



ANNUAL REPORT
2024

Building Partnerships,
Creating Solutions

FosRich
COMPANY LIMITED

MISSION

Improve people's lives through high-quality products.

VISION

We strive to make our customers' lives better through the offering of high-quality products. FosRich provides value through quality electrical, lighting, energy, and engineering solutions.

CORE VALUES

We hold a deep and abiding respect for each customer, every colleague, and our shareholders.

We commit to finding new, practical, and innovative ways to make the term "excellent customer service" more relevant to each customer - every day.

We commit to the relentless renewal of our enterprise through the constant training of our people at all levels.

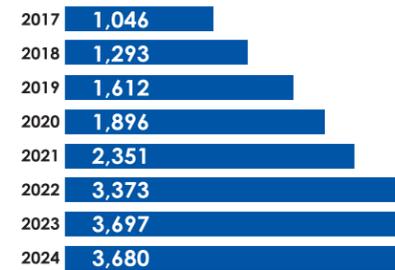
In our merit-based culture, individual reward and recognition will be a result of measured performance.

We treat all competitors as noble, but we compete fairly and vigorously to win.

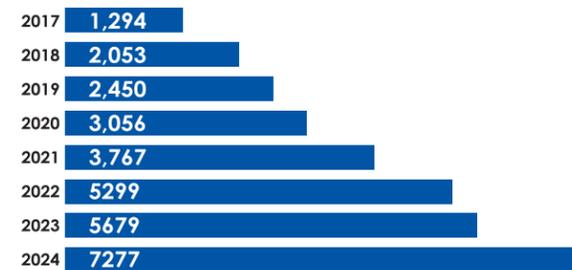
WHY INVEST IN FOSRICH

- ▶ Diversified product range and service offering providing sustainable earnings.
- ▶ Long-term relationship with Fortune 500 companies with premium brands
- ▶ Focused on meeting the needs of the local and export market with core products
- ▶ Strong balance sheet with a huge inventory of items required by the market.
- ▶ Strong capital position
- ▶ Vision and strategic plan to capitalize on growth opportunities.
- ▶ Committed and trained management team

INCOME (\$M)



ASSETS (\$M)



SHAREHOLDERS' EQUITY (\$M)

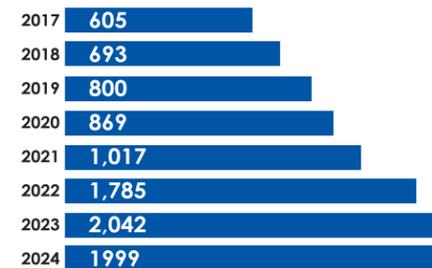


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**BUILDING PARTNERSHIPS,
CREATING SOLUTIONS**



CHAIRMAN'S STATEMENT



Dear Shareholders

The year 2024 came with its challenges, such as high interest rates, major international supply chain disruptions and a slowing of the construction industry locally. Amidst these however, FosRich's output remained relatively even in comparison to the previous year, 2023. I am proud of the resilience and adaptability our business demonstrated in the face of these threats. Our commitment to quality products, sustainability, and customer satisfaction has been at the core of our progress, positioning us stronger for the future.

In 2024, FosRich achieved revenues of \$3,680 million compared to the prior year's period of \$3,697 million, a slight dip of 0.46%. These revenues were supported by the acquisition of Bayside Hardware in Montego Bay, the opening of the Drax Hall store, and an improvement in the industrial product line of the business, among others. Gross Profit was \$1,749 million or an increase of 11% compared to \$1,572 million in 2023. The results of the year were however affected by the substantial fall in PVC and solar products costs on the world markets, which meant that despite increases in sales volume, we achieved lower sales revenue when compared to the prior year. In addition, the slowness in housing-starts locally, caused primarily by the considerable increase in interest rates in Jamaica when compared to the prior year, affected revenues.

There have been some promising developments, particularly in the energy space. The shift toward renewable energy and energy-efficient lighting solutions is more crucial than ever. We have continued to invest in products that align with Jamaica's renewable energy transition goal of reaching 50% of its energy derived from renewables by the year 2030. Our smart lighting solutions, solar-powered energy systems, and energy-efficient electrical products have gained significant traction across the country,

and we are eager to lead this transformation. Our Vision 2027 Plan is to continue to put sustainability at the core of our strategy. This includes both how we run our business, and advance growth through providing solutions that contribute to sustainable development and combatting climate change. We project that revenues from renewable energy products and the PVC manufacturing arm of the business will continue to improve and will become two of the major revenue earners from which FosRich will enjoy tremendous benefits in the coming years.

Despite a tough year, I am happy to report that the Board of Directors declared a dividend of 1.5¢ per share, which was paid in December 2024, in appreciation of the shareholders continued confidence and support of FosRich.

At FosRich, one of our mantras is "Connections Matter." True to this mantra, FosRich remains closely connected to our Fortune 500 companies namely, Philips, Siemens, NEXANS, Victron Energy, General Electric and Huawei FusionSolar. We are thankful to each of them for their willingness to continue in partnership with us as we improve on this mutually beneficial relationship.

As we move forward, we are steadfast and committed to attaining our 2027 goals through mergers, acquisitions, vertical integration, and strategic growth. We have seen the enormous potential for our products and services in the country of Guyana, with its economy experiencing a growth of approximately 43% in 2024, and is expected to continue to grow by double digits within the near future. As such, we are presently pursuing this business opportunity. With the uncertainty and volatility existing currently in the USA market, we have decided to delay any investment in that country at this time.

We are excited about the imminent opening of the FosRich Supercentre in 2025 at 76 Molynees Road, with its 140,000 square feet of space, including 30,000 square feet for our superstore selling items such as electrical, plumbing, lighting, bathroom, and kitchen finishings, solar products, among others. There are 152 underground

parking spaces and thirteen rentable stores, which will house food establishments, a gift store and flower shop, to name a few. It is our expectation that this new store and its offerings will result in increased revenues.

The company acknowledges the increasing focus and impact of Environmental, Social and Governance issues (ESG) on the business and the role that each play in ensuring that it operates as a responsible corporate citizen. As a good corporate citizen, FosRich has committed to developing an approach to ESG issues, placing a renewed emphasis on doing business sustainably to ensure it is aligned with and embedded into our business strategy. More details on this can be found in the Governance Report.

On behalf of the Board of Directors, I take this opportunity to express my heartfelt thanks to our outgoing external Auditors – Crooks, Jackson, Barnett, with specific mention of Ms. Effie Crooks, for the professional services provided and the diligent work in preparing our Audited Financials since 2017, when FosRich was listed on the Jamaica Stock Exchange. We are sincerely grateful for their support, and we wish Ms. Crooks well as she retires. We extend our welcome to Baker Tilly, the incoming external auditors who are qualified and certified to hold this position.

In closing, I express my deep appreciation to my fellow board members who continue to provide steady guidance and oversight at a time when the company has been navigating a difficult operating environment, full of uncertainties. I would also like to acknowledge the immense efforts of the FosRich leadership team, which has been instrumental in delivering the company's mandate and returns for shareholders. Thanks also to each and every employee for his/her commitment and hard work, our customers for continuing to trust us with their needs, and our shareholders for their unwavering support and confidence in our vision. We are excited yet cautious about the opportunities that lie ahead and are committed to delivering long-term value to all our stakeholders.

Thank you all again and God bless you.

MARION FOSTER
Chair



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NOTICE OF HYBRID ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 Annual General Meeting of the shareholders of FosRich Company Limited ("the Company"), will be convened on Tuesday, October 28, 2025, at 79 Molynes Road, Kingston 10, Jamaica, and on Zoom, at 2:30 p.m. for the following purposes :

ORDINARY BUSINESS

1. To receive the Directors' Report, the Auditor's Report and the Audited Financial Statements of the Company for the financial year ended December 31, 2024.

To consider and if thought fit pass **Ordinary Resolution#1**

"That the Audited Financial Statements for year ended December 31, 2024, together with the Auditor's Report and the Report of the Directors of the Company be hereby received and adopted."

2. To retire one-third of the Directors by rotation in accordance with Article#98 and re-elect the retiring Directors as provided by Article#99 of the Company's Articles of Incorporation. The Directors retiring in 2025 are Marva Chang and Ian Kelly and being eligible are offering themselves for re-election.

To consider and if thought fit pass **Ordinary Resolution#2a.**

"That Marva Chang retires by rotation and being eligible is re-elected to continue to serve as Director of the Company for the ensuing year."

To consider and if thought fit pass **Ordinary Resolution#2b.**

"That Ian Kelly retires by rotation and being eligible is re-elected to continue to serve as Director of the Company for the ensuing year."

3. To ratify the dividend declared and paid by the Company for the year ended December 31, 2024.

To consider and if thought fit pass **Ordinary Resolution#3.**

"That a dividend declared of \$0.015 per share and paid on December 9, 2024, to the shareholders on record as at November 15, 2024, by the Company, be approved as the final dividend for 2024 at the date of the Annual General Meeting."

4. To re-appoint the Auditors and authorize the Board of Directors to fix their remuneration.

To consider and if thought fit pass **Ordinary Resolution#4.**

"That Messrs. Baker Tilly, Chartered Accountants of, 6 Collins Green Avenue, Kingston 5, Jamaica, having agreed to continue in office as Auditor be and are hereby re-appointed to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

Dated June 5, 2025

BY ORDER OF THE BOARD



Corporate Secretary

Registered Office: 79 Molynes Road, Kingston 10, Jamaica

Registrar: Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston.

Notes:

1. A member entitled to attend and vote at this Annual General meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. A Proxy Form is enclosed at the back of the annual report for your convenience.
3. Members can also download a proxy form from the company's website (www.fosrich.com).
4. A Director and the Company Secretary are required to sign the proxy form of a corporate member under the common seal of that company.
5. Amendments made to the proxy form must be initialled by the member(s) signing.
6. In the case of joint holders, any member may sign the proxy form to the exclusion of the other joint holder(s).
7. The completed form must be properly executed, stamped and together with the power of attorney or other documents appointing the proxy, must be deposited with the Secretary at the Registered Office of the company at 79 Molynes Road, Kingston 10, no later than 2:30 p.m. Friday, October 24, 2025.
8. The Proxy Form shall bear stamp duty in the amount of \$100.00 by way of postal adhesive stamp(s) which is to be cancelled by the person signing the form.
9. Voting virtually on the Zoom platform during the meeting will not be accommodated. Members attending virtually, and wishing to vote, must therefore submit a Proxy Form

MEETING ACCESS

Connection information for virtual access to the Hybrid Annual General Meeting is as follows:

FOSRICH ANNUAL GENERAL MEETING ZOOM LINK

Tuesday, October 28, 2025 at 2:30 p.m.

