsidiaries for the provision of management and administration services declining from $306.13 million to $57.93 million.

Distribution

While the distribution segment had a 32.77% growth in revenue to $8.20 billion, the operating profit of $213.02 million dipped into a loss of $462.64 million in 2022. Part of this operating loss is associated with increased costs experienced during the integrational setup of the business. It's not likely there will be a loss in 2023 barring any extraordinary events.

Total assets grew by 54.45% to $11.85 billion while total liabilities grew by 111.11% to $7.22 billion during the period. This relates to debt financing and the impact of IFRS16 and payables associated with increased inventory acquired at the end of the reporting period.

Wholesale and Retail

The financial year 2022 was a year during which there were constant challenges as commodity prices spiked along with a general increase in prices of goods that were sold to customers. Although we sought to contain increases and kept prices constant where possible, the basket size of many consumers was impacted by the general inflationary impact being felt throughout the economy.

The segment saw revenue decreasing by 17.57% from $10.20 billion reported in 2021 to $8.41 billion which was negatively impacted by the overseas subsidiary due to the temporary retooling as well as the general reorganizing of the business which was required. Despite the reduction in revenue from this segment of the business, operating profit grew by 205.40% to $1.41 billion as the strategies implemented came to fruition during the period. Total assets increased by 7.07% to $4.49 billion while total liabilities decreased by 15.47% to $2.39 billion.

We continue to be proud of the performance of our local retail business and remain satisfied with the strategies that have been implemented. As such, the contribution both in terms of revenues, operating profit and net profit continues to be a positive catalyst to the group. The service and dedication of all our staff continue to be one of the hallmarks within the Group and we tout that as being the foundation of any great business.

Other Operations

Other operations include the manufacturing of flavours and fragrances, processed meats (with the acquisition of Arosa), wooden pallets and other wood by-products. This segment experienced a 32.57% increase in revenue and saw this business segment generating $1.80 billion which was positively influenced by the Arosa Limited contribution. The operating profit for the segment grew by 31% to $172.87 million as Caribbean Flavours and Fragrances Limited and Woodcats International Limited's had a stellar year, thereby increasing their year over year contribution to the Group. Total assets grew by 14% to $1.40 billion, total liabilities increased by 257.47% to $1.82 billion which is directly attributed to the consolidation of the assets and liabilities of Arosa Limited.
Expense Management

Total expenses for the Derrimon Group increased by 34.96% from $2.73 billion to $3.68 billion with operating and administrative expenses rising by 28.68% to $3 billion.. Most of these increased administrative expenses are related to staff costs, which grew by 22% to $1.27 billion, as we boosted our team with new staff due to new business, the resources that were required for the new Select Grocers supermarket as well as the need to increase our operational capacity required to operate in this ever changing dynamic economic environment.

The rise in utility costs is due to higher energy prices while bank charges and professional fees increased as a result of more commercial activity and the acquisitions of Arosa and Spicy Hill.

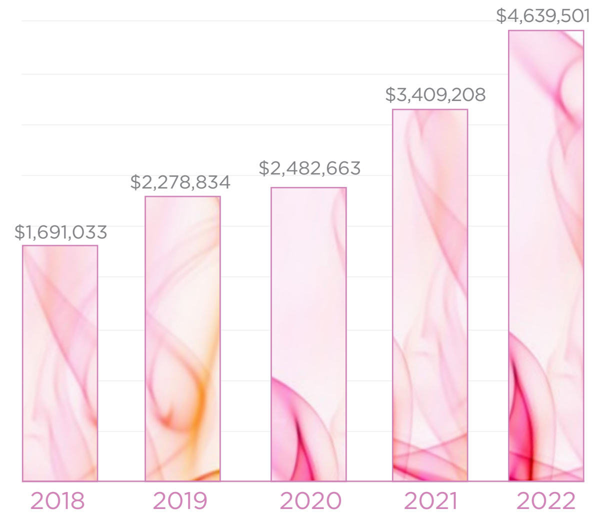
Selling and distribution expenses increased by 71.30% to $689.13 million and is directly related to commissions, transportation and other direct selling related expenses.

The amortization of our right-of-use asset increased by 12.60% to $261.27 million which reflects a larger footprint of business with depreciation jumping 132% to $271.64 million largely related to new business and greater assets base.

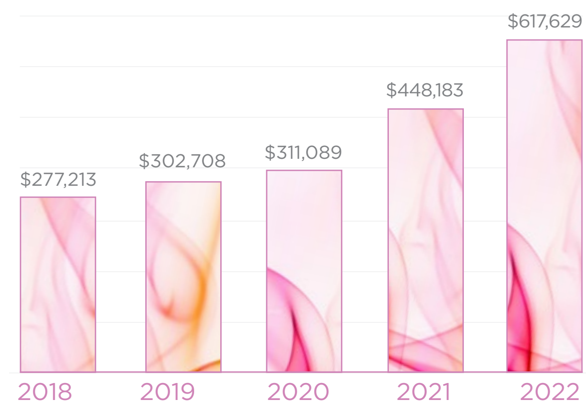
Total expenses for the company rose by 38.62% during this financial year to $2.35 billion which included a 38.42% increase in operating and administrative expenses moving from $1.31 billion to $1.81 billion. Staff costs rose by 29.63% to $729.97 million as the Group increased its cadre of staff at various leadership levels as well the need to staff the new retail unit at Select Grocers, Spicy Hill Farms limited and Arosa Limited. Selling and distribution expenses closed the period at $539.80 million which represents a 39.26% rise and is driven by both the inflationary increases as well base increase in some core expenses such as fuel . The jump in our utilities to $188 million is not only a function of higher energy prices, but also increased business related to our manufacturing business.

Finance Costs

As the Group moved to expand and acquire other businesses, its borrowings increased by 49.22% from $2.04 billion to $2.90 billion. This increase in debt was deliberate however, it came at higher rates given the general increases in market interest rate. The impact is a combination of an increase in debt as well as the increase in rate re-



GROSS PROFIT



NET PROFIT

sulting in the interest expense growing by 187% from $111.96 million to $$321.31 million. After accounting for foreign exchange gain and higher lease interest expenses driven by IFRS 16, total finance costs reported was $463.58 million. The company was very deliberate and will be taking specific steps to reduce its core debt over the next three (3) financial years given the expected revenue that will accrue from the new business.

Taxation & Profits

Group taxation remained flat at $108.42 million and was positively influenced by deferred tax asset that was associated with the company and positively influenced performance during the reporting period. Our various tax remission from listing on the Junior Market of the Jamaica Stock Exchange will come to an end in 2023 for both DTL and its subsidiary CFF.

While consolidated (Group) net profit grew by 37.81% to $617.63 million, Derrimon's profit attributable to shareholders increased by 45.02% from $399.94 in 2021million to $569.98 million. Earnings per share also moved up from $0.094 to $0.128. The company's net profit marginally improved by 6.41% increasing to $228.06 million. Earnings per share also increased from $0.050 to $0.059.

Balance Sheet Management

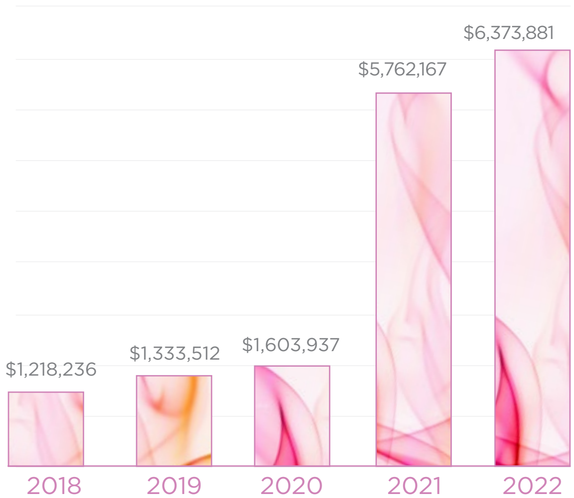
The Group's total assets increased by 33.11% during this reporting period moving our assets from $11.51 billion to $15.37 billion and has been positively influenced by the acquisition of Arosa's non-current assets and the continued capital expenditure that was done throughout the year. The Property, Plant and Equipment (PPE) also moved from $2.35 billion to $3.75 billion whilst there was an increased in our investment securities portfolio by 21.46% to $233.48 million given the necessary rebalancing that was required.

Current assets grew by 34.41% to $7.28 billion with cash and short-term deposits moving from $1.15 billion to $901.88 million. With the acquisition of Spicy Hills and Arosa along with the opening of our new Select Grocers location, inventories increased by 55% from $2.68 billion to $4.15 billion which also accounts for the higher carrying balance of our inventory. Our receivables balance increased by 37.19% to $2.18 billion as we had more business across the Group at the end of the period with gross trade receivables at $1.53 billion.

Total liabilities increased by 55.53% from $5.75 billion to $9 billion as non-current liabilities and current liabilities increased to $4.69 billion and $4.31 billion respectively. Our long-term loans grew by 49% to $2.61 billion while our short-term loans was unchanged at $296.20 million. Our lease liabilities increased as a result of the

	DECEMBER 2022	DECEMBER 2021	% CHANGE
JSE INDEX	$355,896.64	$396,155.61	-10.16
JUNIOR MARKET INDEX	$3,986.44	$3,428.30	16.28
JSE COMBINED INDEX	$368,591.98	$401,130.23	-8.11
M&D INDEX	$92.42	$100.38	-2.95
DTL STOCK PRICE	$2.14	$2.30	-6.96


cean Fresh
EAFOOD
WEEKLY SPECIAL
B LINER
1/2 - 3/4
$47.00
BLACK SEABASS $5.99 wild
TILAPIA (WHOLE) 3.99
POMPANO (WHOLE) 4.99 wild
TITUS MACKEREL wild
FOOTEOGRAPHY



CAPITAL

revaluation of our leases which are denominated in USD while payables rose 120% to $3.15 billion as the group's local trade payables and staff payables were accruing at year end.

Equity attributable to shareholders rose by 10.47% to $6.13 as the Group's retained earnings improved during the period with equity for the company growing to $5.54 billion.

Capital Expenditure

The Group invested an additional $725.81 million in Property Plant and Equipment (PPE) with the bulk of it related to the ongoing expansion for our new subsidiaries which were operationalized at the new Marcus Garvey Drive facility. With the acquisition of Arosa, the Group assumed $941.19 million of PPE which positively impacted the group balance sheet. The transfers of $1.17 billion from investment in subsidiary to leasehold improvements, furniture and equipment relates to the Select Grocers location which was finally completed in November 2022. We remain positive that the desired payback and revenues that is anticipated from this location will be derived over the ensuing years. Overall, the wholesale and retail segment spent $681.34 million, $2.13 million on Distribution and $42.35 million on other operations. The company spent $686.02 million on PPE with most of the investment currently classified under work in progress. Apart from the associated delays, the company is spending the relevant capital to ramp up its manufacturing capacity for its various operations.

Stock Price

There were six new listings on the Junior Market with Dolla Financial Services Limited setting a record where it attracted $4.762 billion in capital relative to the offer size of $500 million. Three additional Junior Market listings saw more than $1 billion subscribing to the initial public offerings (IPO) which speaks to the confidence that investors have in budding Jamaican companies seeking to reach new heights. The Main Market saw the cross listing of Massy Holdings Limited and multibillion dollar preference share offer of Productive Business Solutions Limited albeit rising interest rates at the time.

The first half of 2022 was characterised by record trades and market indices generally performing above March 2020 lows. However, the latter half of 2022 saw trading values drop to a third of their first quarter values which reflected the broader economy through increased interest rates and high inflation. Investors rebalanced their portfolios which likely meant switching to more defensive positions and capitalizing on higher interest rates. The top 10 shareholders increased their interest in the company from 73.17% to 73.32% at the end of 2021.

Derrimon's stock price increased by 14.35% during the first quarter at a time when trading record volumes and values were being achieved on the Junior Market. The stock remained quite liquid which was a great fact even against the reality of rising interest rates. On May 11, the stock price hit a 52 week high of $3.50 which was not far from the $4 peak seen in September 2018. However, at the same time when Derrimon's stock peaked like the Junior Index a few days prior, prices began to trend down in the subsequent weeks. This retreat in prices became more noticeable in September when prices continued to trend down. The stock price closed the year down 6.96% with a 52-week low of $2 being hit on December 12. The company's market capitalization ended the year at $9.70 billion, a marginal decline from the $10.43 billion in 2021. The company did not pay a dividend in 2022 as the growth path continued to manifest itself through capital intensive investments, two new business acquisitions and a new Select Grocers location. The company also had to deal with increased financing costs, operational costs and inventory costs during the period.

Risk Management

The risk management policy framework which has been established by the Board of Directors continues to be a critical part of the daily operations of the Group. The management team are the key drivers in the management, operational and enterprise risks within the framework of the policy and are reviewed by the Audit Committee of the Board of Directors. The implementation of various strategies of managing and controlling inventory and cash are reviewed and trends are analysed.

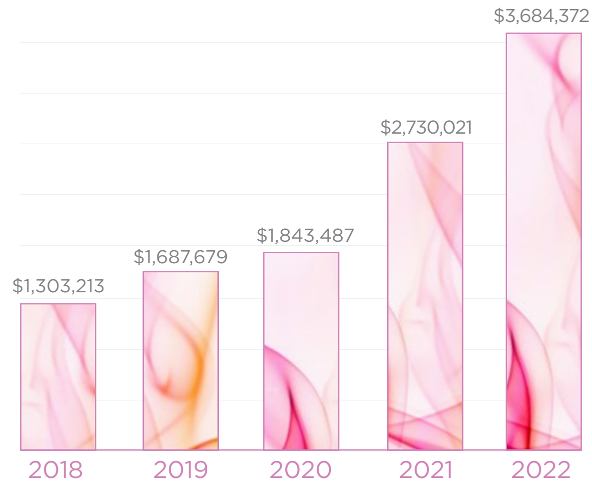
A full evaluation of our risk is performed at every level of operation to ensure that all of the known elements of risk are effectively managed and mitigated. The various enterprise risks are measured and managed, standards are maintained, thorough inspection of raw material inputs and further testing at the completion of the manufacturing process ensures higher levels of standardisation product quality control.

Some of the risks identified in 2022 included:

Operational Risks – This arises from the inability to execute business due to internal or external factors that inhibit activity. This risk can further be compounded by employee errors, fraud, natural disasters and damage to physical assets. The Group has insurance policies for business interruption, property damage and public liability.