Join Zoom Meeting

<https://us02web.zoom.us/j/82167566381?pwd=zmW7X46bEcbce8XKTXpDxyY2YVubpw.1>

Meeting ID: 821 6756 6381

Passcode: 475782

TEN YEAR STATISTICAL SUMMARY

S O L U T I O N S

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	\$M									
Income Statement										
Revenue	3,680	3,697	3,373	2,351	1,896	1,612	1,293	1,046	1,156	948
Gross Profit	1,749	1,572	1,392	1,043	825	710	534	473	469	363
Expenses	1,711	1,308	1,061	888	723	644	490	456	451	358
EBITDA	404	519	613	424	320	281	168	137	114	74
Profit After Tax	35	235	341	211	134	116	90	55	30	3
Earnings per share	\$0.01	\$0.05	\$0.06	\$0.04	\$0.03	\$0.02	\$0.02	\$0.01	\$0.01	\$0.00
Balance Sheet										
Assets	7,277	5,679	5,299	3,767	3,056	2,450	2,053	1,294	1,120	1,103
Net Current Assets	1,012	767	808	1,423	1,349	1,162	1,350	566	285	307
Retained Earnings	940	981	853	588	441	363	256	165	114	84
Shareholders' Equity	1,999	2,042	1,785	1,017	869	800	693	605	399	369
Financing	3,248	1,871	1,734	1,565	1,291	1,125	1,005	318	335	391
Right-of-use Liability	558	622	583	540	378	201				
Ratios & Other										
Gross Profit %	48%	43%	41%	44%	44%	44%	41%	45%	41%	38%
Rate of stock turn per year	0.81	0.97	0.98	0.81	0.82	0.82	0.92	0.92	1.12	1.00
Days of sales in receivables	61	42	51	60	84	71	86	53	39	48
Current Ratio	1.43:1	1.39:1	1.40:1	2.73:1	3.33:1	4.09:1	4.16:1	2.71:1	1.60:1	1.71:1
Quick Ratio	0.32:1	0.32:1	0.28:1	0.56:1	0.81:1	0.98:1	1.12:1	0.82:1	0.29:1	0.31:1
Debt to Equity - Excluding Right-of-use Liability	1.63	0.92	0.97	1.54	1.49	1.41	1.45	0.53	0.75	1.00
Debt to Equity - Including Right-of-use Liability	1.87	1.19	1.27	2.03	1.87	1.62	1.45	0.53	0.75	1.00
Other										
Distribution Outlets	7	6	4	4	4	4	4	4	4	4
Average Team Size	240	175	161	165	132	138	92	77	105	87
No of shareholders	5318	5373	5,086	1,753	1,395	1,365	1,110	1,179	2	2



CORPORATE INFORMATION



CORPORATE DATA

Registered Office
FosRich Company Limited
79 Molynes Road
Kingston 10, Jamaica W.I.
Tel: (876)937-5099
Fax: (876)758-5508
Email: info@fosrich.com
Website: www.fosrich.com

ATTORNEYS-AT-LAW

Tavares-Finson Adams
Suite No. 4
8 Hillcrest Avenue
Kingston 6, Jamaica W.I.

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6, Jamaica W.I.

AUDITORS

Baker Tilly Jamaica
6 Collins Green Avenue
Kingston 5
Jamaica W.I.

BANKERS

First Global Bank
28-48 Barbados Avenue
Kingston 5, Jamaica W.I.

Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5, Jamaica W.I.

Bank Of Nova Scotia
86 Slipe Road
Kingston 5, Jamaica W.I.

National Commercial Bank
94 Halfway Tree Road
Kingston 10, Jamaica W.I.

FINANCIAL ADVISERS

Mayberry Investments Limited
1 ½ Oxford Road
Kingston 5, Jamaica W.I.

Barita Investments Limited
15 St. Lucia Way
Kingston 5

REGISTRAR & TRANSFER AGENTS

Jamaica Central Securities
Depository
40 Harbour Street
Kingston, Jamaica W.I.

BOARD OF DIRECTORS

Executive Directors
Marion Foster, BSc.
Chairman

Cecil Foster
Managing Director

Peter Knibb, FCCA, FCA, MBA, JP
Chief Financial Officer

Non-Executive Directors

Ian Kelly, MSc, BSc

Steadman Fuller, LLB

Marva Chang, FCCA, FCA

Board Committee Member

Clive Nicholas, FCCA, FCA

COMPANY SECRETARY

Cube Corporate Support
Limited

SENIOR OFFICERS

Ian McNaughton
Chief Operation Officer

Suzanne Donalds
Human Resource Director

Hector Mendoza
Commercial & Project Director

Warren Riley
Senior Accountant

Vincent Mitchell
Business Development
Manager, Wires & Cables

Kerry-Ann Gray
Marketing Manager

RETAIL OUTLETS

Kingston General
79 Molynes Road
Kingston 10, Jamaica W.I.
Tel: (876)937-2401
Fax: (876)901-2438
Email: sales@fosrich.com
Email: lighting@fosrich.com

Kingston Industrial

76 Molynes Road
Kingston 10, Jamaica W.I.
Tel: (876)937-5099
Fax: (876)901-2438
Email: sales@fosrich.com

Mandeville - Live Your Dream Store

35 Ward Avenue,
Mandeville, Manchester, Jamaica W.I.
Tel: (876) 625-0250-2
Email: sales@fosrich.com
Email: lighting@fosrich.com

Montego Bay - Cottage Road - Better Homes Store

3 Cottage Road
Montego Bay, St. James, Jamaica W.I.
Tel: ((876)971-9117
Email: sales@fosrich.com
Email: lighting@fosrich.com

Montego Bay - Fairview - Lighting World Store

Shop #18 Fairview
Montego Bay, St. James, Jamaica W.I.
Tel: (876)684-9431
Email: sales@fosrich.com
Email: lighting@fosrich.com

Montego Bay - Bayside

Lot 6 St. Clavers Avenue
Montego Bay, St. James, Jamaica W.I.
Tel: (876) 627-2375
Email: bayside@onsja.com

St. Ann

Lot C6 Drax Hall, St. Ann's Bay
Tel: (876) 972-9161
Email: draxhall@fosrich.com

DIRECTORS' REPORT

The Directors hereby present their Report and the Audited Financial Statements for the year ended December 31, 2024.

Financial Results: Results for the year are set out in pages 32-108. Highlights thereof are set out below:

	2024	2023
	\$	\$
Turnover	3,679,557,119	3,696,595,282
Net Profit	34,553,986	235,238,145
Net Assets	1,998,662,104	2,041,566,023
Dividends Paid	76,177,284	106,648,190

The Board: The Directors who served the Company since the last Annual General Meeting are:

- Mrs. Marion Foster - Chairman - Executive
- Mr. Cecil Foster - Managing Director - Executive
- Mr. Peter Knibb - Executive
- Mr. Ian Kelly - Independent
- Mr. Steadman Fuller - Independent
- Mrs. Marva Chang - Independent

The Directors retiring by rotation in accordance with Article 97 of the Company's Articles of Incorporation are Marva Chang and Ian Kelly, who being eligible for election or re-election as the case may be, offer themselves for re-election and election to the Board.

Auditors: Baker Tilly, Chartered Accountants, have signified their willingness to continue in office.

The Directors wish to express thanks to the management and staff for their continued commitment and hard work.

On behalf of the Directors
June 5, 2025



MARION FOSTER
Chair

P A R T N E R S H I P S

BOARD OF DIRECTORS



MARION FOSTER
EXECUTIVE DIRECTOR & CHAIRMAN
OF THE BOARD

Marion Foster, together with her husband Cecil Foster, is a Founder of the Company. Marion holds a BSc Degree in Management Studies from the University of the West Indies. She has been at the company full-time since 1996 and was initially in charge of the Accounting Department.

Mrs. Foster graduated from The Mico Teachers' College in 1987 and thereafter taught in Jamaica and the USA for 6 years.



CECIL FOSTER
EXECUTIVE DIRECTOR & MANAGING DIRECTOR

Cecil Foster is the Founder and Managing Director of FosRich Company Limited. Under his leadership, the company has evolved from a micro-enterprise at its incorporation in 1993 to one of Jamaica's leading importers and distributors of electrical and solar energy products, serving multiple sectors.

Mr. Foster pursued a Marketing degree from the University of Technology, Jamaica, with a focus on business development and marketing. He currently serves as the Vice President of the Jamaica Manufacturers and Exporters Association Limited (JMEA) and is the President of the Adventist Laypersons and Services Industries (ASI JAMU). Additionally, he is a member of the King's House Foundation Board of Governors, where he chairs the Grounds, Security, and Maintenance Sub-Committee. He was also recently appointed to the National Council on Technical and Vocational Education and Training.

A long-standing member of the Incorporated Master Builders Association of Jamaica, Mr. Foster is also the co-founder of the Good Samaritan Inn, which provides approximately 600 meals per week to individuals in Kingston's inner-city communities.



PETER KNIBB
EXECUTIVE DIRECTOR, BOARD MENTOR & CHIEF FINANCIAL OFFICER

Peter Knibb is an accomplished Chartered Accountant with 20 years of experience in corporate finance and 14 years in senior roles at two leading audit firms. He has spent two decades as the Chief Financial Officer of a highly regulated, publicly traded financial group, overseeing all financial operations and strategic initiatives.

Mr. Knibb has successfully led the financial aspects of multiple mergers, acquisitions, and integrations, demonstrating strong project management skills. His expertise has been instrumental in strategic planning, where his deep understanding of both local and global business landscapes has added significant value.

With extensive training in taxation and management, Mr. Knibb has applied his expertise in senior leadership roles, ensuring compliance and operational efficiency. His background includes conducting external statutory audits and management control reviews across various industries, leveraging this experience to enhance corporate governance and financial performance.



IAN KELLY
NON-EXECUTIVE DIRECTOR

Ian C. Kelly, CD, is the CEO of Derrimon Trading Company Ltd., bringing over 25 years of expertise in strategic finance, risk management, and corporate governance. A Certified Public Accountant (CPA) with a Bachelor's and Master's in Accounting from The University of the West Indies, he has been instrumental in Derrimon's growth since joining in 2011.

Under his leadership, Derrimon has expanded significantly, with key milestones including the company's IPO in 2013, multiple mergers and acquisitions, and a J\$4.076 billion Additional Public Offering (APO) in 2021. His strategic vision has helped to position Derrimon as a leader in retail, distribution, manufacturing, and logistics locally and internationally. Ian has held senior roles across Derrimon's subsidiaries and serves on multiple boards, contributing to growth and innovation. He chairs the Governor-General Jamaica Trust, TyDixon Primary School, Focused Ophthalmics, and Reggae Marathon and holds directorships across several major companies.