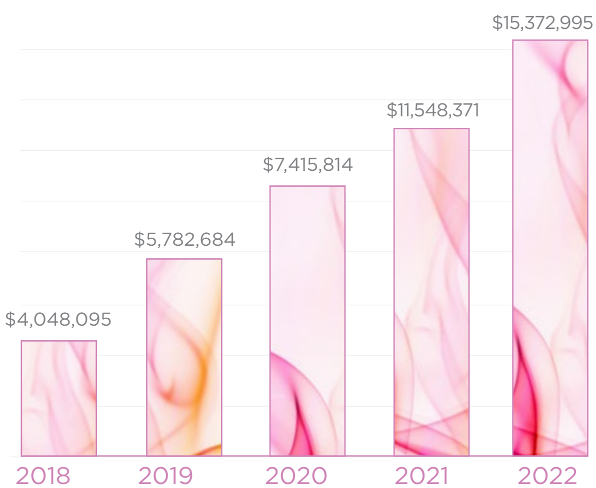
Currency Risk – The Derrimon Group is exposed to foreign exchange (FX) risk due to fluctuations in the exchange rate on transactions and balances that are denominated in currencies other than JMD. While the company does not directly hedge with derivatives, it manages currency risk through arrangements with producers and suppliers which includes buffers in the pricing mechanism. The rising export portfolio and management fees from our New York operations also provides the company with FX to manage the potential volatility at different intervals. The treasury team is also engaged across all subsidiaries to discuss future FX needs and possible renegotiations of terms in certain deals. Currency risk can also be managed by refinancing loans denominated in a foreign currency into JMD to address any fluctuations in the FX rate.

Credit Risk – The Derrimon Group is exposed to credit risk where its customers, clients or counterparties fail to discharge their financial obligation to the company which mainly manifests itself in the form of receivables. 44% of the Group's receivables were current at the end of 2022 with 76% being under 90 days. 40% of the company's receivables at the end of 2022 was current with 72% of the receivables bal-



TOTAL OPERATING EXPENSES

ance being below 90 days. While the company wrote off some bad-debt in 2022, it was minimal compared to revenues and net profit generated. The Group and Company's customer base is diversified and not concentrated to a select few parties with any difficulties experienced by these customers negotiated in the early stages.



TOTAL ASSETS

Commodity and Supply Chain Risk – The Group is impacted by delays experienced by our suppliers and fluctuations in commodity prices for raw materials used in different operations. The Group imports key inputs and other inventory items used in its operations from many geographies, but mainly from the Caribbean relating to items sold by different businesses. Supply chain disruptions impacted the timing of the second Select Grocers opening due to delays associated in Asia and lack of shipping containers from alternative suppliers in closer countries. While escalators and shelves might seem like inconsequential items, they are critical in opening a new retail operation. Commodity price fluctuations can shrink the margins earned from the sale of goods to customers. While the Group can enter relevant arrangements with suppliers and build up on inventory, it cannot control geopolitical events or government actions which can disrupt the ability of a supplier to send goods to the final destination. This also extends to commodities such as lumber where the key supply comes from a select set of countries and prices can increase rapidly due to greater demand than supply.

Interest Rate Risk – Interest rate risk relates to the value of a financial instruments or future payments changing due to market adjustments. The Group invested into higher yielding instruments during the high interest rate environment and took fixed rate liabilities where applicable. The company's debt to equity ratio increased from 0.39 times to 0.54 times while debt to total assets moved from 0.21 times to 0.24 times. While the company has sufficient capital to cover its interest expense, the company is not immune from some of its lenders adjusting interest rates upwards. Although there is no expectation that interest rates would increase at a faster pace by lenders, the rise in interest expense impacts the profit growth of the company. The board carefully monitors the company and Group's capital management strategies which also extends to external borrowings.

The Management and Directors of the Group maintains its continued focus on transparency and ensure that good governance is practiced throughout our operations and the way we communicate. Our shareholders and members of the public can view the Group's financials and company's financials for every quarter which allows for anyone to make a fair assessment of the state of affairs of the business. In addition, the Board of Directors continues to utilize its various committees to ensure that information is reviewed and are within the operating practices of the organization.

"Jamaica continues to see strong activity in it's entertainment and tourism sector..."

To ensure shareholder benefits and business continuity in the event of catastrophic occurrences, the implementation of robust disaster recovery plans, business continuity plans and internal control measures to increase the security of our assets have been established. Safeguarding of proprietary trade secrets, client's relationship, and data availability have been undertaken. The company will continue to manage its risks to protect its employees, assets and the interests of all its stakeholders.

Outlook & Future

Commodity prices have been trending downwards along with the cost in the movement of goods which bodes well for the country. There has also been a significant reduction in point-to-point inflation up to March which was 6.2%, just 20 basis points above the BOJ's upper target range. However, it should be noted that the Organization of the Petroleum Exporting Countries (OPEC) cut oil production along with Russia by 3.66 million barrels per day or nearly 4% of global demand in April. The Russia-Ukraine war being at a virtual stalemate also doesn't bode well for global confidence as Europe remains on edge in the current period.

The first quarter was also marked by significant fear in the financial system both locally and abroad. The Minister of Finance eventually revealed that the country would be switching to a twin peak regulatory system with the BOJ being responsible for prudential regulation and the FSC responsible for consumer production and market conduct. We welcome any developments that will continue to instil confidence in Jamaica and our financial sector.

Jamaica continues to see strong activity in its entertainment and tourism sectors which have seen record patrons and arrivals for business. There has also been continued investment in real estate and capital expenditure by various local companies who seek to meet the demand in Jamaica and abroad. Remittances also remain robust which speaks to the level of capital coming back to Jamaica. TransJamaican Highway Limited also noted in its reports that traffic in December 2022 hit new levels with 2022's traffic on the thoroughfares exceeding 2019 levels. This spoke to not only the return to normalcy, but the desire for people to live life and enjoy this island we call Jamaica.

Finance Minister Dr Nigel Clarke also noted that the country's debt to GDP figures are expected to be 79.7% at the end of March 2023 which is a return to pre-Finsac levels. This is a critical milestone as this sets the path for the country towards a possible investment grade credit rating which would open up significant amounts of investment into the country. Fitch Ratings gave Jamaica a positive outlook in its most recent update. The BOJ has continued its pause on its policy rate and has moved to increase the cash reserves of deposit taking institutions (DTI's) to further reduce liquidity in the system. The USD-JMD weighted average FX selling rate also appreciated to the $150 range on March 31 which is a great sign of no more predictable signs of continued depreciation.

Our new Select Grocers location is expected to get into full swing in the first half of 2023 with different businesses on the upper level starting their operations and will complement the vision of being a full one stop destination. This will ensure that customers are provided with other services such as micro lending, travel and courier service, procurement of lightening and electrical items are available to their convenience and to enhance the shopping experience.

Although there will be consideration for other Select Grocers locations across Jamaica, we will carefully consider and evaluate the surrounding communities to determine if it is best for us to proceed based on the Group's retail strategy and action plans and associated timelines.

The company continues to evaluate the many business opportunities that present themselves by many local and foreign principals whereby DTL is being approached to act as a distributor for their products. We continue to evaluate these opportunities to determine best fits to our business as well as the potential hurdle returns. We remain selective about who we choose to work within the distribution space and will consider each opportunity as it presents itself based on established criteria.

We expect that there will be continued growth in many of our subsidiaries within the domestic and international markets and we position the products supplied by Arosa, Spicy Hill Farms and the 'Delect" line of products to ensure that we get the levels of market acceptance and growth. We intend to continue with the retooling Arosa Limited, availing of more variety of manufactured and imported products which are geared toward growing revenue and the earning potential of the business in a more cost-efficient manner. We will explore the expansion of our wine portfolio, improving commercial activity in the trade channels for retail and hotels and improving the manufacturing setup of different products. The Spicy Hill portfolio is currently benefiting from the centralized manufacturing and research operations at our headquarters and growing demand from an expanding overseas and local customer base.

Delect has introduced a wider variety of products which are also being distributed throughout our New York operations and other diaspora markets. The Delect brand of products will serve as part of our ambition to grow exports and derive more of our revenue from the overseas markets. We continue to substantially improve the marketing of our products through television features, demonstrations at different retail locations and media appearances. Our Head Chef at Select Grocers Mrs. Lisa Brady-Gaby created a variety of meals featuring recipes using Delect products that were featured in national newspapers. We will continue to place greater attention on our proprietary brand and leverage the reach across Jamaica to market these quality products.

Our focus on improving our e-commerce channels has been enhanced with the revamping of shopsampars.com given our commitment and quest to improve not only the experience for customers, but also to better integrate the Select Grocers and Delect branded products into the offering. This is part of our move to bolster our omni-channel retail strategy which covers digital and physical operations. We have introduced a subscription option that allows for unlimited delivery, receiving a personal shopper and delivery in under two (2) hours. This is enhanced by our dedicated customer care agents to assist with queries and expanding ready to eat meals for persons looking for fresher, healthier options.

We have offered discount codes to college students and teachers, free deliveries at certain times and samples to new customers as we ramp up our business in surrounding high density population centres.

Although shipping prices have significantly moderated in recent months and there has been foreign exchange stability, the ability for price reductions on existing products is not an immediately available option for the Group. Some products are being sold at higher carrying cost from suppliers, commodity prices can fluctuate depending on any global event, packaging costs are still persistently high and higher interest rates are impacting finance costs. This is complicated by the exigent circumstances such as the rising cost of energy, higher inflation adjusted wage costs, increasing security costs, the reinsurance crisis and climbing interest rates offered by financial institutions.

The reduction in capacity by general insurance companies and increased leasing costs from our larger group operation means that these headline expenses will eat a larger share of income this year. While price increases are one avenue to recover costs and grow margins in theory, it can also reduce volumes sold and deter price conscious consumers from our businesses. Containing costs, reducing wastage and growing business organically through relevant strategies are the elements for a successful operation.

The BOJ has not increased its policy rate in 2023 but has taken different moves to shore up liquidity in the system which included raising the cash reserve requirement for deposit taking institutions. However, the US Federal Reserve has maintained its position on raising its rates which have increased by 0.25% for three consecutive meetings in 2023. This has pushed the Fed rate to 5.00% – 5.25% range which is the highest it has been since August 2007. These hikes have coincided with the collapse of three US regional banks with two being the second and third largest failures in US history. We continue to monitor the ongoing developments especially as core inflation remains well above 5.5% while headline inflation trends downwards.

As the financial environment continues to harden, we will be evaluating different avenues to leverage our size and depth for alternative financing solutions. These can range from trade finance options with some assets to possibly realigning some subsidiaries to extract new capital and position them for new growth opportunities. The company has utilized some trade finance options in the last three years and will look to different local firms for the appropriate solutions. This strategy is essential as various financial institutions tighten lending, increase headline rates and become more risk averse as new developments such as Basel III impact their capital structures.

We encourage our shareholders to follow our social media pages, shop on shopsampars.com, and try our Delect products at the major retail stores and from all our Sampars and Select Grocers locations across the island. While our Annual General Meeting (AGM) is largely in person, these meetings will be streamed on platforms such as Zoom and Instagram as we work to ensure that access is not limited for those seeking to learn about our business.

After twenty-four (24) years in operation, the Derrimon Group is still in pursuit of greater goals and has a drive to complete several new strategies in 2023. These goals will reflect the successful effort of our 1,300 plus workforce between Jamaica and the USA along with the support of our various stakeholders. The business has evolved from a dream but has now become the cornerstone in the lives of numerous shareholders and businesses.

Derrimon would not be where it is today without the assistance of several key individuals and we thank those persons and organisation that have and continue to allow us to realise the dream and growth over the past 24 years. Our various stakeholders include our cadre of bankers and financial advisors continue to play that role and provide us with the financial support that every organization must have. We appreciate and salute you all for these levels of support. Thanks to the Board of Directors for their insights and guidance during our time as a listed company and to all our customers at home and abroad for putting Derrimon on the map and we anticipate your continued support through our new ventures.

2023 is a story yet to be told, but we welcome everyone to write it with us today.

EXECUTIVE MANAGEMENT

Left-Right: Derrick Cotterell, Chairman & Group CEO I Monique Cotterell, Group Human Resources Director and Company Secretary I Ian Kelly, Group CFO & Divisional Director.

BUSINESS UNIT LEADERS

STEWART JACOBS
Arosa Limited

JOHN PAIK
Food Savers NY & Good Food for Less

ORAL RICHARDS
Head of Retail and Purchasing-Group

PETER DOUGLAS
Woodcats International

JANICE LEE
Caribbean Flavours & Fragrances, Limited

SHELDON SIMPSON
Derrimon Trading Company Distribution

DAVID LEE (not pictured)
Spicy Hill Farms Limited

DTL GROUP AND MANAGEMENT

Front Row Seated Left to Right: Warren Cornwall, Commercial Manager and Ricardo Skyers, Sales Manager
Second Row Standing Left -Right: Desrine Reid, Customer Service Manager, Carol Wilson, Credit Manager, Celia Malcolm-Sloley, Manager-Chilled Beverages, Amaya Miller, Loss Prevention and Safety.

DTL GROUP AND MANAGEMENT

Left to Right: Otema Thompson, Group Financial Manager; Kim Lee, Chief Marketing Officer; Jermaine Thomas, Chief Technical Officer; Verona Howell, Group Management Accountant; Rockey Allen, Security & Facilities Manager; Sheree Gordon, Office Manager I Executive Assistant to the Chairman and CFO

RETAIL OPERATIONS (SAMPARS & SELECT)

L-R standing- Shaun Battick, Inventory Manager; Craig Robinson, Head of Category Management & GM, Gavin Smith, Category Manager, Romaine Dawson, Operations Manager.
L-R Seated: Jillian Wright, Retail Operations; Semoy Cole, Category Management; Mishka McLean, E-Commerce Manager
Not Pictured: Jermaine Marshall - Retail Operations, Orville Wilson - Store Operations; Leroy Dawkins - Business Development

STORE MANAGEMENT

L-R Standing:Patricia Tyndale, Select Grocers Manor Park, Jean Alvaranga, Select Grocers, May Pen; Kebra Dawson, Sampars Boulevard;
L-R Sitting: Lisa Moncrieffe, Sampars Old Harbour; Pearl Spencer, Mandeville; Andrea McKenzie, St. Ann's Bay.
Not pictured: Judith Johnson - Crossroads; Genevieve Christie, Ice Cream Depot; Marvette Dixon, Marcus Garvey Drive; Carlos Duhaney – West Street.

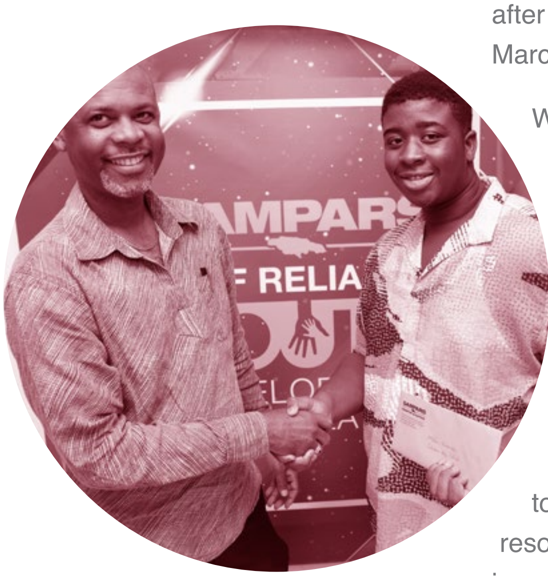
FOOD SAVERS NY & GOOD FOOR FOR LESS

Neil Veira (Manager – Fish Department); Tashika Savage (Front End Supervisor); Mojisola Botton (Front End Supervisor);Simone McFarlane (Account's Clerk); Chelsi Cotterell (Wholesale Operations Manager); Enrique Calderon (Front End Manager); Maria Hinds (Admin); Olamide Ayeni Thomas ((Front End Supervisor); Alona Sampson Dover (Front End Supervisor); Owen O'Sullivan (Operations Manager).

UNITING FOR A COMMON GOOD

CORPORATE SOCIAL RESPONSIBILITY 2022

As we continue to strive at making a positive impact in our society, the Derrimon Trading Group, through our B2B and B2C business units reinforce our belief that an educated nation is a prosperous one. Our retail arm Sampars, in collaboration with The Self Reliance Youth Development program, provides after school tutoring and homework center facilities at the Marcus Garvey branch.

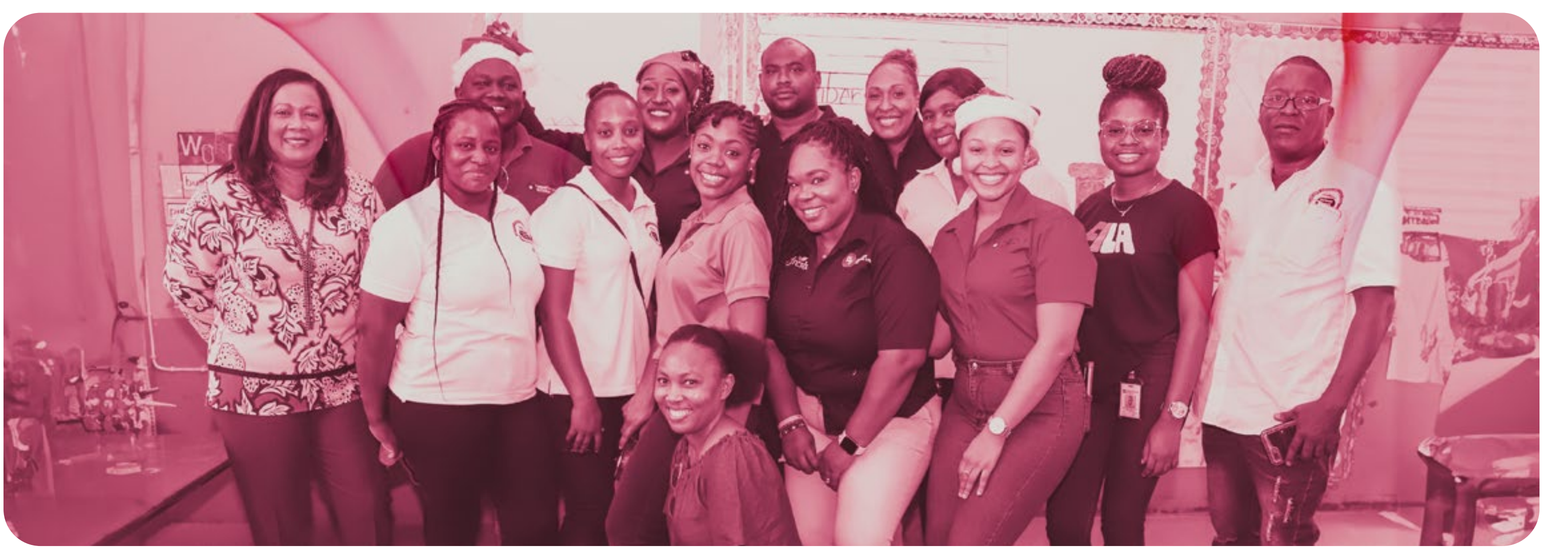


We also believe that cultivating talent is essential for growth and the Derrimon Trading internship program remains one of our most consistent activities seeding professional development of specially selected young graduates.

"Our colleagues are an integral part of our service to the community..."

Our colleagues are an integral part of our service to the community by their willingness to support initiatives within the group, donation their time, resources and provide interaction where ever they go. Partnering with private sector organizations, governmental representatives, secondary schools and individuals, give us the opportunity to impact the vulnerable of our society in a positive way.

We will continue with care package donations of food and household items. Feeding the indigent and elderly are one of the many ways Derrimon is able to bring hope and comfort to those who need it the most.



Labour of Love: Our team hard at work for our Labour Day activities at the Central Branch All Age School. This initiative was led by Woodcats International with support from Caribbean Flavours and Fragrances, Spicy Hill and Derrimon Trading.

Champions: The Refresh brand sponsored the St. Georges Cup held on Aug 6 & 7, 2022. The participants in the 2 day competition were William Knibb High School, BB Coke High School, St. Andrew Technical High School and the champions, St. Georges College. Pictured with the winning team is Chief Marketing Officer Ms. Kim Lee & General Manager of Derrimon Trading, Mr. Sheldon Simpson.

FINANCIALS

REPORT ON THE 31 DECEMBER 2022

AUDITED FINANCIAL STATEMENTS TO OUR SHAREHOLDERS

The Board of Directors is pleased to report to its shareholders on the performance of Derrimon Trading Company Limited (Group Consolidated) and Derrimon Trading Company Limited (Company) for the year ended December 31, 2022.

During this year, our company continued with its various innovations as well as the expansion and diversification strategy that is being pursued. The agility of our USA market and domestic operations were pivotal to the Group navigating the adverse market dynamics which affected us such as: the lingering impacts of the global pandemic, inflationary economic pressures and the general slowdown of economies.

The strategy of building a diversified Group of Companies continues to positively impact the financial performance of the Group as is outlined in the attached financial statements for this reporting period. During the financial year, there were many accomplishments contributing to the growth of our business and several factors which influenced the positive financial outcome reported by the Group.

These include:

- Successful completion of the new Select Grocers Supermarket at the Millennium Mall in May Pen, Clarendon and the opening of this modern state of the art facility on November 16, 2022.
- Completion of the acquisition of Spicy Hill Farms Limited and the build out and retrofitting with equipment of the new factory in Kingston.
- Negotiation with the shareholders of Arosa Limited and full takeover of operations on April 1, 2022.
- Implementation of the new retail technology platform – Microsoft LS Retail in the new Select Grocers supermarket and further roll out in all the retail stores.
- Expansion of our proprietary brand, Delect, and the active development and implementation of the route to market strategies.
- Continued growth in revenue, margins and profitability from the Retail, Distribution and eCommerce Segments of the business.

The aforementioned list of accomplishments and factors influencing the results of our Group took immense dedication during uncertain times and sends a strong message of our intent to deliver on our strategies over the coming years.

The Consolidated Group and Company's financial performance shows the following growth:

- Consolidated total assets of $15.373 billion which represents a 33.57% or $3.864 billion growth over the $11.509 billion reported for the similar period ending December 31, 2021.
- Consolidated revenue of $18.420 billion, a $0.675 billion or 3.81% increase over the 2021 reporting period
- Consolidated Gross Profit of $4.640 billion, a $1.230 billion or 36.09% increase over the $3.409 billion reported in 2021 reporting period.
- Operating Profit of $1.190 billion representing a 51.15% or $402.585million increase over the $787.04 million reported in 2021.
- Consolidated profit before tax of $726.046 million, a $170.327 million or 30.65% % increase over the 2021 reporting period.
- Net profit of $617.629 million, a $169.45million or 37.81% increase over the 2021 reporting period.

Notwithstanding our financial results, the operations of our Group of companies in many markets continue to expose us to various risks and challenges however, given the diversification strategies, competence of our leadership and team, our vision and our focus, we are confident that our Group will continue to produce positive results to create and maintain value for our shareholders.

The Board wishes to thank our loyal management team and employees for their commitment and dedication during this year, as well as our shareholders, customers and other stakeholders for their continued support.

Derrick Cotterell
Chairman & Chief Executive Officer

Derrimon Trading Company Limited

Index
31 December 2022

Page

Independent Auditors' Report to the Members

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Members of
Derrimon Trading Company Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Derrimon Trading Company Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2022, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

What we have audited

Derrimon Trading Company Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2022;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

…/2

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
Page 2

Report on the audit of the consolidated and stand-alone financial statements

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 consolidated and stand-alone financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our 2022 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

The Group's businesses are organised into three primary segments being Distribution, Wholesale and Retail and Other operations. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages.

In establishing the overall Group audit strategy and plan, we determined the type of work that was needed to be performed at the components by the Group engagement team and component auditors.

…/3

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
Page 3

Report on the audit of the consolidated and stand-alone financial statements

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Accounting for Business combinations-intangible assets (Group) *Refer to notes 2(b) and 6 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.* The total carrying value of goodwill as at 31 December 2022, is $1.43 billion, representing 9.3% of the Group's total assets. In accordance with ISA 36, "Impairment of Assets" management performed an annual impairment assessment to determine whether the carrying value exceeded the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated and is therefore impaired at the reporting date. Goodwill relating to the recoverable amount of a CGU is calculated as the higher of the value in use and the fair value less the costs of disposal. 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 that there are no impairments as at 31 December 2022. We focused on this area as the annual impairment assessment requires management's judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the key assumption being the revenue growth, capital expenditure and discount rate in the Group's impairment model.	Our approach to addressing this matter, with the assistance of our valuation expert, we performed the following procedures, amongst others, overall management's goodwill impairment assessment as follows: ❖ Evaluated management's future cash flow forecasts, and the process by which they were prepared, including testing the underlying calculations and comparing them to the latest financial forecast. ❖ Compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting. Challenged management's key assumptions for revenue growth and discount rate. In order to do this, we: ❖ Evaluated these assumptions with reference to valuations of similar companies. ❖ Compared the key assumptions to externally derived data where possible, including market expectations of investment returns and projected economic growth. ❖ Evaluated the revenue growth and discount rate used in management's cash flow projections. The results of our procedures indicated that management's determination that goodwill was not impaired at the reporting date was not unreasonable.

…/4

INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of
Derrimon Trading Company Limited
Page 4

Report on the audit of the consolidated and stand-alone financial statements

Key audit matters	How our audit addressed the key audit matters
Accounting for Business combinations-intangible assets (Group) *Refer to note 2(b), 6 and 7 to the consolidated and stand-alone financial statements for disclosures of intangible assets and investments in subsidiary and joint venture respectively.*	
On April 2, 2022, the Group acquired 100% of the share capital of Arosa Limited. Management assessed the that the acquisition qualified as a business combination resulting in recognition of a bargain gain amounting to $82.1 million which is included in the Group' Statement of Comprehensive Income. Valuation of identified net assets acquired were performed as part of the Purchase Price Allocation (PPA). We focused on this area due to the significance of the intangible assets identified and due to the nature of the business combinations, the requirements of which can be complex and requires management to exercise judgement in determining certain estimates. The most significant is the determination of the PPA. Management engaged external experts to assist with the determination of the PPA which encompass identifying and estimating the fair value of intangible assets acquired. The determination of fair value involves significant areas of judgement which is based on the inputs and assumptions in the model such as growth rate, future margins and discounts rates.	Our approach to address this matter, with the assistance of our specialist, involved the following procedures: - ➢ Read the share purchase agreement and evaluated the appropriateness of the accounting for the acquisition as a business acquisition as business combination against management accounting policies and the applicable accounting standards. ➢ Held discussions with management to understand and evaluate their basis for the assumptions. ➢ Evaluated the applicability of the valuation methodologies utilized to derive the fair value of the identified assets. ➢ Tested the reasonableness of valuation assumptions and inputs by:- • Corroborating the key variables, being the business growth rates, attrition rate, future margins, commission paid and discount rates to historical and prospective financial, industry and economic information taking into consideration our knowledge of the Group. • Where relevant, considered changes in the market conditions, third party sources and challenged management's future revenue estimates. • Assessed the competence and capability of managements' valuation experts. • Performed scenario analysis testing the varying growth rates and the associated discounted cash flow model as it relates to the licence agreement. • Recalculated the bargain price gain being the difference between the total net consideration paid and the fair value of the net assets acquired for mathematical accuracy. Based on the audit procedures performed, management's accounting and judgements and estimates relating to the valuation of intangibles were not unreasonable.

…/5

<u>INDEPENDENT AUDITORS'S REPORT</u> (continued)

To the Members of
Derrimon Trading Company Limited
Page 5

Report on the audit of the consolidated and stand-alone financial statements

Key audit matters	How our audit addressed the key audit matters
Valuation of trade receivables for the Group and the Company *Refer to notes 2(k), 3(a) and 12 to the consolidated and stand-alone financial statements for disclosures of receivables.* The Group recognises expected credit losses (ECL) on financial assets measured at amortized cost. The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information. The combination of significant management estimates and judgement increases the risk that management estimates could be materially misstated. See notes 3(a), 4(i) and 12 of the financial statements.	Our audit procedures in response to this matter included: ❖ Obtaining an understanding of the model used by management for the calculation of expected credit losses on accounts receivables. ❖ Testing the completeness and accuracy of the data used in the models to the underlying accounting records. ❖ Involving our financial risk modelling specialist, to review the ECL model, assess the appropriateness of the Company's impairment methodology, management's assumptions and compliance with the new requirements of IFRS 9, Financial Instruments. ❖ Assessing the appropriateness of the Group's impairment methodology, management assumptions and compliance with the requirement of IFRS 9, Financial Instruments. ❖ Assessing the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with IFRS 9. ❖ Testing the accuracy of Group's ageing of accounts receivables. ❖ Testing the accuracy of the ECL calculation.

…/6

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
Page 6

Report on the audit of the consolidated and stand-alone financial statements

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone 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 the consolidated and stand-alone 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 consolidated and stand-alone 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.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

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

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
Page 7

Report on the audit of the consolidated and stand-alone financial statements

Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and stand-alone 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 Company to cease to continue as a going concern.

…/8

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
Page 8

Report on the audit of the consolidated and stand-alone financial statements

Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 and stand-alone financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit 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 consolidated and stand-alone 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 matters 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 (continued)

To the Members of
Derrimon Trading Company Limited
Page 9

Report on the audit of the consolidated and stand-alone financial statements

Report on other legal and regulatory requirements

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 accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditors' report is Wayne Strachan.