A Wharton Business School Executive Development Program alumnus, Ian's leadership and service have earned him the Order of Distinction, Commander Class (CD), a UWI Honoree, and recognition as an Honorary Fellow of Excelsior Community College. He has also received the Governor General's Badge of Honor and was pinned as an ambassador to the Governor General's IBI Initiative. In 2024, he served as Chef de Mission for Team Jamaica at the Paris Olympics, reflecting his commitment to national development.



STEADMAN FULLER, C.D.
NON-EXECUTIVE DIRECTOR

Steadman Fuller is the Chairman and Managing Director of the Kingston Bookshop. He is also an entrepreneur and philanthropist. Steadman graduated from The Mico Teachers' College (now The Mico University College). After 2 years in the classroom, he took on the challenge of managing the Kingston Bookshop, moving the company from one retail store to seven stores across Kingston and Spanish Town including four locations in downtown Kingston.

Mr. Fuller completed a Bachelor of Law Degree (LLB Hons) at the University of Huddersfield in the United Kingdom. He was the second recipient of the prestigious Trail Blazer Award from the Book Industry Association of Jamaica (BIAJ). He was installed as Custos Rotulorum for the Parish of Kingston on February 25, 2010.



MARVA CHANG
NON-EXECUTIVE DIRECTOR

Marva Chang is a resourceful Finance Executive with several years of experience in financial management across manufacturing, finance, facilities maintenance, and gaming industries for both publicly and privately held companies. Strong administrative and organizational skills as well as core finance functions of auditing and accounting, pension management, training, strategic planning, budgeting/forecasting, and relationship building.

Ms. Chang is a Chartered Accountant and is highly trained in accounting and human resources management and applies her knowledge in the senior management roles held. She has conducted many external statutory audits and management control reviews in various industries while employed at audit firms and integrated the knowledge into corporate activities.

BOARD COMMITTEE MEMBER



CLIVE NICHOLAS, C.D.
BOARD COMMITTEE MEMBER

Clive Nicholas brings to the Board Committee over thirty (30) years of experience as a Senior Executive in the Jamaica Revenue Services, involved in all aspects of Tax Administration and Tax policy. Executive experience in transformation programs as Chairman of the Tax Administration Reform Project and the Customs Modernization Project. He was responsible for the implementation of the General Consumption Tax in Jamaica in 1991 and for organizing and directing the policies and programs during the initial nine (9) year period. He was the Executive Member and Country Representative for Jamaica to the Inter-American Centre of the Tax Administration. He has functioned as a moderator and presented papers on several occasions. He was the Team Leader and Tax Expert for U.W.I. Consulting Inc, a project to develop CARICOM Tax Database.

Mr. Nicholas also received National Honour in 2002 for Service to the Public Sector, Order of Distinction in the Rank of Commander Class and was a member of the Parliament (Integrity of Members) Commission.

He has been a Chartered Accountant since 1987 and an expert in local and international tax systems, including, certification from Harvard University International Tax Program.



JULIE THOMPSON-JAMES
CUBE CORPORATE SUPPORT LIMITED
COMPANY SECRETARY

CUBE CORPORATE SUPPORT LIMITED ("Cube") is a company incorporated under the laws of Jamaica and licensed by the Financial Services Commission as a Corporate Service Provider. Cube is the Board appointed Corporate Secretary of FosRich Company Limited which provides corporate secretarial support and corporate governance advisory.

CUBE has a strong team with over 22 years' experience in corporate governance and corporate secretarial services within the public sector, the private sector, and across several industries locally and internationally. At CUBE we know that strong corporate secretarial support and corporate governance are critical to the long-term sustainability of the Company. We stand as a proud partner of FosRich for the benefit of all its stakeholders.

EXECUTIVE TEAM



CECIL FOSTER
EXECUTIVE DIRECTOR & MANAGING DIRECTOR

Cecil Foster is charged with the strategic direction and effective management of the Company and is focused on growing the business through the acquisitions of:

- New product lines
- New retail outlets
- New supplier relationship
- New talent to support the expanding product lines

And the efficient distribution of new and innovative products to meet the diverse needs of the FosRich customers.

Additional details are included in his Director profile on page 12



PETER KNIBB
EXECUTIVE DIRECTOR, BOARD MENTOR & CHIEF FINANCIAL OFFICER

Peter Knibb has general oversight of the financial management and strategy functions of the Company. He is also responsible for the oversight of the Financial Control Unit and for managing the Company's financial reporting to regulators and financiers.

Additional details are included in his Director profile on page 12.



IAN MCNAUGHTON
CHIEF OPERATION OFFICER

Mr. McNaughton has a demonstrated history of working in both the financial services and manufacturing, sales and distribution sectors. He has over thirty-five years of professional experience in Business Planning, Financial Operations, Capital Structure, Corporate Governance and Human Resource Development. He has served as the Chief Executive Officer of Cumax Wealth Management Limited, Managing Director and Company Secretary of Barita Investments Limited, the Finance Director and Company Secretary of Goodyear Jamaica Limited and Chief Financial Officer and Company Secretary of Berger Paints Jamaica Limited. Additionally, he has served as Chairman of the Jamaica Stock Exchange (JSE) and Treasurer of the Jamaica Cooperative Credit Union League (JCCUL) Board and Chairman of the Board of The Educom Credit Union. Mr. McNaughton has also contributed in the public sector serving as Chairman of the National Insurance Fund, a Director of the CPTC Board, among others. He has an MBA (Finance) from Nova Southeastern University and a BSc. in Management Studies from the University of the West Indies, Mona. An avid footballer, Mr. McNaughton also sits on the Board of the Harbour View Football Club.

HECTOR MENDOZA
COMMERCIAL & PROJECT DIRECTOR

Hector Mendoza is an entrepreneur and is the co-founder of Neo Digital Inc (2016), and Lighten (2023), which focuses on innovating service levels in lighting and Energy projects in Panama, El Salvador, and Jamaica. He has 30 years of experience in regional management, possesses excellent interpersonal relations, and is able to build and work with multidisciplinary and multicultural teams. Hector is skilled in key customer management and specializes in key project negotiations.

Mr. Mendoza has an Electrical Engineering Degree from Universidad Centroamericana "José Simeón Cañas" from El Salvador and a Master's Degree in Renewable Energy Management from IL3 de la Universitat de Barcelona, Spain. He has exceptional knowledge of the lighting and energy market. His main achievements were to triple the sales in 5 years for Central America and Caribbean business, which became the most profitable business in the Latin America region, and to lead the restructuring process to improve the company's performance.



SUZANNE DONALDS
HUMAN RESOURCE DIRECTOR

Ms. Donalds is responsible for developing and implementing human resource (HR) strategies to support the achievement of overall business goals as well as leading and directing the routine functions of the HR department. She joined the FosRich team in April 2023, bringing over 25 years' experience in the areas of Recruitment and Selection, Leadership Development, Restructuring Support, Capability Development, and Training & Development.

Ms. Donalds has worked in both the private and public sectors, local and international companies, and with industries including manufacturing, financial, telecommunications, and health care.

She holds an M.A. in Counselling Psychology (Hons.), an MBA in Human Resource Management and Managerial Marketing, and a B. Sc. in Economics. She also holds a Human Resource Management Professional (HRMP) Certification.



VINCENT MITCHELL
BUSINESS DEVELOPMENT MANAGER, WIRES & CABLES

Mr. Vincent Mitchell has been employed at FosRich since January 2011 and has over 35 years' experience in the sales field.

In his role as Business Development Manager, specifically for wires and cables, he has driven the growth and expansion of market presence within the construction and electrical industries. Mr. Mitchell has been involved in a combination of strategic planning, relationship building, market analysis, and sales execution to drive sustainable growth and success within the industry.



WARREN RILEY
SENIOR ACCOUNTANT

Warren Riley joined the company in January 2010. He is an accomplished accounting professional with over 15 years of progressive experience in the energy/utility industry. He has a CPA with a B.Sc. in Business Administration (Accounts) with hands-on experience in internal audit, financial analysis and reporting, Sarbanes-Oxley, internal control analysis, process documentation, and improvement. He also worked at Jamaica Public Service (JPS) for 17 years and at HEART TRUST for 1 year.

Mr. Riley is responsible for the overall running of that department - communicating with customers, conflict resolution and compliance on customer deliveries and revenue, reporting to the Managing Director providing regular input on all account activities including status and call reports on a weekly basis, among others.



KERRY-ANN GRAY
MARKETING MANAGER

Kerry-Ann Gray joined the FosRich team in October 2008 as Assistant to the Managing Director, and over time, has advanced through the ranks. In 2013, she was appointed Supervisor of Lighting, and by 2015, she was promoted to Division Head of Lighting. During her tenure, she led the build-out and renovation of the company's retail outlets in Kingston, Mandeville, and the two Montego Bay locations. After years of exploring various lighting showrooms, she remains enthusiastic about beautiful lighting. In October 2017, she was appointed Marketing Manager.

Ms. Gray holds a Bachelor of Science Degree in Management Studies with a focus on Marketing from the Northern Caribbean University (NCU), along with a postgraduate Certificate in Supervisory Management (Honors), UWI Open Campus and Project Management (Honors) from Humber College, Ontario, Canada. She is currently the Head of Marketing and Customer Relations and serves as a Justice of the Peace.

A fun-loving individual, Kerry-Ann takes great pride in creating "The" FosRich experience and ensuring every customer interaction is memorable.

EXECUTIVE TEAM EXPERTISE	Strategic Management	Lighting, Energy & Products	Supply Channel Management	Sales & Marketing	Technology	Financial Reporting & Audit	Accounting & Tax	Human Resources
Cecil Foster	✓	✓	✓	✓				✓
Peter Knibb	✓					✓	✓	✓
Ian McNaughton	✓		✓		✓	✓	✓	✓
Hector Mendoza	✓	✓	✓	✓				✓
Suzanne Donalds	✓			✓				✓
Vincent Mitchell		✓		✓				
Warren Riley			✓		✓	✓	✓	✓
Kerry-Ann Gray		✓		✓				

DISCLOSURE OF SHAREHOLDINGS

31 December 2024

Stockholding of Senior Managers & Connected Persons

Top Ten Stockholders

	NAME	SHARES HELD	
		NUMBER	PERCENTAGE
1	Cecil Foster & Marion Foster, Madison-Grace Foster	2,037,802,570	40.1%
2	Marion Foster	2,023,664,260	39.8%
3	JCSD Trustee Services Ltd. - Barita Unit Trust Capital Growth Fund	130,021,344	2.6%
4	Peter Knibb & Elizabeth Knibb, Janelle Knibb, Jenine Knibb, Brandon Knibb	122,187,192	2.4%
5	Barita Investment Ltd - Long A/C (Trading)	120,230,209	2.4%
6	PAM Pooled Equity Fund	77,021,810	1.5%
7	JCSD Trustee Services Ltd. - Sigma Global Ventures	47,042,690	0.9%
8	Jamaica Money Market Brokers Ltd	43,776,000	0.9%
9	Sagicor Select Fund Limited - Class C - Manufacturing & Distribution	40,289,600	0.8%
10	Rosalyn Campbell	20,000,000	0.4%
	Total of Top Ten	4,662,035,675	91.8%
	Others	416,449,522	8.2%
	Total Shares Allotted	5,078,485,197	100%
	Total Number Of Stockholders	5,318	

Stockholding of Directors, Board Committee Members & Connected Persons

	NAME	SHARES HELD
DIRECTORS		
1	Cecil Foster & Marion Foster, Madison-Grace Foster	2,037,802,570
2	Marion Foster	2,023,664,260
3	Peter Knibb & Elizabeth Knibb, Janelle Knibb, Jenine Knibb, Brandon Knibb	122,187,192
4	Ian Kelly	2,666,667
5	Steadman Fuller	Nil
6	Marva Chang	Nil
BOARD COMMITTEE MEMBERS		
7	Clive Nicholas	Nil

	NAME	SHARES HELD
1	Cecil Foster & Marion Foster, Madison-Grace Foster	2,037,802,570
2	Peter Knibb & Elizabeth Knibb, Janelle Knibb, Jenine Knibb, Brandon Knibb	122,187,192
3	Warren Riley & Cheryl Riley	2,115,337
4	Vincent Mitchell	74,840
5	Hector Mendoza	Nil
6	Ian McNaughton	Nil



MANAGEMENT DISCUSSION & ANALYSIS



CECIL FOSTER
Managing Director

PETER KNIBB
Chief Financial Officer

OVERVIEW

The Board of Directors of FosRich Company Limited is pleased to present this analysis for the year ended December 31, 2024, and to report on the performance of the Company. The 2024 financial year brought many uncertainties and challenges, but we were determined to continue our expansion plans, and we were relentless in doing so.

FosRich has become an integrated Company offering a wide range of products and solutions from several industries that make us stronger than we were 7 years ago. While we previously distributed electrical, lighting, and solar energy products; we are now manufacturing PVC conduits and pipes along with repairing pole mount transformers for the Jamaica Public Service Company, and now have our eyes fixed on the Guyana market.

FosRich aims to differentiate itself from its competitors in the Jamaican marketplace, by manufacturing and exporting Jamaican-made products. We also provide a quality and cost-effective service and by collaborating with clients on technical solutions. FosRich partners with large global brands seeking local distribution, such as Huawei, Philips Lighting, Victron Energy, Siemens, NEXANS and General Electric. FosRich has a staff complement of two hundred and forty (240) people across ten (10) locations in Kingston, Clarendon, Mandeville, and Montego Bay.

FosRich also has a team of energy and electrical engineers who offer technical advice and install solar energy systems, solar water heaters and electrical panel boards.

Business Overview

Our current-year numbers are affected by the substantial fall in PVC and solar panel costs on the world markets, in addition to the slowness in housing-starts locally, caused primarily by the considerable increase in interest rates in Jamaica in the current period, when compared to the prior year. We have not yet begun to benefit from the recent reductions in interest rates.

REVENUES

Financial Highlights

- Revenues were \$3,680 million, compared to \$3,697 million in the prior year.
- Gross profit was \$1,749 million, compared to the prior period's \$1,572 million.
- Net profit was \$35 million, compared to the prior period's \$235 million.
- Earnings per stock unit were \$0.01, compared to the prior period's \$0.05.

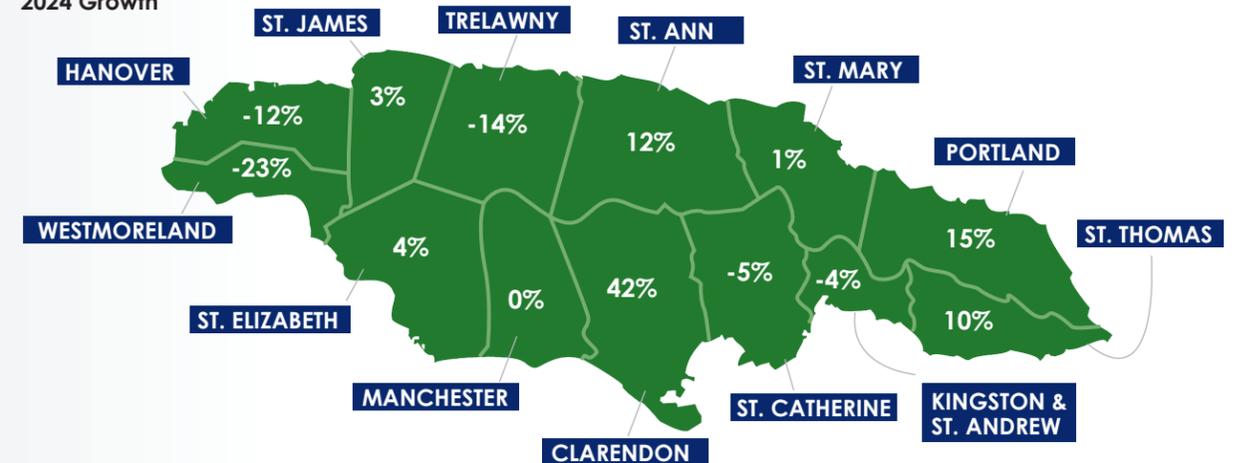
PARISH SALES

2024 Growth

During the year under review, Clarendon moved up from 7th position to 6th in sales volume, and St. Mary moved up from 10th position to 9th. All other parish sales volume positions remained the same as for the prior year.

PARISH SALES

2024 Growth



OUR PRODUCT LINES

The product lines that had double-digit increases over the prior year were Industrial, which increased by 79%, Control Devices, which grew by 40%, Hardware, which increased by 38% and LED which grew by 14%. Sales for 2024 were \$17 million below 2023. Seven product lines experienced a decline during the year.

OUR DISTRIBUTION CHANNELS

The Executive Team continues to seek new ways to grow the Company’s customer base and takes pride in the slogan, “We serve you better.” Listed below are the distribution channels we employ to connect with and serve our customers. Products and services are available via three direct marketing teams and seven retail outlets.

DIRECT MARKETING TEAMS

Direct Marketing Teams’ Revenues - \$1,167 million, accounting for 32% of total sales. (Prior-year \$1,352 million – 37% of total sales) Our Direct Marketing Team is structured as follows:

ROUTE SALES

Route Sales Revenues of \$589 million. (Prior year \$729 million)
A quick-response team of salesmen operating nationwide and servicing the needs of a network of customers. Clientele ranges from independent electrical contractors to hardware stores and large commercial and industrial operations.

INDUSTRIAL SALES

Industrial Sales - Revenues of \$58 million. (Prior year \$98 million)
A quick-response team focused on the needs of large commercial and industrial operations.

PREMIUM SALES

Premium Sales Support - (In-house Sales Team) - Revenues of \$520 million. (Prior year \$526 million)
This is our foremost channel for connecting with customers. New products are offered

by our in-house customer service teams who make cold calls and repeat calls to prospects and existing clientele.

RETAIL OUTLETS

Revenues from our seven retail outlets (five in prior year) - \$2,512 million, accounted for 68% of total sales. (Prior-year \$2,344 million – 63% of total sales)

Our retail outlets are as follows:

KINGSTON MAIN STORE

Revenues - \$1,272 million - 35% of total sales. (Prior year \$1,171 million - 32% of total)
Our Kingston headquarters is the central store for FosRich, and it produces the highest sales revenue compared to other distribution channels. It carries a wider range of energy, lighting, industrial, electrical, and hardware items than are available at the other locations. Over the years, this location has consistently outperformed all other distribution channels for all product lines.

MANDEVILLE - LIVE YOUR DREAM STORE

Revenues of \$603 million, - 16% of total sales (Prior year \$617 million - 17% of total sales)
The Live Your Dream Store showed a decrease in sales revenue when compared to the prior year. The sales of electrical items have consistently been its main source of revenue. Though there have been challenges for the store over the past year, measures have been taken to ensure continued growth. Electrical and energy goods have shown steady growth at this location.

COTTAGE ROAD - BETTER HOMES STORE

Revenues of \$394 million, 11% of total sales (Prior year \$411 million - 11% of total sales)
Predominantly known as ‘the hardware store,’ Better Homes is being transitioned to offer more electrical items to meet the market demands of that segment in the Montego Bay community. Electrical and energy goods have shown steady growth at this location. There continues to be strong strategic management within the store and

the organization to ensure increased future sales revenues.

FAIRVIEW - LIGHTING WORLD STORE

Revenues \$108 million, 3% of total sales (Prior year \$112 million – 3% of total)
Lighting Energy products and LED items continue to dominate in this location. Montego Bay is one of our Distribution Hubs for the western region. From this Distribution Hub, we can deliver to our customers, increase efficiency, and facilitate premium customer service by cutting down on lead time.

BAYSIDE HARDWARE

Revenues \$46 million, 1% of total sales
This location was opened in Montego Bay during 2024 at a prime downtown location, with a focus on hardware products.

DRAX HALL STORE

Revenues \$60 million, 2% of total sales
This location was opened in St. Ann during 2024 at a prime north coast location, with a focus on lighting products.

O’N’S MINI MART & ELECTRICAL SUPPLIES

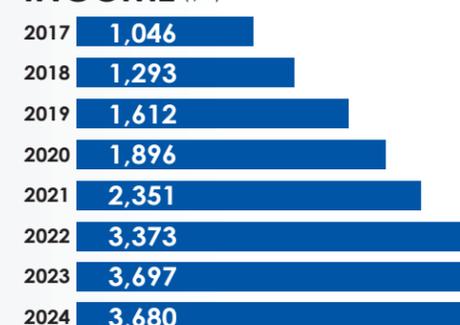
Revenues \$29 million, 1% of total sales (Prior year \$32 million, 1% of total sales)
O’N’S’ Mini Mart & Electrical Supplies Limited is a 100% subsidiary of FosRich, which was incorporated on April 12, 2022.

INCOME STATEMENTS

Income

During the year, the company generated income of \$3,680 million compared to \$3,697 million for the prior year.

INCOME (\$M)



Gross Profit

Gross profit for the year was \$1,749 million, compared to \$1,572 million for the prior year. The product lines that had significant increases over the prior year were Industrial, which grew by 79%, Hardware Products, which grew by 38% and Control Devices, which grew by 25%.