Baker Tilly

Chartered Accountants
Kingston, Jamaica
1 March 2023

Derrimon Trading Company Limited

Consolidated Statement of Financial Position
As at 31 December 2022

	Note	2022 $'000	Restated 2021 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,747,102	2,353,972
Intangible assets	6	1,835,359	1,687,359
Investment securities	8	233,479	297,273
Right-of-use assets	9	2,222,269	1,791,254
Deferred tax assets	10	51,868	-
		8,090,077	6,129,858
Current assets			
Inventories	11	4,153,064	2,680,576
Receivables	12	2,176,047	1,585,693
Due from related parties	13	47,437	-
Taxation recoverable		4,486	4,692
Cash and short-term deposits	14	901,884	1,147,552
		7,282,918	5,418,513
TOTAL ASSETS		15,372,995	11,548,371
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	3,863,849	3,863,849
Capital reserves	16	94,638	94,638
Investment reserves	17	614	614
Foreign exchange reserves		3,222	1,885
Retained earnings		2,170,327	1,590,348
		6,132,650	5,551,334
Non-controlling interest	18	241,231	210,833
		6,373,881	5,762,167
Non-current liabilities			
Long-term loans	19	2,281,697	1,636,429
Lease liabilities	9	2,278,577	1,677,212
Due to related parties	13	131,788	191,823
Deferred tax liabilities	10	-	5,090
		4,692,062	3,510,554
Current liabilities			
Payables	20	3,153,002	1,433,068
Short-term loans	21	296,200	296,200
Current portion of long-term loans	19	326,105	111,227
Current portion of lease liabilities	9	228,691	298,123
Taxation payable		162,863	63,544
Bank overdraft	22	140,191	73,488
		4,307,052	2,275,650
TOTAL EQUITY AND LIABILITIES		15,372,995	11,548,371

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

Director
Derrick Cotterell

Director
Earl Richards

Derrimon Trading Company Limited

Consolidated Statement of Comprehensive Income
Year ended 31 December 2022

	Note	2022	2021
		$'000	**$'000**
Revenue	23	18,420,256	17,744,717
Cost of sales		(13,780,755)	(14,335,509)
Gross profit		4,639,501	3,409,208
Unrealised (losses)/gains on investments valued at fair value through profit and loss		(2,872)	3,960
Other operating income	24	237,368	103,893
Operating and administrative expenses	25	(2,995,241)	(2,327,728)
Selling and distribution expenses	25	(689,131)	(402,293)
Operating profit	26	1,189,625	787,040
Finance costs, net	28	(463,579)	(231,321)
Profit before taxation		726,046	555,719
Taxation	29	(108,417)	(107,536)
Profit after taxation, being total comprehensive income		617,629	448,183
Net profit attributable to:			
Stockholders of the company		579,979	399,942
Non-controlling interest		37,650	48,241
		617,629	448,183
Earnings per ordinary stock unit attributable to shareholders of the company	31	$0.128	$0.094

Derrimon Trading Company Limited

Consolidated Statement of Changes in Equity
Year ended 31 December 2022

		Equity Attributable to Shareholders of the Company						
	Number of Shares	Share Capital	Foreign Exchange Reserves	Capital Reserves	Investment Reserves	Retained Earnings	Non-controlling Interest	Total Equity
	'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021	2,733,361	140,044	-	94,638	614	1,190,406	178,235	1,603,937
Dividends paid by subsidiary to non-controlling interest (Note 18)	-	-	-	-	-	-	(15,727)	(15,727)
Foreign exchange reserves	-	-	1,885	-	-	-	84	1,969
Issue of shares	1,800,000	3,723,805	-	-	-	-	-	3,723,805
Total comprehensive income	-	-	-	-	-	399,942	48,241	448,183
Balance at 31 December 2021	4,533,361	3,863,849	1,885	94,638	614	1,590,348	210,833	5,762,167
Dividends paid by subsidiary to non-controlling interest (Note 18)	-	-	-	-	-	-	(7,864)	(7,864)
Foreign exchange reserves	-	-	1,337	-	-	-	612	1,949
Total comprehensive income	-	-	-	-	-	579,979	37,650	617,629
Balance at 31 December 2022	4,533,361	3,863,849	3,222	94,638	614	2,170,327	241,231	6,373,881

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Derrimon Trading Company Limited

Consolidated Statement of Cash Flows
Year ended 31 December 2022

	2022 $'000	2021 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	726,046	555,719
Adjustments for:		
Amortization of right-of-use assets	261,272	232,043
Gain on disposal of right-of-use asset	-	(7,060)
Depreciation	271,642	117,067
Fair value gains on financial assets	2,872	(3,960)
Gain on disposal of plant and equipment	(1,146)	-
Gain on the acquisition of subsidiary	(82,178)	-
Loss on disposal of investment securities	-	3,682
Interest income	(10,494)	(16,322)
Lease interest expense	164,049	132,623
Interest expense	321,313	111,958
Expected credit loss allowance/(recoveries)	88,645	(7,943)
(Gain)/losses on foreign exchange, net	(11,289)	3,062
	1,730,732	1,120,869
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(628,658)	297,060
Increase in payables	1,519,895	1,096,834
(Decrease)/increase in related parties	(210,463)	191,823
Increase in inventories	(1,400,346)	(494,016)
Cash provided by operating activities	1,011,160	2,212,570
Taxes paid	(82,459)	(66,868)
Interest paid	(321,313)	(129,358)
Lease interest paid	(164,049)	(132,623)
Interest received	10,494	16,322
Net cash provided by operating activities	453,833	1,900,943
Investing Activities		
Investment securities, net	60,922	(133,300)
Investment in subsidiaries	(661,853)	(1,605,917)
Purchase of property, plant and equipment	(725,813)	(1,933,254)
Purchase of intangible assets	(148,000)	-
Proceeds from disposal of plant and equipment	3,375	-
Net cash used in investing activities	(1,471,369)	(3,672,471)
Financing Activities		
Lease principal payments	(198,696)	(200,359)
Issue of shares	-	3,723,805
Long term loans, net	860,146	(597,964)
Dividends paid by subsidiary to non-controlling interest	(7,864)	(15,727)
Short term loans, net	-	(759,813)
Net cash provided by financing activities	653,586	2,149,942
Net (decrease)/increase in cash and cash equivalents	(363,950)	378,414
Effect of exchange losses on cash and cash equivalents	51,579	34,721
Cash and cash equivalents at beginning of year	1,074,064	660,929
CASH AND CASH EQUIVALENTS AT END OF YEAR	761,693	1,074,064
Represented by:		
Cash at bank and in hand	630,593	618,681
Short term deposits	271,291	528,871
Bank overdraft	(140,191)	(73,488)
	761,693	1,074,064

Page 5

Derrimon Trading Company Limited

Company Statement of Financial Position
As at 31 December 2022

	Note	2022 $'000	Restated 2021 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,259,047	1,758,276
Intangible assets	6	181,220	33,220
Investment in subsidiaries and joint venture	7	2,981,674	2,322,546
Investment securities	8	107,729	107,729
Right-of-use assets	9	1,514,893	1,061,383
Deferred tax assets	10	46,027	-
		7,090,590	5,283,154
Current assets			
Inventories	11	2,539,829	1,522,167
Receivables	12	1,589,414	1,078,489
Due from related parties	13	1,008,663	831,104
Taxation recoverable		-	1,075
Cash and short-term deposits	14	575,973	924,318
		5,713,879	4,357,153
TOTAL ASSETS		12,804,469	9,640,307
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	3,863,849	3,863,849
Capital reserves	16	94,638	94,638
Investment reserves	17	614	614
Retained earnings		1,583,200	1,355,144
		5,542,301	5,314,245
Non-current liabilities			
Long term loans	19	2,250,374	1,594,814
Lease liabilities	9	1,560,872	972,686
Due to related parties	13	145,372	211,823
Deferred tax liabilities	10	-	2,369
		3,956,618	2,781,692
Current liabilities			
Payables	20	2,341,951	830,984
Short term loans	21	296,200	296,200
Current portion of long-term loans	19	319,292	104,668
Current portion of lease liabilities	9	187,933	239,030
Taxation payables		57,469	-
Bank overdraft	22	102,705	73,488
		3,305,550	1,544,370
TOTAL EQUITY AND LIABILITIES		12,804,469	9,640,307

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

Director — Derrick Cotterell

Director — Earl Richards

Derrimon Trading Company Limited

Company Statement of Comprehensive Income
Year ended 31 December 2022

	Note	2022	2021
		$'000	$'000
Revenue	23	11,528,582	11,037,979
Cost of sales		(8,701,494)	(9,298,936)
Gross profit		2,827,088	1,739,043
Unrealised losses on investments valued at fair value through profit or loss		-	(3,682)
Other operating income	24	219,141	428,598
Operating and administrative expenses	25	(1,812,154)	(1,309,125)
Selling and distribution expenses	25	(539,796)	(387,621)
Operating profit	26	694,279	467,213
Finance costs, net	28	(427,648)	(201,672)
Profit before taxation		266,631	265,541
Taxation	29	(38,575)	(51,223)
Profit after taxation, being total comprehensive income		228,056	214,318
Earnings per ordinary stock unit attributable to shareholders of the company	31	$0.059	$0.050

Derrimon Trading Company Limited

Company Statement of Changes in Equity
Year ended 31 December 2022

	Number of Shares	Share Capital	Investment Reserves	Capital Reserves	Retained Earnings	Total
	000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021	2,733,361	140,044	614	94,638	1,140,826	1,376,122
Issue of shares (Note 15)	1,800,000	3,723,805	-	-	-	3,723,805
Total comprehensive income	-	-	-	-	214,318	214,318
Balance at 31 December 2021	4,533,361	3,863,849	614	94,638	1,355,144	5,314,245
Total comprehensive income	-	-	-		228,056	228,056
Balance at 31 December 2022	4,533,631	3,863,849	614	94,638	1,583,200	5,542,301

Derrimon Trading Company Limited

Company Statement of Cash Flows
Year ended 31 December 2022

	2022 $'000	2021 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	266,631	265,541
Adjustments for:		
Depreciation	185,247	50,201
Amortization of right-of-use assets	207,908	169,472
Fair value losses on investments valued at fair value through profit or loss	-	3,682
Gain on disposal of right-of-use assets	-	(7,060)
Interest income	(5,934)	(10,693)
Lease interest expense	116,993	81,717
Loan interest expenses	305,354	107,796
Expected credit loss allowance/(recoveries)	42,319	(6,721)
Losses on foreign exchange, net	11,235	22,852
	1,129,753	676,787
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(553,246)	619,674
Increase in payables	1,510,969	429,683
Increase in related parties	(244,010)	(619,281)
(Increase)/decrease in inventories	(1,017,662)	453,767
Cash provided by operating activities	825,804	1,560,630
Taxes paid	(28,427)	(53,800)
Lease interest paid	(116,993)	(81,717)
Loan interest paid	(305,354)	(125,196)
Interest received	5,934	10,693
Net cash provided by operating activities	380,964	1,310,610
Investing Activities		
Purchase of property, plant and equipment	(686,018)	(1,381,752)
Investment in subsidiary	(659,128)	(1,605,917)
Purchase of intangible asset	(148,000)	-
Purchase of investment	-	(106,667)
Net cash used in investing activities	(1,493,146)	(3,094,336)
Financing Activities		
Long term loans, net	870,184	(629,953)
Lease principal payments	(163,309)	(163,798)
Issue of shares	-	3,723,805
Short-term loans, net	-	(759,813)
Net cash provided by financing activities	706,875	2,170,241
Net (decrease)/increase in cash and cash equivalents	(405,307)	386,515
Foreign exchange effect on cash and cash equivalents	27,745	16,254
Cash and cash equivalents at beginning of year	850,830	448,061
CASH AND CASH EQUIVALENTS AT END OF YEAR	473,268	850,830
Represented by:		
Cash at bank and cash in hand	457,513	547,745
Short term deposits	118,460	376,573
Bank overdraft	(102,705)	(73,488)
	473,268	850,830

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

1. Identification and principal activities

Derrimon Trading Company Limited ("the Company") was incorporated in 1998 and is domiciled in Jamaica. The Company is listed on the Junior Market of the Jamaica Stock Exchange (JSE). The Company's registered office is located at 233-235 Marcus Garvey Drive, Kingston 11.

On February 23, 2021, the Company was successful in issuing an Additional Public Offer (APO) on the Junior Market of the Jamaica Stock Exchange of 1,800,000,000 ordinary share. This resulted in the subscribed participating voting share capital exceeding the limit of J$500m as prescribed by the Junior Market. In keeping with Section 505 (7) (b) rules, the Company was approved to remain on the Junior Market.

The principal activities of the Company include the wholesale and bulk distribution of household and food items inclusive of meat products, chilled and the retailing of those and other food items and meat products through the operation of a chain of outlets and supermarkets. The Company's subsidiaries are involved in manufacturing of processing meats, flavours and fragrances, wooden pallets, and the operating of a supermarket and a wholesale of food in New York.

The Company provides management and administration services to Marnock LLC and Marnock Retail LLC. These services include the procurement of goods from suppliers, financial management, Information Technology, Human Resources and other related services. Management fees in respect of these services are charged in the Statement of Comprehensive Income (Note 24).

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

1. Identification and principal activities (continued)

These financial statements present the results of operations and financial positions of the Company and its subsidiaries, which are referred to as "the Group"; the subsidiaries are as follows:

Entities	Country of incorporation and place of business	Principal Activities	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interest %
Caribbean Flavours & Fragrances Limited	Jamaica	Manufacture of Flavours and Fragrances	65.02%	34.98%
Derrpark Grocers Limited	Jamaica	Operation of Supermarket	60%	40%
Woodcats International Limited	Jamaica	Manufacturers of wooden pallets	100%	-
Marnock Retail LLC	USA	Operation of Supermarket	100%	-
Marnock LLC	USA	Operation of Wholesale	80%	20%
Arosa Limited	Jamaica	Manufacturers of ham, bacon and sausages	100%	-

In January 2021, the Group acquired 100% of the share capital of Marnock Retail LLC, a supermarket domiciled in the United States of America, making it a wholly-owned subsidiary.

In January 2021, the Group acquired 80% of the share capital of Marnock LLC, a wholesale operator domiciled in the United States of America.

In April 2022, the Group acquired 100% of the share capital of Arosa Limited, a manufacturer of processed meats.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention, as modified by the valuation of certain items. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. 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 underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in Note 4.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the Group's operations

The following amendments to standards have been adopted by the Group for the first time which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 January 2022:

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective for annual periods beginning on or after 1 January 2022) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37), (effective for annual periods beginning on or after 1 January 2022) specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Standards 2018–2020 are effective for annual reporting periods beginning on or after 1 January 2022. The IASB issued its Annual Improvements to IFRSs 2015-2017 cycle amending a number of standards:

- **IFRS 9 'Financial Instruments' - Fees in the '10 per cent' test for derecognition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- **IFRS 16 'Leases' - Lease incentives**. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments did not result in any material effect on the Group's financial statements.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023) affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', 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 a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

2. Summary of significant accounting policies (continued)

(b) Business combination and goodwill

The Group applies the acquisition method in accounting for a business combination. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and the equity interests issued by the Group.

The Group recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the Group's financial statements prior to the acquisition. Assets acquired, and liabilities assumed are generally measured at their acquisition-date fair value.

Any Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of the identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount, i.e., gain on bargain purchase, is recognized in profit or loss immediately.

Transaction costs that the Group incurs in connection with a business combination are expensed immediately.

Non-controlling interests
Equity in the Company not attributable, directly or indirectly, to the Company, is considered non-controlling interest. When the proportion of the equity held by non-controlling interest's changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the Company. The Company recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the shareholders of the Company.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. A subsidiary is an entity controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policy in line with the Group's accounting policy. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries
When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(d) Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company and Group will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis.