Administrative and Operating Expenses

Administrative and operating expenses for the year were \$1,433 million, reflecting an increase of \$251 million on the prior reporting year’s amount of \$1,182 million. The changes were driven primarily by increased staff-related costs for the new super-store, for salary adjustments and improvements in staff benefits; increased travelling and motor vehicle expenses; increased insurance costs due to increases in policy renewal rates and increased depreciation due to increases in the carrying values of property plant and equipment, increased professional fees, increased rent, increased advertising and increased security cost.

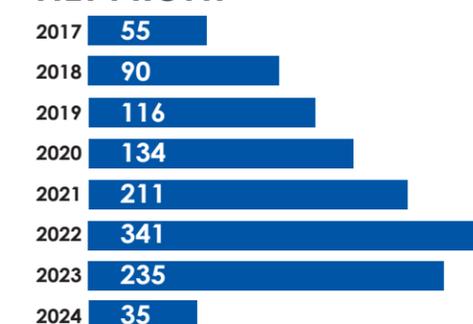
Finance Cost

Net finance cost for the year was \$240 million compared to \$140 million for the prior year, an increase of \$100 million. This increase is tied to debt refinancing in a high-interest rate environment and additional loan financing.

Net Profit

Net Profit generated for the year was \$35 million, compared to the \$235 million reported for the prior period.

NET PROFIT

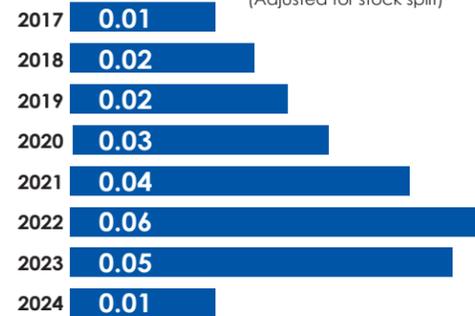


Earnings Per Stock Unit

Earnings per stock unit were \$0.01 compared to \$0.05 in the prior year.

EARNINGS PER SHARE

(Adjusted for stock split)



BALANCE SHEET

Property, Plant and Equipment

Property, plant, and equipment reflect an increase of \$661 million. \$638 million of this increase relates to the cost of acquiring the Bayside property during the year.

Inventories

With the acquisition of Bayside Hardware in Montego Bay and the launch of our Drax Hall store during the year, there was an uplift in inventories amounting to \$513 million. This impacted all our lines of business. The company continues to proactively manage inventory balances and the supply-chain, with a view to ensuring that inventory balances are optimized, relative to the pace of sales, the time between the orders being made and when goods become available for sale, to avoid both overstocking and stock-outs. Monitoring is both at the individual product level and by product categories. During the year, we were able to negotiate more favourable terms of supply with our primary suppliers.

Receivables

We continue to actively manage trade receivables with an emphasis being placed on balances in the over 180-day bucket. We have implemented strategies to collect these funds as well as to ensure that the other buckets are managed. We have re-evaluated all credit relationships.

Where necessary, credit limits have been reduced and credit periods shortened. For some inventory items, we have instituted seven (7) day credit or cash. Sixty-four (64%) of trade receivables are within the current to 60-day category, compared to sixty-two percent (62%) for December 2023. Receivables also include advance payments made to foreign suppliers for the increasing levels of inventories required to support our sales strategy.

Trade Payables

Our trade payables are categorized by foreign purchases, local purchases and other goods and services. While we have concentrated primarily on the foreign payables, as the bulk of our inventories are sourced from overseas, we continue to manage payables, for the most part, within the terms given by our suppliers.

Non-current Liabilities

Non-current liabilities have increased by \$1,248 million with new financing in the current period being the catalyst for the change. This increase is caused primarily by new financing obtained in the current period.

Liquidity

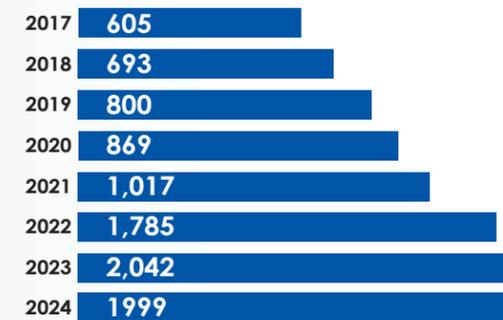
At balance sheet date, the excess of current assets over current liabilities amounted to \$1,012 million, (2023 - \$767 million). It is expected that FosRich will continue to generate sufficient cash to meet obligations when they fall due. Liquidity is provided primarily by sales revenues and loan financing.

Shareholders' Equity

Shareholders' equity now stands at \$1,999 million compared to \$2,042 million on the 31st December 2023. The movement arose as a result of retained profits for the year amounting to \$35 million, and dividend paid amounting to \$76 million.

We now have 5,318 shareholders, a decrease of 55 from the 5,373 on the 31st December 2023.

SHAREHOLDERS' EQUITY (\$M)



Other Matters

New Activities

During the period, we opened two new stores at Bayside in Montego Bay and Drax Hall in St. Ann. Construction of our new FosRich Superstore & Corporate Offices at 76 Molyne's Road is advanced, with completion date now projected to be Q3, 2025

We have halted our plans to enter the United States market, until further notice.

The result for this, our seventh full year since our listing on the Junior Market

of the Jamaica Stock Exchange on the 19th December 2017, reflects the implementation of the specific strategies as outlined within our strategic plan. We are cognizant that despite the challenges ahead within our local operating space and the wider global space, we have the right talents and leadership to deliver on our plans for the ensuing period. We will continue to execute our plans to ensure that we remain competitive and deliver value solutions to our customers.

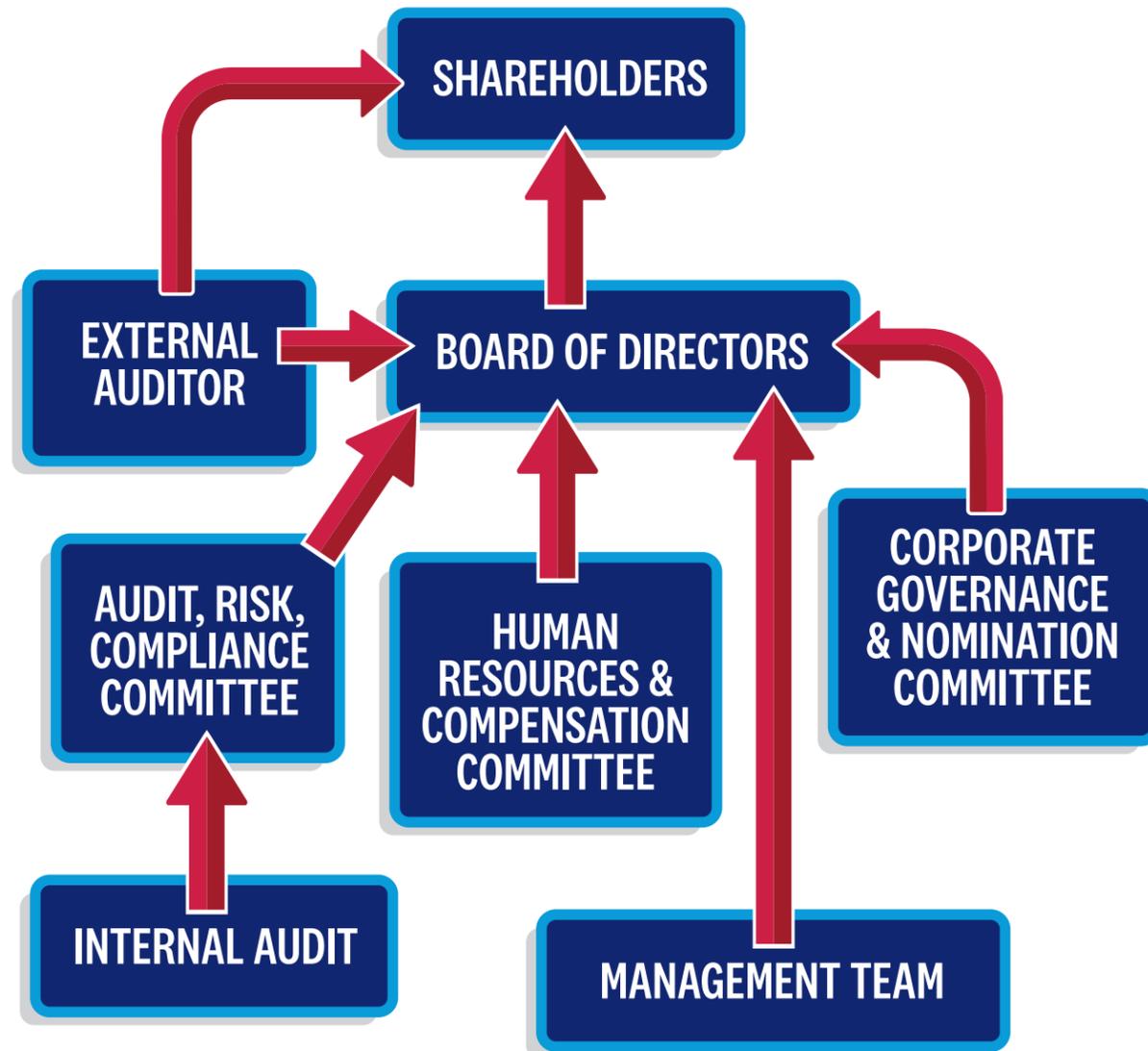
As we report on the performance of FosRich, we thank our shareholders, employees, customers, and other stakeholders for their support as we continue to expand our business and bring greater value to our various stakeholders.

Cecil Foster
Managing Director

Peter Knibb
Chief Financial Officer



CORPORATE GOVERNANCE STRUCTURE



FosRich is committed to upholding the highest standards of corporate governance, ensuring transparency, accountability, sustainability, and ethical business practices across all aspects of its operations.

Our Board of Directors plays a crucial role in guiding the company's strategic direction, overseeing risk management, and ensuring compliance with regulatory requirements. The Board is composed of experienced professionals with diverse expertise. Regular board meetings were held throughout the year to review and approve financial statements, performance metrics, strategic initiatives, and corporate policies.

One of the policies worked on this year was the Environmental, Social and Governance (ESG) policy. FosRich does take this seriously and is placing its focus on sustainable and ethical practices.

Our ESG Philosophy

As part of our commitment to protecting the environment and upholding our corporate responsibility, FosRich strives to provide lower cost energy saving light bulbs, fixtures, solar water heaters, and solar powered systems for homes, offices, and projects that are more technologically advanced with cleaner energy solutions and improved functionality, reliability, and affordability. While providing these energy-efficient products to our customers, we operate in such a manner as to protect the environment and engage the communities in which we operate.