Management has assessed that the Company and Group have the ability to continue as a going concern and has prepared the financial statements on the going concern basis. The basis of preparation presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

The Company has identified the following segments:

Distribution (Household products, chilled, detergents and bulk foods);

Wholesale (Trading outlets and supermarkets); and

Other Operations (Manufacturers of flavours and fragrances, processed meats, pallets and by products of wood)

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment

(i) Owned assets:
Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the business and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

(ii) Depreciation
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see below). Depreciation is calculated on a reducing balance basis at rates to write off the carrying value of the assets over their period of expected useful lives. The annual depreciation rates are as follows:

Buildings	2.5%
Leasehold improvements	2.5%
Machinery and equipment	10%
Furniture, fittings and fixtures	20%
Motor vehicles	20%
Computer	33.33%
Right-of-use assets	Straight-line over the period of the lease term

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(g) Financial Instruments

Classification

The Group and Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group and Company reclassify debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group and Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(g) Financial Instruments (continued)

Debt instruments
Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and Company classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment
The Group and Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2. Summary of significant accounting policies (continued)

(h) Intangible assets
Items of intangible assets represent purchased computer software not integral to computer hardware, with finite useful lives that are acquired separately and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of three years.

(i) Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units).

(j) Inventories
Inventories are stated at the lower of cost and net realizable value, cost being determined on the weighted average cost method. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

(k) Receivables
Trade and other receivables are carried at anticipated realizable value. An allowance for expected credit loss (ECL) of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of this ECL allowance, and the amount of the loss is recognized in *Bad Debt expense* in the statement of profit or loss. When trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as recovery and credited to bad debt expense in the statement of profit or loss.

Prepayments are partial or full settlements of debt or expenses before the contractually obligated due date, this includes advances and deposits

(l) Cash and cash equivalents
Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and bank overdraft.

(m) Share capital
Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies (continued)

(n) Dividends

Dividends on ordinary shares are recognized in shareholder's equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors while shareholders approve final dividends at the Annual General Meeting. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

2. Summary of significant accounting policies (continued)

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(r) Fair value of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial assets carried on the statement of financial position include investments, loan receivables, cash and cash equivalents and receivables. Financial liabilities consist of payables, long term loans, short term loans, lease liabilities, directors' loans, short term loans, bank overdraft and due to related companies.

Generally financial instruments are recognized on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

(s) Related party transactions

Related parties:

A party is related to the Group, if:

(i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Group that gives it significant influence over the Group; or 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 Group or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is the Group 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 company that is a related party of the Group.

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

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(t) Revenue recognition

Revenue is recognized when the Company satisfies a performance obligation by transferring the promised goods to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods.

The promised goods are transferred *when* or *as* the customer obtains control.

Revenue is recognized when the customer obtains control of the goods as described below:

i. **Sales**
The performance obligation, satisfied at a point-in-time, to transfer products to customers. Revenue is recognized when the products are delivered to the customers, and the customers take control of the products, and the Company has a present right to payment as evidenced by an invoice or the right to invoiced.

ii. **Dividend income**
Dividends are recognized when declared, and the right to receive payment is established.

iii. **Other operating income**
Includes gains and losses on disposal of assets, rental income received from investment properties and miscellaneous inflows. Income is recognized on the accrual basis.

Interest income is recognised as it accrues unless collectability is in doubt. Interest income is calculated is in doubt. Interest income is calculated by applying the effective interest rate the gross carrying amount of financial assets.

2. Summary of significant accounting policies (continued)

(u) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognized as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable and tax losses in respect of previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

(v) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the statement of financial position date; that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in the exchange rates are reflected in the statement of comprehensive income.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(w) Right-of-use assets and lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

(i) Leases of low value assets; and
(ii) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

(i) amounts expected to be payable under any residual value guarantee;
(ii) the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
(iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the Group:

(i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
(ii) makes adjustments specific to the lease, e.g. term, currency and security.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

(i) lease payments made at or before commencement of the lease;
(ii) initial direct costs incurred; and
(iii) the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

2. Summary of significant accounting policies (continued)

(w) Right-of-use assets and lease liabilities (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued as US$5,000 or less when new. The Group has no short-term leases or leases for low valued assets at this time.)

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

2. Summary of significant accounting policies (continued)

(w) Right-of-use assets and lease liabilities (continued)

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Audit Committee

The Board of Directors has also established an Audit Committee to assist in managing the Group's risk profile. This Committee oversees how management monitors compliance with the Group's risk management policies and reviews the adequacy of the risk management framework. This committee is also assisted by Internal Audit that reports to the Audit Committee after it undertakes regular and ad hoc reviews of risk management controls and procedures, especially over inventories and receivables.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

Risk management

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

Management determines concentrations of credit risk by monitoring the credit-worthiness rating of existing customers and through a monthly review of the trade receivables ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

Security
The Group and the Company do not hold any collateral as security.

Impairment of financial assets
The Group and the Company have one type of financial asset that is subject to the expected credit loss model:

- trade receivables

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables
The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables:

The Group

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	2%	5%	10%	14%	6%
Gross carrying amount – trade receivables	673,014	307,721	180,770	366,148	1,527,653
Loss allowance	15,188	15,010	17,458	50,327	97,983

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	3%	7%	9%	12%	6%
Gross carrying amount – trade receivables	444,398	301,293	91,202	200,863	1,037,756
Loss allowance	14,153	20,155	8,305	23,222	65,835

The Company

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	3%	7%	11%	17%	9%
Gross carrying amount – trade receivables	403,080	183,520	150,699	276,344	1,013,643
Loss allowance	12,125	11,761	16,617	45,213	85,716

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	4%	10%	12%	15%	9%
Gross carrying amount – trade receivables	307,941	188,946	51,857	150,183	698,927
Loss allowance	12,317	18,895	6,223	22,383	59,818

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

The closing loss allowances for trade receivables as at 31 December 2022 reconcile to the opening loss allowances as follows:

The Group

	Trade receivables 2022 $'000	Trade receivables 2021 $'000
Opening loss allowance at beginning of year	65,835	73,778
Increase/(decrease) in loss allowance recognised in profit or loss during the year	48,502	(7,943)
Bad debts written-off during the year	(16,354)	-
Closing balance at end of year	97,983	65,835

The Company

	Trade receivables 2022 $'000	Trade receivables 2021 $'000
Opening loss allowance	59,818	66,539
Increase/(decrease) in loss allowance recognised in profit or loss during the year	42,252	(6,721)
Bad debts written-off during the year	(16,354)	-
Closing balance at end of year	85,716	59,818

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payments for a period of greater than 90 days past due.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 December 2022 trade receivables had lifetime expected credit losses of $2,128,000 (2021: Nil).

Net impairment losses on financial assets recognised in profit or loss
During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

The Group

	2022	2021
	$'000	$'000
Impairment losses		
- Movement in loss allowance for trade receivables	32,148	(7,943)
- Bad debt written off during the year	56,497	-
Net impairment losses on financial assets	88,645	(7,943)

The Company

	2022	2021
	$'000	$'000
Impairment losses		
- Movement in loss allowance for trade receivables	42,252	(6,721)
- Bad debt written off during the year	67	-
Net impairment losses on financial assets	42,319	(6,721)

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk for trade receivables

The following table summarizes the Group and Company's credit exposure for trade receivables at their carrying amounts, as categorized by customer sector.

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Supermarket chains	100,886	131,175	100,886	118,718
Wholesale and retail distributors	564,459	628,880	564,459	470,214
Government entities	9,875	10,536	9,875	10,536
Manufactures	292,614	157,715	-	-
Other	231,667	32,695	231,667	31,688
	1,199,501	961,001	906,887	631,156
Overseas	328,152	76,755	106,756	67,771
Total (note 12)	1,527,653	1,037,756	1,013,643	698,927

Overseas customers mainly relate to customers in the United States and the United Kingdom and represent approximately 27% (2021: 8%) of the total balance. The currencies of these countries are considered stable and consistently appreciate against the Jamaican dollar, and no risk of any significant loss is anticipated in this category of overseas customers.

There were no changes from the prior year, in the Group's exposure to credit risk or the manner in which it manages and measures the risk.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;
(i) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
(ii) Maintaining a committed line of credit;
(iii) Optimising cash returns on investments.

Undiscounted cash flows of financial liabilities

The maturity profile of the group's financial liabilities at year end on contractual undiscounted payments was as follows:

The Group:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
			2022		
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	101,008	303,000	3,039,491	3,443,499	2,507,268
Long term loans	125,842	372,818	2,539,951	3,038,611	2,607,802
Payables	3,153,002	-	-	3,153,002	3,153,002
Short-term loans	77,594	252,463	-	330,057	296,200
Related parties	-	11,325	120,463	131,788	131,788
Bank overdraft	140,191	-	-	140,191	140,191
	3,597,637	939,606	5,699,905	10,237,148	8,836,251
			2021		
Lease liabilities	64,150	192,998	10,954,080	11,211,228	1,975,335
Long term loans	50,922	176,760	1,926,584	2,154,266	1,747,656
Payables	1,433,068	-	-	1,433,068	1,433,068
Short-term loans	77,549	252,463	-	330,012	296,200
Related parties	191,823	-	-	191,823	191,823
Bank overdraft	73,488	-	-	73,488	73,488
	1,891,000	622,221	12,880,664	15,393,885	5,717,570

Assets available to meet all of the liabilities and to cover financial liabilities include cash at bank and in hand, short term deposits and guarantee from the ultimate parent company.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities (continued)

The maturity profile of the Company's financial liabilities at year end on contractual undiscounted payments was as follows:

The Company:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
			2022		
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	73,535	220,604	1,971,873	2,266,011	1,748,805
Long term loans	122,498	363,858	2,507,871	2,994,227	2,569,666
Payables	2,341,952	-	-	2,341,952	2,341,952
Short-term loans	77,594	252,463	-	330,057	296,200
Related parties	-	-	145,372	145,372	145,372
Bank overdraft	102,705	-	-	102,705	102,705
	2,718,284	836,925	4,625,116	8,180,324	7,204,700
			2021		
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	53,624	160,872	10,724,768	10,939,264	1,211,716
Long term loans	48,831	169,367	1,896,868	2,115,066	1,699,482
Payables	830,984	-	-	830,984	830,984
Short-term loans	77,549	252,463	-	330,012	296,200
Related parties	211,823	-	-	211,823	211,823
Bank overdraft	73,488	-	-	73,488	73,488
	1,296,299	582,702	12,621,636	14,500,637	4,323,693

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and guarantee from the ultimate parent company.

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates (see 3c(i)) and interest rates (see 3c(ii)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which it manages and measures the risk.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk

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

The Group is exposed to foreign exchange risk arising from exposure primarily to the US dollar and Euro. The Group is primarily exposed to such risks arising from transactions for purchases, sales and investments.

The Statement of Financial Position for the Group as at 31 December 2022 includes net foreign liabilities of US$6,960,000 and €44,000 (2021: US$7,889,000 and €18,000) in respect of such transactions arising in the ordinary course of business.

The Statement of Financial Position for the Company as at 31 December 2021 includes net foreign liabilities of US$1,376,000 (2021: US$5,361,000) in respect of such transactions arising in the ordinary course of business.

The following tables demonstrates the sensitivity to fluctuations in the exchange rates of the currencies held by the Group and Company before tax, with all other variables held constant.

The Group:

	2022	**2022**	**2021**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
	Effect on Profit and loss and equity			
	Revaluation 1%	Devaluation 4%	Revaluation 2%	Devaluation 8%
Currency:				
USD	(11,392)	45,567	(24,135)	96,541

The Company:

	2022	**2022**	**2021**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
	Effect on Profit and loss and equity			
	Revaluation 1%	Devaluation 4%	Revaluation 2%	Devaluation 8%
Currency:				
USD	(2,143)	8,574	(16,402)	65,607

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group earns interest on its long-term investments at a fixed rate with durations of between 2 and over 5 years for repricing.

The Group earns interest on its short-term deposits disclosed in Note 15. As these deposits have a short term to maturity and are constantly reinvested at current market rates, they are not significantly exposed to interest rate risk.

The Group incurs interest on its borrowings disclosed in Notes 20 and 22. These borrowings are at fixed rates and expose the Group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

At the reporting date, the group's financial liabilities subject to interest rates aggregated $3,044,193,000 (2021: $2,117,344,000). The Group contracts financial liability at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The following table summarises the group's exposure to interest rate risk. It includes the group's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

The Group:

	1 to 3 months $'000	3 to 12 months $'000	1 -5 years $'000	Non-interest bearing $'000	Total $'000
			2022		
Assets					
Investment securities	-	-	202,417	31,062	233,479
Receivables	-	153,000	-	2,023,047	2,176,047
Due from related parties	21,119	26,318	-	-	47,437
Cash and short-term deposits	789,702	-	-	112,182	901,884
Total financial assets	810,821	179,318	202,417	2,166,291	3,358,847
Liabilities					
Payables	-	-	-	3,153,002	3,153,002
Short-term loans	296,200	-	-	-	296,200
Related parties	-	120,463	-	11,325	131,788
Bank overdraft	140,191	-	-	-	140,191
Long-term loans	80,740	236,940	2,290,122	-	2,607,802
Lease liabilities	61,702	185,988	2,259,578	-	2,507,268
Total financial liabilities	578,833	543,391	4,549,700	3,164,327	8,836,251
Total interest re-pricing gap	231,988	(364,073)	(4,347,283)	(998,036)	(5,477,404)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Group:

	1 to 3 months $'000	3 to 12 months $'000	1 -5 years $'000	Non-interest bearing $'000	Total $'000
			2021		
Assets					
Investment seecurities	-	-	281,211	16,062	297,273
Receivables	-	153,000	-	1,432,693	1,585,693
Cash and short-term deposits	1,066,239	-	-	81,313	1,147,552
Total financial assets	1,066,239	153,000	281,211	1,530,068	3,030,518
Liabilities					
Payables	-	-	-	1,433,068	1,433,068
Short term loans	296,200	-	-	-	296,200
Due to related parties	-	-	191,823	-	191,823
Bank overdraft	73,488	-	-	-	73,488
Long term loans	27,807	83,420	1,636,429	-	1,747,656
Lease liabilities	74,534	223,589	1,677,212	-	1,975,335
Total financial liabilities	472,029	307,009	3,505,464	1,433,068	5,717,570
Total interest re-pricing gap	594,210	(154,009)	(3,224,253)	(97,000)	(2,687,052)

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

At the reporting date, the Company's financial liabilities subject to interest rates aggregated $1,563,309,000; (2021: $2,069,170,000). The Company contracts financial liability at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

The following table summarises the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

The Company:

	1 to 3 months $'000	3 to 12 months $'000	1 -5 years $'000	Non-interest bearing $'000	Total $'000
			2022		
Assets					
Investment securities	-	-	106,667	1,062	107,729
Receivables	-	153,000	-	1,436,414	1,589,414
Due from related parties	1,008,663	-	-	-	1,008,663
Cash and cash equivalents	472,123	-	-	103,850	575,973
Total financial assets	1,480,786	153,000	106,667	1,541,326	3,281,779
Liabilities					
Due to related parties	145,372	-	-	-	145,372
Lease Liabilities	46,983	140,950	1,560,877	-	1,748,805
Long term loans	78,204	241,087	2,250,375	-	2,569,666
Short term loans	296,200	-	-	-	296,200
Payables	-	-	-	2,341,951	2,341,951
Bank overdraft	102,705	-	-	-	102,705
Total financial liabilities	669,484	382,037	3,811,247	2,341,951	7,204,699
Total interest re-pricing gap	811,322	(229,037)	(3,704,580)	(800,625)	(3,920,920)

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Company:

	1 to 3 months	3 to 12 months	1 -5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000
			2021		
Assets					
Investment securities	-	-	106,667	1,062	107,729
Receivables	-	153,000	-	925,489	1,078,489
Due from related parties	831,104	-	-	-	831,104
Cash and cash equivalents	869,384	-	-	54,934	924,318
Total financial assets	1,700,488	153,000	106,667	981,485	2,941,640
Liabilities					
Due to related parties	-	-	-	211,823	211,823
Lease Liabilities	59,579	179,271	972,866	-	1,211,716
Long term loans	24,324	80,344	1,594,814	-	1,699,482
Short term loans	296,200	-	-	-	296,200
Payables	-	-	-	830,984	830,984
Bank overdraft	73,488	-	-	-	73,488
Total financial liabilities	453,591	259,615	2,567,680	1,042,807	4,323,693
Total interest re-pricing gap	1,246,897	(106,615)	(2,461,013)	(61,322)	(1,382,053)

The Group and Company have no significant sensitivity to interest rate risk as all borrowings are at fixed rates.

(iii) Equity price risk

Equity price risk arises from equity securities held by the Company as part of its investment portfolio. Management monitors equity securities in its investment portfolio based on market expectations. The primary goal of the Company's investment strategy is to maximize investments returns.

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Increase +5%	1,553	53	53	53
Decrease - 5%	(1,553)	(53)	(53)	(53)

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

3. Financial Risk Management (continued)

(d) Capital management

The Group defines capital as equity and total borrowings. The Group manages its capital, of $9 billion to support and be responsive to opportunities for its current growth strategy and expansion plans and to maintain its normal operations and remain compliant with various covenants and restrictive rules and regulations of the industry and the financial environment in which it operates.

Capital Management Strategies

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide specific hurdle returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as total borrowings divided by capital as defined above. Total borrowings is calculated as current and non-current borrowings, as shown in the consolidated statement of financial position. Capital is calculated as equity, as shown in the statement of financial position plus total borrowings. The management of the Group remains deliberate in the way it funds its growth strategy and given the present economic environment and the general reduction in the cost of capital in the market; management continues to adjust major debts from a bullet repayment structure to that of amortization and lengthening of tenors.

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Total borrowings (excluding lease liabilities)	2,904,002	2,043,856	2,865,866	1,995,682
Equity and total borrowing	9,036,652	7,595,190	8,418,311	7,309,926
Gearing ratio	32%	27%	34%	27%

3. Financial risk management (continued)

(e) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash at bank and in hand, loan receivables, receivables, payables, short term loans and bank overdraft reflect their approximate fair values because of the short-term maturity of these instruments.

The fair values of long-term loans approximate amortised costs.

The fair values of directors' account and due to related companies could not be reasonably assessed as there are no set repayment terms.

4. Critical accounting estimates and judgments in applying accounting policies

The Group and Company make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Group and Company recognise liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group and Company apply 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 profit or loss through impairment or adjusted depreciation provisions.

(iv) Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination, involve the utilization of valuation techniques. These intangibles may be market related, consumer related, contract based or technology based. For significant amounts of intangibles arising from a business combination, the Group and Company has utilized independent professional advisors to assist management in determining the recognition and measurement of these assets.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(v) Valuation of financial instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group and Company determine fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

5. Property, plant and equipment

The Group:

	Land and Buildings	Leasehold Improvements	Furniture & Equipment	Motor Vehicles	Computers	Construction Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
1 January 2021	66,133	256,522	396,449	126,201	46,258	-	891,563
Additions	222,196	435,228	219,245	92,188	358,878	605,519	1,933,254
Disposal	-	-	-	(24,995)	-	-	(24,995)
31 December 2021	288,329	691,750	615,694	193,394	405,136	605,519	2,799,822
Additions	2,344	17,205	101,377	16,622	28,080	560,185	725,813
Acquisition through business combination	552,495	190,005	185,849	12,839	-	-	941,188
Transfers	-	953,741	211,222	-	741	(1,165,704)	-
Disposals	(3,413)	(218)	(1,200)	(15,877)	-	-	(20,708)
31 December 2022	839,755	1,852,483	1,112,942	206,978	433,957	-	4,446,115
Depreciation -							
1 January 2021	13,342	20,443	212,707	83,290	23,996	-	353,778
Charge for the year	2,354	25,528	50,192	20,318	18,675	-	117,067
Relieved on disposal	-	-	-	(24,995)	-	-	(24,995)
31 December 2021	15,696	45,971	262,899	78,613	42,671	-	445,850
Charge for the year	6,502	25,483	78,949	31,001	129,707	-	271,642
Relieved on disposals	(3,413)	-	(885)	(14,181)	-	-	(18,479)
31 December 2022	18,785	71,454	340,963	95,433	172,378	-	699,013
Net book value -							
31 December 2022	820,970	1,781,029	771,979	111,545	261,579	-	3,747,102
31 December 2021	272,633	645,779	352,795	114,781	362,465	605,519	2,353,972

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

5. Property, plant and equipment

The Company:

	Land and Buildings	Leasehold Improvements	Furniture & Equipment	Motor Vehicles	Computers	Construction Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
1 January 2021	62,720	179,988	335,275	85,488	40,657	-	704,128
Additions	222,196	145,786	21,059	39,700	347,492	605,519	1,381,752
Disposal	-	-	-	(24,995)	-	-	(24,995)
31December 2021	284,916	325,774	356,334	100,193	388,149	605,519	2,060,885
Additions	2,344	2,138	88,316	6,100	26,935	560,185	686,018
Transfers		953,741	211,222	-	741	(1,165,704)	
31 December 2022	287,260	1,281,653	655,872	106,293	415,825	-	2,746,903
Depreciation -							
1 January 2021	11,136	11,866	180,536	55,429	18,436	-	277,403
Charge for the year	2,354	4,566	17,506	9,267	16,508	-	50,201
Relieved on disposal	-		-	(24,995)	-	-	(24,995)
31 December 2021	13,490	16,432	198,042	39,701	34,944	-	302,609
Charge for the year	6,502	7,783	30,072	13,612	127,278	-	185,247
31 December 2022	19,992	24,215	228,114	53,313	162,222	-	487,856
Net book value -							
31 December 2022	267,268	1,257,438	427,758	52,980	253,603	-	2,259,047
31 December 2021	271,426	309,342	158,292	60,492	353,205	605,519	1,758,276

6. Intangible assets

	Group			Company		
	Goodwill	Brand	Total	Goodwill	Brand	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
1 January 2021	182,119	256,523	438,642	33,220	-	33,220
Business acquisition	1,209,561	-	1,209,561	-	-	-
31 December 2021 as previously stated	1,391,680	256,523	1,648,203	33,220	-	33,220
Effect of restatement, (Note 34)	39,156	-	39,156	-	-	-
1 January 2022 restated	1,430,836	256,523	1,687,359	33,220	-	33,220
Brand acquisition	-	148,000	148,000	-	148,000	148,000
31 December 2022	1,430,836	404,523	1,835,359	33,220	148,000	181,220

During the year, the Company acquired all the existing and developing brands of Spicy Hill Farms Limited for a sum of $148 million. The brands include ram goat soup "Manish Water".

The Group continued to use the name*, Sampars Cash and Carry* to brand six (6) of its retail outlets and the name, Select Grocers, for its supermarket. The business acquisitions of Marnock LLC, Marnock Retail LLC Caribbean Flavours and Fragrances Limited and Woodcats International limited provided intangible assets in the form of *technical formulae* and *special customer relationships*, and *general goodwill*, respectively.

These intangibles are assessed to have indefinite useful lives and their useful lives are dependent on the useful life of the cash-generating unit (CGU) to which they are allocated.

In the prior year, goodwill of $917,021,000 is allocated to Marnock LLC, and $331,696,000 to Marnock Retail LLC. Marnock LLC is in the wholesale segment, while Marnock Retail LLC is in the retail segment.

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value maybe impaired. This requires an estimation of the recoverable amount of the cash generating unit (CUG) to which goodwill is allocated. The recoverable amount is determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CUG and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. The cash flow projections are based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates (which do not exceed the long-term average growth rate for the business in which the CUG operates). The key assumptions used for value in use calculations are as follows:

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

6. Intangible assets (continued)

	Revenue growth rate	EBITDA to revenue	Capital expenditure to revenue	Discount rate
Marnock LLC	5%	11%	0.3%	7.25%
Marnock Retail LLC	5%	11%	0.3%	7.25%
Arosa Limited	2%	19%	2%	7.9%

Goodwill

During the year, the Company acquired a subsidiary and voting shares as follows:

Date of Acquisition	Subsidiary	Principal Activities	Proportion of issued share capital held by company
April 2022	Arosa Limited	Mafacturing of processed sausage, ham and bacon	100%

The fair value of the identifiable assets and liabilities of the subsidiary as at the date of acquisition were:

	Total $'000
Non-current assets	
Plant and equipment	941,188
	941,188
Current assets	
Inventories	72,142
Receivables	50,341
Cash at bank and in hand	1,968
	124,451
Current liabilities	
Payables	200,040
Due to related party	102,991
Taxation payable	16,609
Bank overdraft	4,693
	324,333
Fair value of net assets	741,306

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

6. Intangible assets (continued)

Goodwill (continued)

	Arosa Limited
	$'000
Goodwill at acquisition:	
Purchase consideration	659,128
Less: Fair value of net assets acquired	(741,306)
Net surplus arising on the acquisition of subsidiary (Note 24)	(82,178)

Results for the year ended 31 December 2022

	Arosa Limited
	$'000
Revenue	539,580
Net profit	4,557

Cash flow on acquisition

		2022
		$'000
Total consideration		659,128
Less: cash, net transferred from subsidiary on acquisition –		
Cash at bank	(1,968)	
Bank overdraft	4,693	2,725
Acquisition of subsidiary, net of cash acquired		661,853

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

6. Intangible assets (continued)

Goodwill (continued)

In the prior year, the Company acquired subsidiaries and voting shares as follows:

Date of Acquisition	Subsidiaries	Principal Activities	Proportion of issued share capital held by company
January 1, 2021	Marnock LLC	Wholesale distribution of grocery, food items	80%
January 1, 2021	Marnock Retail LLC	Retail Supermarket	100%

The fair value of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were:

	Marnock LLC $'000	Marnock Retail LLC $'000	Total $'000
Non-current assets			
Plant and equipment	309,384	157,238	466,622
	309,384	157,238	466,622
Current assets			
Inventories	208,963	65,330	274,293
Receivables	168,310	45,598	213,908
Due from related party	26,420	-	26,420
Cash at bank and in hand	2,992	106,819	109,811
	406,685	217,747	624,432
Non-current liabilities			
Long-term loans	7,398	6,750	14,148
	7,398	6,750	14,148
Current liabilities			
Payables	284,005	215,437	499,442
Due to related party	-	26,420	26,420
	284,005	241,857	525,862
Fair value of net assets	424,666	126,378	551,044

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

6. Intangible assets (continued)

Goodwill (continued)

	Marnock LLC	Marnock Retail LLC	Total
	$'000	**$'000**	**$'000**
Goodwill at acquisition:			
Purchase consideration	1,256,754	458,074	1,714,828
Non-controlling interest	84,933	-	84,933
Less: Fair value of net assets acquired	(424,666)	(126,378)	(551,044)
	917,021	331,696	1,248,717

Results for the year ended 31 December 2021

	Marnock LLC	Marnock Retail LLC	Total
	$'000	**$'000**	**$'000**
Revenue	3,806,575	1,539,316	5,345,891
Net profit	102,103	27,663	129,766

Cash flow on acquisition

	2021
	$'000
Total consideration	1,714,828
Less: cash, net transferred from subsidiaries on acquisition	(109,811)
Acquisition of subsidiaries, net of cash acquired	1,605,917

6. Intangible assets (continued)

Goodwill (continued)

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

For the current period, after review, analysis and assessment, management is of the opinion, that there is no impairment in the total value of intangibles, including goodwill, as the *recoverable amounts* are higher than the *carrying amounts*.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

7. Investment in subsidiaries and joint venture

	The Company	
Investment in Subsidiaries and Joint Venture	**2022**	**2021**
	$'000	**$'000**
Caribbean Flavours & Fragrances Limited	438,722	438,722
Woodcats International Limited	355,000	355,000
Long-term Investment	148,819	148,819
Marnock LLC	1,009,451	1,009,451
Marnock Retail LLC	370,554	370,554
Arosa Limited	659,128	-
Balance at the end of the year	2,981,674	2,322,546

Select Grocers: Summarized financial information as at 31 December 2022

Since March 2017, the Group has a 60% interest in Select Grocers, an unincorporated business. Select Grocers is operated as an "upscale" supermarket positioned to capture the affluent middle classes. There was no change in the strategic direction, management or operation of this entity during the year.

	2022	**2021**
	$'000	**$'000**
Current assets	301,861	183,759
Cash and cash equivalents included in current assets	26,817	36,335
Non-current assets	466,141	309,142
Current liabilities	147,206	60,816
Current financial liabilities, excluding trade and other payables and provisions, included in current liabilities	50,545	30,774
Non-current liabilities	327,556	238,358
Revenue	731,506	615,388
Depreciation and amortization	51,899	37,100
Interest expense (including lease expense)	(18,576)	(15,748)
Profit or loss from continuing operations	53,615	50,023
Post-tax profit or loss from continuing operations	53,615	50,023
Total comprehensive income	53,615	50,023

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

8. Investment securities

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Investments at Amortised Cost				
Bonds	45,750	15,000	-	-
Preference shares	106,667	106,667	106,667	106,667
	152,417	121,667	106,667	106,667
Investments at Fair Value through Profit and Loss (FVTPL)				
Quoted shares	1,062	1,062	1,062	1,062
Mutual funds	50,000	174,544	-	-
	81,062	175,606	1,062	1,062
	233,479	297,273	107,729	107,729

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

9. Right-of-use assets and related lease obligations

(i) Amounts recognized in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases: -
Right-of-use assets

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance as at beginning of year	1,791,254	1,487,607	1,061,383	1,302,032
Additions	-	606,142	-	-
Disposals	-	(77,290)	-	(77,290)
Adjustment	-	(3,742)	-	-
Remeasurement based on variable lease	692,287	10,580	661,418	6,113
Amortisation	(261,272)	(232,043)	(207,908)	(169,472)
Balance as at end of year	2,222,269	1,791,254	1,514,893	1,061,383

Lease liabilities

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance as at beginning of year	1,975,335	1,602,906	1,211,716	1,409,354
Additions	-	606,142	-	-
Disposals	-	(84,350)	-	(84,350)
Adjustment	-	(3,742)	-	-
Remeasurement based on variable lease	692,287	10,580	661,417	6,113
Interest expense	164,049	132,623	116,993	81,717
Payments	(362,745)	(332,982)	(280,302)	(245,515)
Effect of foreign exchange	38,342	44,158	38,981	44,397
Balance as at end of year	2,507,268	1,975,335	1,748,805	1,211,716

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance as at end of year	2,507,268	1,975,335	1,748,805	1,211,716
Current balance	(228,691)	(298,123)	(187,933)	(239,030)
Non-current balance	2,278,577	1,677,212	1,560,872	972,686

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

9. Right-of-use assets and related lease obligations (continued)

(ii) Amounts recognized in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	The Group 2022 $'000	The Group 2021 $'000
Amortization of right-of-use assets (included in administrative expenses)	261,272	232,043
Interest expense (included in finance costs)	164,049	132,623
Effect of foreign exchange (included in finance costs)	38,342	44,158

	The Company 2022 $'000	The Company 2021 $'000
Amortization of right-of-use assets (included in administrative expenses)	207,908	169,472
Interest expense (included in finance costs)	116,993	81,717
Effect of foreign exchange(included in finance costs)	38,981	44,397

(iii) Amounts recognized in the Statement of Cash Flows

	The Group 2022 $'000	The Group 2021 $'000	The Company 2022 $'000	The Company 2021 $'000
Total cash outflows for leases	362,745	332,982	280,302	245,515

10. Deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) is calculated in full on all temporary differences under the liability method using the applicable tax rate.