Our People, Partners and Directors are our greatest asset! We continue to invest in our team by improving our training and development opportunities, strengthening our succession planning at all levels, and deepening our staff engagement. Staff training was facilitated through our FosRich Corporate University in key areas including product knowledge, management skills, and confidence building. We believe in training and development at all levels within the organization to the extent that we have extended our product training to our third-party contractors, in particular our external electricians. They too have benefited from our philosophy of training and uplifting others.

Ongoing Director Training

During the year, the Board of Directors and Management would have attended training sessions on Data Privacy, presented by Privacy & Legal Management Consultants Limited), important Amendments to the Companies Act and

Beneficial Ownership requirements, presented by the Companies Office of Jamaica and Enterprise Risk Management (presented by Cube Corporate Support Limited). The participants gained valuable and important insight geared towards improving the operations of the Company and the Board's oversight role.

Safety remains a key area of emphasis for FosRich, and we maintained our unwavering focus on the health and safety of our employees during the year, resulting in improvements in recordable injury and accident frequency rates across all locations, especially our factories and warehouses.

Corporate Governance Recognition & Awards

In recognition of FosRich's commitment to corporate governance and sustainability, FosRich was honored to receive several awards for the period 2023/2024 at the JSE Best Practice Award Ceremony held in December 2024. The awards are, 1st Runner up - Corporate Disclosure and Investor Relations, 1st Runner up - JSE/PSOJ Corporate Governance and 2nd Runner up for our website, and to top it off, we were awarded the Overall Winner in the Junior Market Category.

These achievements affirm the Board's and management's efforts to improve corporate governance and sustainability practices and encourage us to strive for higher standards. We will ensure that the policies and procedures evolve in line with global trends and regulatory advancements. Our focus remains on fostering a culture of accountability, transparency, and ethical leadership to create long-term value for our shareholders and stakeholders.

We recognize the importance of remaining true to our values and engaging with our stakeholders, including investors, employees, customers, and regulatory bodies. Open communication and regular reporting ensure that we remain aligned with stakeholder expectations and industry developments.

On behalf of the Board, I would like to thank our leadership team, employees, and shareholders for their continued trust and support.

MARION FOSTER
Chair

COMMITMENT TO CORPORATE GOVERNANCE BEST PRACTICES & DISCLOSURE

FosRich's business and affairs are managed by our Executive Team which is guided by the direction of our Board of Directors. The Board sets the tone for the highest ethical standard of performance for our entire workforce. They are also charged with promoting prudent management and integrity throughout the Company. Our corporate governance practices are designed to align the interests of the Board and Management with those of our Stockholders.

The Board is committed to transparency. Disclosure of significant matters and developments concerning the organisation will be accurate, timely, and balanced. This

ensures that all investors have access to clear information concerning company affairs.

Each Director is expected to commit sufficient time for attending Board meetings as well as those organised by its Committees and, if applicable, of the Independent Directors.

Thorough knowledge of the Company's business is vital. This practice helps our Directors to make informed and objective decisions. Management offers support by facilitating direct intervention and sharing reviews of business activities. Notwithstanding, Directors are encouraged to liaise with the executive team to cultivate a fulsome perspective of FosRich affairs.

BOARD EXPERTISE

Executive Team	Corporate Governance & Management	Human Resources & Compensation	Audit, Accounting & Tax	Financing	Industry	Engineering & Technical	Logistics, Supply Chain & Retail
DIRECTORS							
Marion Foster	√	√			√	√	√
Cecil Foster	√			√	√	√	√
Steadman Fuller	√		√				√
Ian Kelly	√	√	√	√			√
Peter Knibb	√	√	√	√			
Marva Chang	√	√	√	√			
BOARD COMMITTEE MEMBERS							
Clive Nicholas	√		√				

OUR BOARD'S ROLE AND IT'S EXPERTISE

The Board's primary responsibilities revolve around oversight of the business and its strategy whilst ensuring that these are framed within reasonable parameters. The Board is expected to support the management of the organization through the appointment of Directors with the requisite knowledge to guide the institution's management. A core operational objective of each Director is to drive for increased sales and increased profits, thereby creating greater shareholder value through its incentive and other appropriate policies. The Board also plays an important role in engaging and communicating material information to our shareholders in a timely manner.

The Directors at FosRich are from varied backgrounds and bring broad experiences, high levels of professionalism, expertise, and candour to our deliberations. Everyone has been determined to be in alignment with the requirements of the Company and provide essential corporate governance.

All Directors have been in leadership roles and have successfully helped to guide, either as directors or executives, companies through difficult economic conditions. Some continue to do so in the present

environment. Notwithstanding, during the current year, all Directors will participate in formal corporate governance training to further enhance their contributions and will also review in our succession planning activity.

ADDITIONAL ATTENDEES TO THE MEETINGS

The Board encourages the Managing Director, who assists the Board in executing their responsibilities, to bring managers and other team members to present at board meetings who: (a) can provide additional insight into the business or items being discussed because of responsibility for, or personal knowledge related to these areas, and/or (b) are team members with future leadership potential who should be given exposure to Directors.

BOARD EVALUATION

The Board has recognized the importance of conducting annual board evaluation surveys, and has witnessed the value of those surveys in continued strengthening of the Company's corporate governance effectiveness. The survey is undertaken by our corporate secretarial provider, Cube Corporate Support Limited, and the feedback from the participants translated into actionable results.

Board Committees	Position (Executive/ Non-Executive/ Independent)	Audit, Compliance & Risk	Human Resources & Compensation	Corporate Governance & Nomination
DIRECTORS				
Ian Kelly	NE/I	Chairman	√	
Marva Chang	NE/I	√	Chairman	√
Steadman Fuller	NE/I		√	Chairman
Peter Knibb	E	√	√	√
Cecil Foster	E			
Marion Foster	E		√	
COMMITTEE MEMBERS				
Clive Nicholas	NE/I	√		

CORPORATE GOVERNANCE POLICY

Our Corporate Governance Policy and other policies are available for viewing on our website: www.fosrich.com under the Investor Relations tab.

BOARD COMMITTEES AND COMPOSITION

Our Corporate Governance Manual identifies the three relevant Committees. Each committee entails clearly defined terms of reference, procedures, responsibilities, powers, and structure. The membership and chairpersons are outlined below.

INDEPENDENT DIRECTOR

To be considered as an Independent Director, the Board must determine that the Director has no material relationship with FosRich Company Limited (direct or indirect). This means either as a stockholder, partner, director, or officer of an organization that has a material interest in the Company

that would preclude the Director from being independent. The materiality test for shareholding is 2.5% of FosRich Company Limited's outstanding shares.

- Additionally, an Independent Director is a Director who:
- Has not been employed by the Company within the last two years.
 - Has not been an employee or affiliate of our External Auditors within the last three years.
 - Has not received any compensation other than director and committee fees within the last two years.
 - Has not been employed by a Company of which an Executive Director/Officer has been a director within the last two years.
 - Is not a member of the immediate family of an Executive Director/Officer, who would be defined as spouse, parent, child or sibling, in-law (mother, father, son, daughter, brother, sister) or anyone sharing the same home with any of the above.

The Board's Report Card	Board	Audit, Compliance & Risk	Human Resource & Compensation	Corporate Governance & Nomination	Annual General Meeting
NO. OF MEETINGS	7	8	4	4	1
BOARD MEMBERS					
Marion Foster	7 of 7		4 of 4		1 of 1
Cecil Foster	7 of 7				1 of 1
Peter Knibb	7 of 7	8 of 8	4 of 4	4 of 4	1 of 1
Ian Kelly	5 of 7	6 of 8	2 of 4		1 of 1
Steadman Fuller	7 of 7		4 of 4	4 of 4	0 of 1
Marva Chang	7 of 7	8 of 8	4 of 4	4 of 4	1 of 1
COMMITTEE MEMBERS					
Clive Nicholas		8 of 8			1 of 1

THE BOARD'S REPORT CARD

During 2024, the Board and its Committees had twenty-four (24) scheduled meetings to execute their various mandates. We reported to shareholders on the financial results; reviewed and approved policies; discussed strategy and its implementation; and took decisions given our discussions on the business and the economy.

AUDIT, COMPLIANCE & RISK COMMITTEE

Committee members are Ian Kelly (Chairman), Marva Chang, Clive Nicholas, and Peter Knibb.

- This statutory Committee is responsible for ensuring:
- The quality and integrity of the Company's accounting and reporting practices and controls as well as the completeness and accuracy of its financial statements and disclosures.
 - The Company's compliance with legal and regulatory requirements.
 - The qualifications and independence of the external auditor and the appropriateness of his methodology and accounting approach.

- The quality of internal controls as reported by the internal audit function and independent auditors.

The Audit & Compliance Committee is mandated to meet at least quarterly within thirty days by the end of each quarter. They may convene in other instances upon request by any Committee member.

During 2024, the Audit, Compliance & Risk Committee held eight (8) meetings.

HUMAN RESOURCES & COMPENSATION COMMITTEE

Committee members are Marva Chang (Chairman), Marion Foster, Steadman Fuller, Ian Kelly and Peter Knibb, a majority of non-executive Board members. This Committee oversees:

- Senior management succession planning
- Identification and development of high-potential team members in the Company
- Senior management performance plans and evaluation
- Setting executive compensation
- Aggregate performance and motivation of the Company's employees
- Operation of the Company's pension plan

During 2024, the Human Resources & Compensation Committee held four (4) meetings.

CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Committee members are Steadman Fuller (Chairman), Marva Chang, and Peter Knibb, a

majority of non-executive Board members. In addition, FosRich Managing Director, Cecil Foster attends meetings by invitation.

This Committee is responsible for establishing the framework of corporate governance principles, policies, and procedures for the Company. It is tasked to oversee that the Company's Practices are consistent and in accordance with requirements. It will develop standards of performance for the Board, Directors, and Senior Officers, and will routinely evaluate performance against these standards.

The Committee is also responsible for developing policy and procedures as well as overseeing:

- Director nomination and re-appointment
- Director compensation
- Shareholder relations including evaluation of their proposals
- Committee structure, operation, and performance
- Communication processes between management and the board

During 2024, the Corporate Governance & Nomination Committee held four (4) meetings.

STAKEHOLDER ENGAGEMENT

We have reserved an email address for our shareholders so that we can hear from our shareholders. We wish to extend that form of communication to our stakeholders by inviting you to contact us by email at investorrelations@fosrich.com.

STAFF DEVELOPMENT & ENGAGEMENT

FosRich remains committed to the continuous growth, development, engagement, well-being, and involvement of its team members, and throughout 2024, several initiatives were implemented across all locations.