Deferred tax assets/(liabilities) recognised on the Statement of Financial Position are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets/(liabilities)	51,868	(5,090)	46,027	(2,369)

The movement on the net deferred tax assets/(liabilities) balance is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Net (liabilities)/assets at the beginning of year	(5,090)	9,859	(2,369)	18,891
Deferred tax credited/(charged) to profit and loss (Note 29)	56,958	(14,949)	48,396	(21,260)
Net assets/(liabilities) at the end of year	51,868	(5,090)	46,027	(2,369)

Deferred tax assets/(liabilities) is attributable to the following items:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets/(liabilities):				
Property, plant and equipment	(21,885)	(46,633)	(22,243)	(44,000)
Right-of-use assets, net of lease obligations	66,330	37,335	58,478	37,583
Interest payable	10,045	413	9,792	-
Unrealised foreign exchange gains	(2,622)	3,795	-	4,048
Net deferred tax assets/(liabilities) at end of year	51,868	(5,090)	46,027	(2,369)

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

10. Deferred tax assets/(liabilities) (continued)

The amounts shown in the Statement of Financial Position include the following:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets/(liabilities) to be recovered/(settled):				
- after more than 12 months	51,868	(5,090)	46,027	(2,369)
	51,868	(5,090)	46,027	(2,369)

11. Inventories

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Sampars wholesale outlets and Select Grocers; grocery and household items	1,472,288	775,328	1,161,702	775,328
Goods in transit	640,369	484,143	600,758	450,998
Wholesale bulk commodity food items	1,747,291	1,127,157	777,369	295,841
Subsidiaries: flavours and fragrances, processed meats and pallet inventories	293,116	293,948	-	-
	4,153,064	2,680,576	2,539,829	1,522,167

For year ended 31 December 2022, inventories valuing $46,522,309 (2021: $7,224,000) were written off to the statements of comprehensive income for the Group and $40,818,878 (2021: $5,112,000) for the Company.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

12. Receivables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade	1,527,653	1,037,756	1,013,643	698,927
Less: Expected credit loss provision	(97,983)	(65,835)	(85,716)	(59,818)
	1,429,670	971,921	927,927	639,109
Other receivables	746,377	546,772	661,487	372,380
Deposit on business acquisition	-	67,000	-	67,000
	2,176,047	1,585,693	1,589,414	1,078,489

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

13. Due from/(to) related parties

		The Group		The Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Due from Marnock LLC	(a)	-	-	601,405	502,148
Due from Marnock Retail LLC	(a)	-	-	139,198	246,343
Due from Woodcats International Limited	(a)	-	-	52,509	82,613
Due from Arosa Limited	(a)	-	-	177,926	-
Due from other related parties	(a)	47,437	-	37,625	-
		47,437	-	1,008,663	831,104
Due to Derrpark Grocers Limited	(a)	-	-	(8,972)	-
Due to Caribbean Flavours and Fragrances Limited	(b)	-	-	(15,937)	(20,000)
Due to other related parties	(c)	(11,325)	-	-	-
Shareholder's loan	(d)	(120,463)	(191,823)	(120,463)	(191,823)
		(131,788)	(191,823)	(145,372)	(211,823)
		(84,351)	(191,823)	863,291	619,281

(a) These companies are related by common shareholders and directors. The balances are unsecured, interest free and has no fixed repayment terms.

(b) This loan from the subsidiary attracts interest of 30% and has no fixed repayment term.

(c) This balance represents amounts advanced by related parties. These balances are unsecured, interest fee and has n fixed repayment terms.

(d) This shareholder's loan attracts interest at 3.5% per annum paid monthly and matures on 30 September 2023.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

14. Cash and short-term deposits

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand				
Cash at bank	590,871	537,368	447,183	492,811
Cash in hand	39,722	81,313	10,330	54,934
	630,593	618,681	457,513	547,745
Short term deposits				
Scotia Investment Jamaica Limited	25,109	65,049	-	-
NCB Capital Markets Limited	60,357	60,666	1,969	1,868
Barita Investments Limited	108,523	374,705	108,523	374,705
JMMB Bank Jamaica Limited	77,302	28,451	7,968	-
	271,291	528,871	118,460	376,573
	901,884	1,147,552	575,973	924,318

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the Company's savings and operating account ranges from 0% to 0.40%.

Short term deposits are held at licensed financial institutions and attract interest ranging from 1.05% to 8.15% per annum. They all have remaining maturities of less than one year, substantially comprise Reverse Repurchase Agreements on Certificates of Participation, consisting of interest in, or is collaterised by mainly Government of Jamaica and Bank of Jamaica Securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed primarily by reviews of the financial status of the counterparty.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

15. Share capital

		2022 No. of shares	2021 No. of shares
Authorised-			
Opening balance as at beginning of the year		4,533,360,670	2,733,360,670
Shares issued during the year		-	1,800,000,000
Closing balance as at end of the year		4,533,360,670	4,533,360,670
		$'000	**$'000**
Issued and fully paid:			
Opening balance as at beginning of the year		3,863,849	140,044
Additional public offering issued during the period	(a)	-	3,723,805
Closing balance as at end of the year		3,863,849	3,863,849

(a) On December 14, 2020, the Board of Directors passed a resolution for the issue of shares through an additional public offer thereby approving the issue of up to 1,800,000,000 ordinary shares. The additional shares were listed on the Junior Market on the Jamaica Stock Exchange on February 23, 2021.

(b) The holders of the ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

16. Capital reserves

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at the beginning and end of the year	94,638	94,638	94,638	94,638

17. Investment reserves

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at the beginning and end of the year	614	614	614	614

18. Non-controlling interests

	The Group	
	2022	2021
	$'000	$'0000
Balance at beginning of the year	210,833	178,235
Share of profit for the year	37,650	48,241
Dividends paid by subsidiary	(7,864)	(15,727)
Other movement during the year	612	84
Balance at end of the year	241,231	210,833

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

19. Long term loans

		The Group		The Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
JMMB Bank (Jamaica) Limited	(a)	93,714	109,125	93,714	109,125
JMMB Bank (Jamaica) Limited	(b)	146,730	181,937	146,730	181,937
JMMB Bank (Jamaica) Limited	(c)	298,741	-	298,741	-
Sagicor Bank Jamaica Limited	(d)	166,662	173,088	166,662	173,088
Sagicor Bank Jamaica Limited	(e)	64,363	77,437	64,363	77,437
Sagicor Bank Jamaica Limited	(f)	15,755	17,502	15,755	17,502
Sagicor Bank Jamaica Limited	(g)	261,199	291,092	261,199	291,092
Sagicor Bank Jamaica Limited	(h)	300,000	300,000	300,000	300,000
Cornerstone Trust & Merchant Bank Limited	(i)	31,406	38,306	31,406	38,306
JN Bank Limited	(j)	2,776	3,634	2,776	3,634
JN Bank Limited	(k)	2,248	2,910	2,248	2,910
JN Bank Limited	(l)	3,470	4,451	3,470	4,451
Barita Investments Limited	(m)	500,000	500,000	500,000	500,000
Barita Investments Limited	(n)	486,111	-	486,111	-
Barita Investments Limited	(o)	196,491	-	196,491	-
First Global Bank Limited	(p)	17,610	21,838	-	-
Bank of America LLC	(q)	9,161	10,808	-	-
Capital One LLC	(r)	4,658	4,764	-	-
Bank of Nova Scotia Jamaica Limited	(s)	4,538	5,737	-	-
Bank of Nova Scotia Jamaica Limited	(t)	409	1,947	-	-
Bank of Nova Scotia Jamaica Limited	(u)	1,760	3,080	-	-
		2,607,802	1,747,656	2,569,666	1,699,482
Less: Current portion		(326,105)	(111,227)	(319,292)	(104,668)
		2,281,697	1,636,429	2,250,374	1,594,814

(a) This term loan facility, which was obtained to provide working capital was received in September 2020 attracts interest at 8.25 % per annum and is repayable over 84 equal monthly installments.

(b) This term loan facility, which was received in May 2019 obtained to provide working capital, is unsecured, attracts interest at 7.75% per annum and is repayable over 84 equal monthly instalments.

19. Long term loans (continued)

(c) This unsecured loan of $300M which was received in May 2022 and assisted with the purchase of Arosa Limited, attracts interest at 10% per annum and is repayable over 84 equal monthly instalments of $5,245,852.57.

(d) This term loan facility, which was obtained to provide refinance existing loan was received in July 2018, it attracts interest at 7.25% per annum and is repayable over 96 equal monthly instalments.

(e) This term loan facility, which was obtained to undertake the renovation of the Sampars Stores and Information Technology projects was received in October 2019, attracts interest at 7.25% per annum and is repayable over 96 equal monthly instalments.

(f) The original loan of $21M, which was received in June 2019 and used to finance the purchase of Woodcats International Limited, attracts interest at 7.25% per annum and is repayable over 120 equal monthly instalments.

(g) The original loan of $355M, which was received in April 2019 and used to refinance the bridge loan to purchase of Woodcats International Limited, attracts interest at 7.25% per annum and is repayable over 120 equal monthly instalments of $4,167,737.

(h) This loan which was received in December 2021, it attracts interest at 7.25% per annum and is repayable over 60 equal monthly instalments.

(i) This loan, which was received in October 2021, attracted interest at 6.99% per annum, repayable over 48 equal monthly instalments. The loan is secured by promissory note, letter of undertaking and Lien in favour of Cornerstone Financial Holdings Limited

(j) The loan, which was received in July 2018, attracts interest at 9.75% per annum and is repayable over 84 months in equal instalments.

(k) The loan, which was received in July 2018, attracts interest at 9.75% per annum and is repayable over 84 months in equal instalments.

(l) The loan, which was received in November 2018, attracts interest at 9.75% per annum and is repayable over 84 equal monthly instalments. This loan is secured by promissory note of $6.94M and letter of undertaking and Lien in favour of JN Bank Limited.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

19. Long term loans (continued)

(m) This loan, which is an unsecured fixed rate Bond Placement Facility was received in October 2020, attracts interest at 8% per annum. Interest is paid quarterly, and principal is due upon maturity on October 1, 2025.

(n) This loan was received in March 2022, attracts interest at 9.50% per annum and is repayable over 20 monthly instalments.

(o) This loan was received in May 2022, attracts interest at 10.5% per annum. Interest and principal is paid quarterly over 60 months.

(p) This loan, which was received in September 2021, attracts interest of 7% per annum and is repayable over 60 months in equal monthly instalments of $445,527. This loan is secured by a lien on the motor vehicle.

(q) The original loan of US$72,000, was received in December 2021, attracts interest at 6.58% per annum and was repayable over 72 equal monthly instalments of US$1,222.89. This loan is secured against a lien on a motor vehicle.

(r) The original loan of US$44,588.23, was received in November 2020, attracts interest at 5.71% per annum and was repayable over 72 equal monthly instalments of US$732.87. This loan was repaid during the year.

(s) This loan, which was received in April 2019, attracts interest at 7.49% per annum with maturity on 29 April 2026. This loan is secured against a lien on a motor vehicle.

(t) This loan, which is unsecured was received in April 2019, attracts interest rate of 9% with maturity on 29 April 2023.

(u) This loan, which was received in April 2019, attracts interest rate of 7.5% with maturity on 29 April 2024. This loan is secured against a lien on a motor vehicle.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

19. Long term Loans (continued)

Loans (d)-(h) were substantially secured by the following: -

i) A Debenture from the Borrower in favour of the Agent for an on behalf of the Lenders incorporating:
ii) A fixed charge over all its property, plant and equipment; and
iii) A floating charge over all its other assets.
iv) Notwithstanding the following, the Debenture shall not be deemed to include the following real property within its remit:
(a) Registered at Volume 1489 Folio 647 in the Registered Book of Titles; and
(b) Registered at Volume 1489 Folio 648 in the Registered Book of Titles.
v) An assignment of insurance policy over stock-in-trade;
vi) An assignment of insurance policy relating business impact and consequential losses.
vii) First legal mortgage over commercial property located at 8-10 Brome Close, Ziadie Gardens, Kingston 20, Saint Andrew registered at Volume 1489 Folio 647 and 648 in the name of Derrimon Trading Company Limited stamped to cover $50M and $55M.
viii) First Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $777.5M and assignment of Insurance over Stock-In-Trade in the sum of $330M.
ix) Assignment of Business Impact/Consequential Loss Insurance in the sum of $480M.
x) Second Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $435M.
xi) Third Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $21M.
xii) Third Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $100M.

The Company as beneficial owner, hereby charges to the bank with the payment and discharge in accordance with the foregoing covenant of the outstanding indebtedness, save and except for the shares and all existing and future assets of Caribbean Flavours and Fragrances Limited (CFF) and all future assets of Marnock LLC.

Loans (j) and (k) are substantially secured by the following: -

a. Promissory note for the sum of $10.75M at 9.75% per annum
b. Letter of undertaking and Liens in favour of JN Bank Limited for a Shacman X9 Flatbed Truck Chassis # B000406 and 2018 Shacman L3000 Steel Body Truck Chassis # X003105.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

20. Payables

	The Group		The Company	
	2022	(Restated) 2021	2022	(Restated) 2021
	$'000	$'000	$'000	$'000
Local payables and accruals	2,037,455	743,883	1,882,444	638,087
Foreign payables	755,490	666,180	143,775	183,444
Staff related payables	332,296	653	303,775	653
Statutory liabilities	27,761	22,352	11,957	8,800
	3,153,002	1,433,068	2,341,951	830,984

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

21. Short-term loans

		The Group		The Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Sagicor Bank Jamaica Limited	(a)	200,000	200,000	200,000	200,000
Sagicor Bank Jamaica Limited	(b)	55,000	55,000	55,000	55,000
JMMB Bank (Jamaica) Limited	(c)	41,200	41,200	41,200	41,200
		296,200	296,200	296,200	296,200

(a) This loan, which is a revolving unsecured term loan facility is denominated in Jamaican dollars and was renewed April 2022, it attracts interest at 8.75% per annum and is repayable within 12 months.

(b) This loan, which is denominated in Jamaican dollars, represents a Stand-by Letter of Credit, it expires upon the bank giving notice to the beneficiaries of the Instruments. The borrower is required to pay immediately in the event that the Bank is required to pay under the terms of the letters issued. Interest on loan is paid monthly and the principal is due upon maturity.

(c) This loan is a Revolving Line of Credit, which was renewed in May 2022 and is unsecured, it attracts interest at 7.75% per annum and is repayable within 12 months.

22. Bank overdraft

Bank overdraft represents cheques drawn by the Group not yet presented to the bank.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

23. Revenue

Revenue represents the price of goods sold or services rendered to customers and is stated net of discounts and allowances and General Consumption Tax.

24. Other operating income

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Advertising space	10,765	4,892	10,765	4,892
Rental from warehouse space	44,633	3,729	44,633	3,729
Disposal of right-of-use assets	-	7,060	-	7,060
Gain on acquisition of subsidiary (Note 6)	82,178	-	-	-
Management fees	10,928	-	57,928	306,130
Other income: insurance proceeds, bad debts recovered and dividends	88,864	88,212	105,815	106,787
	237,368	103,893	219,141	428,598

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

25. Expenses by nature

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Amortization of right-of-use assets	261,272	232,043	207,908	169,472
Audit fee	21,189	17,549	7,042	5,875
Bank charges	114,865	85,294	74,374	53,094
Expected credit loss	88,645	-	42,319	-
Depreciation	271,642	117,067	185,247	50,201
Directors' fees	2,824	1,780	2,054	990
Donations	26,985	-	24,955	-
Dues and subscriptions	5,247	4,520	-	13
Fines and penalties	831	2,658	-	54
Insurance	94,441	84,097	46,355	38,835
Rental	48,517	26,619	23,070	3,209
Property taxes	11,245	14,080	-	-
Motor vehicle expense	71,036	56,482	29,523	23,864
Management fees	-	22,315	-	-
Office expenses	65,706	55,576	36,801	28,748
Other	50,631	74,071	23,980	35,710
Professional fees	129,994	82,488	55,235	23,311
Repairs and maintenance	85,532	84,008	48,190	47,086
Structuring fees	33,784	26,265	33,784	26,265
Staff costs (Note 27)	1,272,244	1,042,908	729,974	563,126
Security	52,529	46,498	40,400	42,626
Travelling and entertainment	35,814	60,174	12,943	44,653
Utilities	250,268	191,236	188,000	151,993
	2,995,241	2,327,728	1,812,154	1,309,125
Selling and distribution	689,131	402,293	539,796	387,621
Finance costs, net (Note 28)	463,579	231,321	427,648	201,672
Cost of sales	13,780,755	14,335,509	8,701,494	9,298,936
	17,928,706	17,296,851	11,481,092	11,197,354

26. Operating profit

In arriving at the operating profit, the following have been charged: -

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Auditors' remuneration	21,189	17,549	7,042	5,875
Amortization of right-of-use assets	261,272	232,043	207,908	169,472
Expected credit loss	88,645	-	42,319	-
Depreciation	271,642	117,067	185,247	50,201
Directors' emoluments:				
- Fee	2,824	1,780	2,054	990
- Management remuneration (included in staff costs)	98,916	93,315	56,180	53,000
Staff costs (Note 27)	1,272,244	1,042,908	729,974	563,126

27. Staff costs

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Wages and salaries	1,003,701	820,688	549,177	396,552
Statutory contributions	100,361	80,831	63,414	45,712
Staff welfare	44,736	105,987	22,421	89,924
Contract services and other	123,446	35,402	94,962	30,938
	1,272,244	1,042,908	729,974	563,126

28. Finance costs, net

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest income	(10,494)	(16,322)	(5,934)	(10,693)
Interest expense	321,313	111,958	305,354	107,796
Foreign exchange (gains)/losses; net	(11,289)	3,062	11,235	22,852
Lease interest expense	164,049	132,623	116,993	81,717
	463,579	231,321	427,648	201,672

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

29. Taxation

(a) Taxation is computed on the profit for the year adjusted for taxation purposes and comprises:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Income tax at 25%	129,578	67,041	83,487	25,577
Income tax at 15%	3,484	4,386	3,484	4,386
Income tax at 21%	42,204	34,495	-	-
Remission of income tax at 50% (2021-50%)	(9,891)	(13,335)	-	-
Deferred tax assets (Note 10)	(56,958)	14,949	(48,396)	21,260
	108,417	107,536	38,575	51,223

(b) The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Profit before taxation	725,959	555,719	266,631	265,541
Tax calculated at the appropriate rate	156,110	136,321	66,658	66,385
Adjusted for the effects of: -				
Expenses not allowed for tax purposes	9,572	2,755	4,056	921
Employers tax credit	(42,698)	(17,302)	(35,780)	(10,961)
Other charges and allowances	(7,579)	(5,008)	738	(5,122)
Adjustment for prior year temporary differences	-	4,105	-	-
Effect of differences in tax rates	2,903	-	2,903	-
Adjustment for the effect of remission of tax	(9,891)	(13,335)	-	-
	108,417	107,536	38,575	51,223

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

29. Taxation (continued)

(c) Remission of Income Tax

Derrimon Trading Company Limited (DTCL) is listed on the Junior Market of the Jamaica Stock Exchange, effective December 17, 2013; and under the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice 2010, 100% of income taxes will be remitted by the Minister of Finance during the first five (5) years of listing, which expired December 17, 2018. DTCL was required to account for income tax at 50% during the second five (5) years, from December 17, 2018, to December 16, 2023.

However, in February 2021, the Company issued an Additional Public Offer (APO) whereby 301,301,069 New Ordinary Shares were issued to the public. As a result, the Company does not qualify to claim the 50% remission of Income Tax given that the subscribed participating voting share capital increased above $500 million.

The financial statements of Derrimon Trading Company Limited have been prepared on the basis that the Company will not have the full benefit of the tax remissions.

30. Segment financial information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions.

The Group operates three (3) segments. Two (2) segments are exposed to similar risks as they both sell household and grocery products and the third segment, manufactures flavours and fragrances, processed meats and wooden products. The principal divisions are:

(i) Distribution **-** distribution of Nestle household products, Sun Powder Detergents and bulk food products and chilled and ambient beverages.

(ii) Wholesale and retail - operation of eight (8) outlets, six (6) trading under the name Sampars Cash and Carry and Sampars Outlets, one (1) under the name Select Grocers and one (1) under the name Food Savers NY.

The distribution hub, along with four (4) outlets is located in Kingston and Saint Andrew, three (3) locations are in rural Jamaica and one (1) located in Brooklyn, New York.

(iii) Other operations – manufacturers of flavours and fragrances, processed meats, wooden pallets and by products of wood.

	2022				
	Distribution	**Wholesale and Retail**	**Other Operations**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	8,204,888	8,411,698	1,803,670	-	18,420,256
Operating (loss)/profit	(462,635)	1,414,614	172,868	64,779	1,189,625
Assets	11,854,804	4,485,079	1,398,457	(2,365,345)	15,372,995
Liabilities	7,222,827	2,393,247	1,819,114	(2,436,074)	8,999,114
Capital expenditure	2,126	681,340	42,347	-	725,813
Depreciation	120,077	131,062	20,503	-	271,642
Finance (income)/costs, net	(404,779)	(55,257)	(9,033)	5,490	(463,579)

	2021				
	Distribution	**Wholesale and Retail**	**Other Operations**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	6,179,568	10,204,303	1,360,846	-	17,744,717
Operating profit	213,020	463,100	131,947	(21,027)	787,040
Assets	7,675,430	4,189,281	1,221,391	(1,576,887)	11,509,215
Liabilities	3,421,038	2,831,714	508,888	(1,014,592)	5,747,048
Capital expenditure	864,480	998,351	70,423	-	1,933,254
Depreciation	32,217	58,752	26,098	-	117,067
Finance costs/(income), net	107,889	139,193	(9,817)	(5,944)	231,321

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

31. Earnings per share

Profit per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $579,979,000 (2021: $399,942,000) by the weighted average number of ordinary stock units in issue during the year, numbering 4,533,360,670 (2021: 4,271,990,807).

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net profit attributable to Stockholders of the Company	579,979	399,942	228,056	214,318
Weighted average number of ordinary stocks units ('000)	4,533,360	4,271,991	4,533,360	4,271,991
Earnings per share	$0.128	$0.094	$0.050	$0.050

32. Contingent liabilities and commitments

(a) In the normal course of business, the Group is subject to various claims, disputes and legal proceedings, which occur as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its legal advisors, it is probable that a payment will be made by the Group and the amount can be reasonably estimated. In respect of claims asserted against the Group, which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both the financial position and financial performance.

The Group's and Company's attorneys that routinely act on behalf of the Group, by letter dated February 9, 2023, reported with regards to the Company's year ended 31 December 2022, as follows:

- They were not aware of any outstanding judgment, settlement or claim.
- They were not aware of any guarantees of indebtedness to others made by the Group, not publicly disclosed.
- They hold no trust monies on behalf of the Group.
- They are aware of one pending litigation against the Company for a personal injury claim by an independent contractor.

(b) Management reported that as at 31 December 2022, the Group had capital commitments of $114,637,000 (2021: $600,000,000).

(c) As at 31 December 2022, as far as the Board of Directors of the Group are aware, there were no significant pending or threatening litigations against the Group.

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

33. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

(a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the Group.

The following was (credited)/debited to the statement of comprehensive income:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Dividend income	-	-	(14,616)	(29,233)
Directors' fees	2,824	1,780	2,054	990
Management remuneration	98,916	93,315	56,180	53,000

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

34. Restatement of prior year balances

Restatement of the prior year balances was for intangible assets and payables to recognized the accrual of purchase consideration outstanding as at 31 December, 2021.

Below are the reconciliations of the Statement of Financial Position and Statement of Comprehensive Income as at 31 December 2021.

(a) Statement of financial position as at 31 December 2021: -

Group:		As Previously Stated	Effect of Restatement	As Restated
		$'000	$'000	$'000
ASSETS				
Non-current assets				
Property, plant and equipment		2,353,972	-	2,353,972
Intangible assets	(a)	1,648,203	39,156	1,687,359
Investments		297,273	-	297,273
Right-of-use assets		1,791,254	-	1,791,254
		6,090,702	39,156	6,129,858
Current assets		5,418,513	-	5,418,513
TOTAL ASSETS		11,509,215	39,156	11,548,371
EQUITY AND LIABILITIES				
Capital and reserves		5,551,334	-	5,551,334
Non-controlling interest		210,833	-	210,833
		5,762,167	-	5,762,167
Non-current liabilities		3,510,554	-	3,510,554
Current liabilities				
Payables	(b)	1,393,912	39,156	1,433,068
Short term loans		296,200	-	296,200
Current portion on long-term loans		111,227	-	111,227
Current portion of lease liabilities		298,123	-	298,123
Taxation payable		63,544	-	63,544
Bank overdraft		73,488	-	73,488
		2,236,494	39,156	2,275,650
TOTAL EQUITY AND LIABILITIES		11,509,215	39,156	11,548,371

Derrimon Trading Company Limited

Notes to the Financial Statements
31 December 2022

34. Restatement of prior year balances (continued)

Company:

	As Previously Stated $'000	Effect of Restatement $'000	As Restated $'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,758,276	-	1,758,276
Intangible assets	33,220	-	33,220
Investment in subsidiary and joint venture	2,283,390	39,156	2,322,546
Investment securities	107,729	-	107,729
Right-of-use assets	1,061,383	-	1,061,383
	5,243,998	39,156	5,283,154
Current assets	4,357,153	-	4,357,153
TOTAL ASSETS	9,601,151	39,156	9,640,307
EQUITY AND LIABILITIES			
Capital and reserves	5,314,245	-	5,314,245
Non-current liabilities	2,781,692	-	2,781,692
Current liabilities			
Payables	791,828	39,156	830,984
Short- term loans	296,200	-	296,200
Current portion on long- term loans	104,668	-	104,668
Current portion on lease liabilities	239,030	-	239,030
Bank overdraft	73,488	-	73,488
	1,505,214	39,156	1,544,370
TOTAL EQUITY AND LIABILITIES	9,601,151	39,156	9,640,307

NOTES

FORM OF PROXY

DERRIMON TRADING COMPANY LIMITED

I/WE'.. OF ....
being a shareholder(s) of DERRIMON TRADING COMPANY LIMITED HEREBY APPOINT:
....of ....
..or failing him/her ....of ....
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27th day of September 2023 at 10:00am at the Terranova All Suite Hotel Jamaica and at any adjournment thereof, to vote for me/us and in my/our name for said resolutions (either with or without modification, as my/our Proxy may approve) or against the said resolutions as hereby indicated.

I desire this form to be used as follows (unless directed by the proxy will vote as he sees fit):

ORDINARY BUSINESS	FOR	AGAINST
RESOLUTION 1: To receive the audited accounts for the year ended 31st December 2022		
RESOLUTION 2(a): To re-appoint Derrick Cotterell to the Board of Directors		
RESOLUTION 2(b): To re-appoint Earl Richards to the Board of Directors		
RESOLUTION 2(c): To re-appoint Alexander Williams to the Board of Directors		
RESOLUTION 2(d): To re-appoint Howard Mitchell to the Board of Directors		
RESOLUTION 2(e): To re-appoint Tania Waldron-Gooden to the Board of Directors		
RESOLUTION 2(f): To re-appoint Stephen Phillibert to the Board of Directors		
RESOLUTION 3 : To fix the remuneration of the Directors		
RESOLUTION 4 : To re-appoint the Auditors and to fix their remuneration		

Signed:... Signed...

Dated this .... day of 2023

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. Such proxy need not be a member of the Company.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
3. Any alteration made in this Form of Proxy should be initialed by the person who signs it.
4. A member must lodge his Form of Proxy with the Secretary at 235 Marcus Garvey Drive, Kingston 11, Jamaica not less than 48 hours before the Meeting, but if not so lodged it may be handed to the Chairman of the Meeting.
5. In the case of joint holders, the vote of the senior joint holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders(s), and for this purpose seniority will be determined by the order in which the names appear in the books of the Company.
6. If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
7. The person to whom this Proxy is given need not be a holder of shares in the Company but must attend the Meeting in person to represent you.




DERRIMON TRADING
COMPANY LIMITED

235 Marcus Garvey Drive, Kingston 11, Jamaica, W.I.
876.901.3344 | derrimon.com