Staff Development

Various developmental opportunities were provided for staff in recognition of the different learning styles of our team members. This included weekly opportunities for cross-training in keeping with staff members' expressed areas of interest, the use of our FosRich Connections Newsletter, and monthly staff meetings to provide information and generate discussion on topics of interest, including:

- Personal Development Planning - guiding staff on setting and achieving personal and professional growth goals
- Conflict Management - equipping staff with approaches to effectively manage and resolve interpersonal and professional conflicts
- Adding Value at Work - providing tips and insights on practical ways to improve efficiency and outcomes
- Our Products - providing information on product specifications and benefits
- A Spanish learning corner - becoming familiar with everyday Spanish words and phrases

- Self Care - taking care of not only your physical but mental health as well. Promoting awareness and strategies for maintaining emotional and psychological well-being

Staff well-being and engagement

With a holistic approach to staff development and well-being, FosRich partnered with the Ministry of Health & Wellness to participate in the "Know Your Numbers" initiative. Health professionals visited various locations to conduct on-site checks for blood pressure, body mass index (BMI), vision, cholesterol, and other vital metrics. A medical doctor was available for consultation with staff whose results indicated elevated health risks, offering early interventions and guidance.

A step challenge was also rolled out to bring focus to the benefits of regular movement. The friendly rivalry between team members was intense, and a total of 1,622,069 steps was recorded by the top three 'Steppers'.

And of course, in all that we do, communication is important. Communication envoys were introduced at all locations with the key responsibility of ensuring that team members at their location were kept abreast of important organizational messages, policy changes, updates, and announcements.

With a holistic approach to staff development and well-being, FosRich partnered with the Ministry of Health & Wellness to participate in the "Know Your Numbers" initiative. Health professionals visited various locations to conduct on-site checks for blood pressure, body mass index (BMI), vision, cholesterol, and other vital metrics.

FOSRICH CORPORATE STRUCTURE

Relationship	100%	20%	25%	20%	Common Directors
Name	O'N'S' MINI MART & ELECTRICAL SUPPLIES LIMITED	BLUE EMERALD LIMITED	FosRichUSA Inc	FOSRICH SOLAR ENERGY LIMITED (FORMERLY MIDDLESEX SOLAR ENERGY COMPANY)	FOSRICH FOUNDATION LIMITED
Incorporation Date	12-Apr-22	17-Jul-20	03-Nov-22	6-Sep-22	15-May-19
Status	Active	Active	Inactive	Inactive	Active

CORPORATE SOCIAL RESPONSIBILITY

YEAR IN REVIEW

FOSRICH COMPANY LIMITED: A COMMITMENT TO COMPASSIONATE CORPORATE SOCIAL RESPONSIBILITY THROUGH THE GOOD SAMARITAN INN

Mr. Cecil Foster, Managing Director of FosRich Company Limited, co-founded the Good Samaritan Inn (GSI) on December 23, 2007, driven by a deep-rooted desire to support those in need. Since its inception, GSI has collaborated with various organizations to provide essential humanitarian assistance to thousands of homeless and vulnerable individuals.

In 2024, the core programs of GSI continued to thrive, offering indispensable services to the community. Our regular meal program remained a cornerstone of support, with an average of 250 meals served on Sundays, 100 meals on Tuesdays and Wednesdays, and additional meals provided on Mondays and Thursdays to ensure continuous access to nutritious food. Additionally, a new breakfast initiative was launched, offering early morning meals to those in need.

During the Easter and Christmas seasons of 2024, members of the community received special treats from generous sponsors, creating a sense of community and joy. This included the distribution of traditional Easter buns and cheese, as well as a hearty Christmas meal. The annual Children's Christmas Funday, complete with dinner, brought festive cheer to the children in the nearby communities, reinforcing the spirit of giving and togetherness.

In May 2024, GSI's sponsors organized a community-wide clean-up and beautification initiative for Labour Day, enhancing the local surroundings while boosting the morale of residents.

The annual Back to School and Health Fair supported 105 students by providing vital school supplies, including stationery and school bags. In addition, 15 deserving students were awarded cash grants to help offset their educational expenses—a gesture made possible through the generosity of our sponsors. GSI also prioritized hygiene and dignity by offering homeless individuals access to bathing facilities and sanitary amenities. Daily distributions of clothing and footwear ensured that those in need had access to these essential necessities.

Health and wellness were also a focal point of GSI's efforts, with health lectures and screenings conducted by both local and international medical professionals. These initiatives promoted well-being and raised awareness of critical health issues within the community.

Furthermore, overnight accommodations were provided to women facing distressing circumstances, offering them a safe and supportive environment during challenging times.

FosRich Company Limited remains steadfast in its commitment to Corporate Social Responsibility through the continued work of the Good Samaritan Inn. The Company's efforts are driven by a compassionate mission to assist the homeless and vulnerable, reflecting the core values of empathy, care, and social responsibility.

FOSRICH FOUNDATION

The FosRich Foundation was established with a mission to empower individuals and groups by helping them improve their lives and the services they offer to others.

During the year under review, the Foundation donated approximately \$19 million in contributions and sponsorships to more than 11 institutions through various initiatives, including conferences, sporting events, workshops, and educational grants.

As part of its ongoing commitment to community upliftment, FosRich continues to provide hot meals weekly to nearly 600 underserved individuals in the Cross Roads and Downtown areas of Kingston through the Good Samaritan Inn.

The Foundation also remains dedicated to youth development by supporting Christ-centered leadership programmes across various communities in Jamaica.



JSE Capital Markets Conference - January 2024
The Jamaica Stock Exchange Regional & Investments Conference is an annual event and FosRich Company Limited in collaboration with Huawei participated in the Conference from January 23 – 25, 2024. The conference under the theme "The Drivers of Capital: From Concept to Growth", provided a perfect opportunity for Huawei FusionSolar to make a presentation on the Luna 2000 energy storage system.



FosRich Million Dollar Sales Club Award Banquet - March 2024

The FosRich Million Dollar Sales Club Award Banquet is an annual event that honors the exceptional achievements of our top sales representatives and company performers who have shown outstanding dedication and excellence in selling and promoting our products and services. The banquet took place at the Jamaica Pegasus Hotel on Sunday, March 24, 2024.

Awards presented to staff include the following categories:

- | | |
|---|---|
| <p>Recognition Awards</p> <ul style="list-style-type: none"> • Special Recognitions • Team Player Awards • Knights Awards | <ul style="list-style-type: none"> • Business Development Awards • Star Branch of the Year |
| <p>Achievement Awards</p> <ul style="list-style-type: none"> • Partner Awards • Product Category Awards • All Star Awards | <p>Outstanding Performance</p> <ul style="list-style-type: none"> • Directors' Awards • CEO's Awards • Chairman's Awards • Special Recognition |

RJRGLENER Honour Award - May 2024



FosRich received a Special Award in the category of Business from the RJRGLEANER Communications Group for exemplary performance in growing its offerings to the electrical and solar industries during 2023.



PINK RUN - October 2024

The Breast Cancer Organization, called Jamaica Reach to Recovery was founded in 1977 specifically to provide educational, psychological, emotional, and financial support to breast cancer patients. The first fundraising event, which was in the form of a 5k run was held in collaboration with the ICWI and named the ICWI/Jamaica Reach to Recovery Pink Run. Since its inception in October 2000, members of staff of FosRich have participated in the Run as the company's support for breast cancer survivors to access lifesaving tests and treatments.



Jamaica Institute of Architects (JIA) Architect's Week - November 2024

FosRich Company Limited was a sponsor at the Jamaica Institute of Architects' annual Architect's Week events held from November 11 – 15, 2024, under the Theme "Architecture for a Sustainable Jamaica: Adaptation and Resilience". The events included seminars and panel discussions which saw FosRich making presentations on Solar Systems and Lighting Solutions. On display was Huawei's residential hybrid solar system demonstration showcasing a 5kW inverter with 10kWh of energy storage solution using lithium-ion batteries solution. An integrated system from source (PC module) to the inverter, powering household appliances, to a battery, and the integration with the grid.



Jamaica Stock Exchange (JSE) Awards - December 2024

The annual JSE Awards Banquet which was established to promote best practice standards for the companies listed on the Stock Exchange was held on December 3, 2024, at the Jamaica Pegasus Hotel. FosRich, a member of the Junior Market, received the following five (5) awards for 2023:

- Junior Market Overall Winner
- 2nd Runner-Up Website (Junior Market)
- PSOJ/JSE Corporate Governance Award - Junior Market - 1st Runner-Up
- Corporate Disclosure & Investor Relations - Junior Market - 1st Runner-Up
- Cecil Foster for Leadership & Sterling Contribution to the Development of the Business & Financial Sector

FosRich Company Limited
FINANCIALS
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INDEPENDENT AUDITORS' REPORT

To the Members of
 FosRich 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 FosRich Company Limited ("the Company") and its subsidiary (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2024, 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

FosRich Company Limited consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- 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 2024;
- 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 material accounting policies.

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.

ADVISORY • ASSURANCE • TAX

PARTNERS: Wayne Strachan; FCA; FCCA; MBA Emile Lafayette; FCA; FCCA; MBA Roxiana Malcolm-Tyrell; FCA; FCCA; MBA Royal Thorpe; FCA; FCCA; MBA

Baker Tilly Strachan Lafayette trading as BakerTilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
FosRich Company Limited

Page 2

Report on the Audit of the Consolidated and Stand-Alone Financial Statements (Continued)

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.

Other matter

The financial statements of FosRich Company Limited for the year ended 31 December 2023, were audited by another firm of Auditors who expressed an unmodified opinion on those financial statements on the 11 March 2024.

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 2024 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

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.

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
FosRich Company Limited
Page 3

Report on the Audit of the Consolidated and Stand-Alone Financial Statements (Continued)

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
<p><u>Valuation of receivables for the Group and the Company</u></p> <p><i>Refer to notes 3(i) and 14 to the consolidated and stand-alone financial statements for disclosures of receivables.</i></p> <p>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.</p> <p>The combination of significant management estimates and judgement increases the risk that management estimates could be materially misstated.</p>	<p>Our audit procedures in response to this matter included:</p> <ul style="list-style-type: none"> ❖ 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 requirements of IFRS 9, Financial Instruments. ❖ Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9. ❖ Testing the accuracy of Group's ageing of accounts receivables. ❖ Testing the accuracy of the ECL calculation.

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
FosRich Company Limited
Page 4

Report on the Audit of the Consolidated and Stand-Alone Financial Statements (Continued)

Key audit matters (Continued)

Key audit matters	How our audit addressed the key audit matters
<p><u>Borrowings</u></p> <p>Refer to notes 2(u), 18, 22 and 23 to the financial statements for management's disclosures of related accounting policies, judgments and estimates relating to borrowings. As at 31 December 2024, long and short-term borrowings, and bank overdraft amounted to \$3.25 billion (2023: \$1.87 billion) or 62% (2023:48%) of the total equity and debts of the Group, and for the Company, \$2.55 billion (2023: \$1.87 billion) or 56% (2023:48%). The Group continues to be highly leveraged.</p>	<p>The Parent Company remains highly leveraged as management continues to strategically use debt financing as the principal pillar to implement structured growth projects within the Group. During the year, management implemented strategies to improve its gross margins, thereby improving its cash flows and its ability to meet its financial obligations as they fall due. The Parent Company continues to examine its financing options within the context of its debt management strategy and review its choices based on the present improving market conditions as well as its risk profile.</p> <p>Our audit procedures included: -</p> <ul style="list-style-type: none"> Reviewed the loan agreements and repayment schedules. We noted that all the loans were being serviced on a timely basis as per the contractual agreements, principally by predetermined monthly deductions from the Company's various bank accounts. Confirmed the balances, reviewed the maturity schedule for repayment, tested the interest calculations and determined that the total borrowings represented obligations by the Company and the Group. Tested the effectiveness of controls over the timely repayment of loans and other credit facilities and noted that they are compliant with the various agreements. <p>We had robust discussions with senior management regarding the growth and expansion strategy using debt as the principal means of growth and expansion and the ultimate strategy to reduce debt capital over the long-term. A downside to this strategy is the inherent liquidity risk that the cash generating units acquired, may not perform as expected, resulting in the Company and Group being unable to meet its obligations as they fall due.</p> <p>Management is mindful of this inherent liquidity risk. However, management is confident that their strategic growth and expansion plan will continue to perform based on historical performance and anticipated future positive trends, due to the encouraging economic factors being experienced in the marketplace.</p> <p>Management is of the opinion that adequate safeguards are in place as they have implemented the necessary policies and procedures including scenario analysis, alternative payment strategies in the event of cash flow challenges and direct monitoring of the individual borrowings. We evaluated the performance of the borrowing portfolio subsequent to the end of the reporting period to determine whether there was a need for any adjustment or whether there were any default or breach of any terms of financial covenants. There were no adverse findings. We also reviewed legal and bank confirmations and correspondences, and we did not identify any negative matters or need for adjustment at the time of approval and signing of the audit report.</p>

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
FosRich Company Limited
Page 5

Report on the Audit of the Consolidated and Stand-Alone Financial Statements (Continued)

Key audit matters (Continued)

Key audit matters	How our audit addressed the key audit matters												
<table border="1"> <thead> <tr> <th data-bbox="1706 703 1867 731">Related</th> <th data-bbox="1880 703 2041 731">Party</th> <th data-bbox="2054 703 2216 731">Balance</th> <th data-bbox="2228 703 2390 731">Impairment</th> </tr> </thead> <tbody> <tr> <td colspan="4" data-bbox="1706 739 2390 768"><u>Assessment</u></td> </tr> <tr> <td colspan="4" data-bbox="1706 776 2390 1703"> <p>The Group's financial statements include significant related party balances due from LCCM Investment Ventures Ltd and BC Dundee Enterprise Ltd, amounting to \$827.8 million and \$606.4 million, respectively, as at 31 December 2024. These entities are not a part of the FosRich Group; rather they are related by way of common shareholders and directors. These amounts relate to a combination of advances and accrued interest. Management's assessment of recoverability requires considerable judgement under IFRS 9, particularly in evaluating credit risk, estimating expected credit losses, and considering the value of pledged collateral.</p> </td> </tr> </tbody> </table>	Related	Party	Balance	Impairment	<u>Assessment</u>				<p>The Group's financial statements include significant related party balances due from LCCM Investment Ventures Ltd and BC Dundee Enterprise Ltd, amounting to \$827.8 million and \$606.4 million, respectively, as at 31 December 2024. These entities are not a part of the FosRich Group; rather they are related by way of common shareholders and directors. These amounts relate to a combination of advances and accrued interest. Management's assessment of recoverability requires considerable judgement under IFRS 9, particularly in evaluating credit risk, estimating expected credit losses, and considering the value of pledged collateral.</p>				<p>The Group has continued to monitor the operations of the related entities, including LCCM Investment Ventures Limited and B.C. Dundee Enterprises Limited with a view to recover these balances. During the year, pledged shares were secured as collateral to support recoverability. Management's assessment of these balances under IFRS 9 focused on credit risk, expected credit losses, and the enforceability of the pledged assets.</p> <p>Our audit procedures included: -</p> <ul style="list-style-type: none"> Obtained and reviewed the loan schedules and reconciled the year-end balances to the general ledger. Assessed management's classification of the balances under the IFRS 9, staging model and the methodology applied in estimating ECL, including the determination of probability of default and loss given default. Obtained the share pledge agreement in respect of the balance due from LCCM Investment Ventures Ltd and reviewed the legal documentation for evidence of enforceability and control. Evaluated the marketability and fair value of the pledged shares and performed a haircut analysis to assess the adequacy of the collateral. Sought written representations and management explanations in respect of the expected timing and certainty of recovery of the balances. Where possible, reviewed any financial information or forecasts for the related parties to support the recoverability assessment. · Reviewed disclosures in the financial statements for adequacy and compliance with IFRS 9. <p>We held detailed discussions with management regarding the rationale for not recognising an impairment provision, particularly where repayment activity was minimal. Management indicated that the value of pledged collateral exceeds the outstanding balance by at least 10% and that legal control over the shares is established.</p> <p>Provision for impairment of \$19.4M was charged to the statement of comprehensive income at the reporting date.</p>
Related	Party	Balance	Impairment										
<u>Assessment</u>													
<p>The Group's financial statements include significant related party balances due from LCCM Investment Ventures Ltd and BC Dundee Enterprise Ltd, amounting to \$827.8 million and \$606.4 million, respectively, as at 31 December 2024. These entities are not a part of the FosRich Group; rather they are related by way of common shareholders and directors. These amounts relate to a combination of advances and accrued interest. Management's assessment of recoverability requires considerable judgement under IFRS 9, particularly in evaluating credit risk, estimating expected credit losses, and considering the value of pledged collateral.</p>													

INDEPENDENT AUDITORS'S REPORT (continued)

To the Members of
FosRich Company Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

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
FosRich Company Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

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.

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
FosRich Company Limited
Page 8

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

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
FosRich Company Limited
Page 9

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

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.

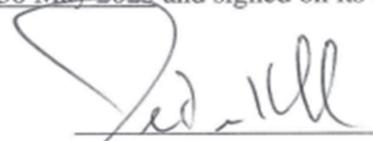

Chartered Accountants
Kingston, Jamaica
30 May 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 \$	2023 \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,547,062,232	886,130,896
Right-of-use assets	7	588,115,276	646,476,503
Due from related parties	8	1,444,919,505	1,138,485,726
Investments	9	40,630,042	38,611,675
Investment in associated company	11	211,567,318	226,000,000
Goodwill	12	63,040,000	-
		<u>3,895,334,373</u>	<u>2,935,704,800</u>
Current assets			
Inventories	13	2,632,063,406	2,118,750,405
Receivables	14	617,854,328	423,027,674
Due from associated company	11	7,966,280	133,202,200
Taxation recoverable		18,015,426	-
Cash and cash equivalents	15	105,592,401	67,858,120
		<u>3,381,491,841</u>	<u>2,742,838,399</u>
TOTAL ASSETS		<u>7,276,826,214</u>	<u>5,678,543,199</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	16	488,536,944	491,293,055
Capital reserves	17	570,577,466	569,101,976
Retained earnings		939,547,694	981,170,992
		<u>1,998,662,104</u>	<u>2,041,566,023</u>
Non-current liabilities			
Lease liabilities	7	493,902,456	552,520,716
Long-term liabilities	18	2,366,429,441	1,059,354,609
Deferred tax liabilities	19	19,824,204	12,275,509
Director's loan	20	28,537,173	37,312,032
		<u>2,908,693,274</u>	<u>1,661,462,866</u>
Current liabilities			
Payables	21	1,423,537,052	1,081,849,871
Short-term loans	22	306,710,118	313,550,143
Current portion of long-term liabilities	18	574,713,969	498,394,957
Current portion of lease liabilities	7	64,509,697	69,879,526
Bank overdraft	23	-	4,694,815
Taxation payable		-	7,144,998
		<u>2,369,470,836</u>	<u>1,975,514,310</u>
TOTAL EQUITY AND LIABILITIES		<u>7,276,826,214</u>	<u>5,678,543,199</u>

Approved for issue by the Board of Directors 30 May 2025 and signed on its behalf by:


Marion Foster Director


Peter Knibb Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2024

	Note	2024 \$	2023 \$
Turnover			
Cost of sales	24	3,679,557,119	3,696,595,282
	25	<u>(1,931,017,288)</u>	<u>(2,124,773,112)</u>
Gross profit		1,748,539,831	1,571,822,170
Other operating income	26	15,023,018	13,207,656
Administrative and operating expenses	27	(1,432,609,199)	(1,182,249,945)
Impairment (losses)/reversal on financial assets	4(a)	(24,506,547)	14,643,968
Share of results of associate	11	(14,432,682)	-
Operating profit		292,014,421	417,423,849
Finance costs, net	30	<u>(239,779,099)</u>	<u>(140,039,521)</u>
Profit before taxation		52,235,322	277,384,328
Taxation	31	<u>(17,681,336)</u>	<u>(42,146,183)</u>
Net profit for the year		34,553,986	235,238,145
Other comprehensive income:			
Items that will not be reclassified to profit or loss-			
Fair value gains on investments		1,323,103	6,481,800
Unrealised fair value gains/(losses) on investments		152,387	(290,625)
Total comprehensive income for the year		<u>36,029,476</u>	<u>241,429,320</u>
Earnings per ordinary stock unit attributable to the stockholders of the company	33	<u>\$0.01</u>	<u>\$0.05</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2024

	Share Capital	Capital Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 January 2023	369,620,810	562,910,801	852,581,037	1,785,112,648
Unrealised fair value losses of investments (Note 9)	-	(290,625)	-	(290,625)
Fair value adjustment to financial instruments	-	6,481,800	-	6,481,800
Net profit for the year	-	-	235,238,145	235,238,145
Transactions with owners				
Purchase of treasury shares (Note 16)	(8,706,945)	-	-	(8,706,945)
Issue of shares	130,379,190	-	-	130,379,190
Dividends (Note 34)	-	-	(106,648,190)	(106,648,190)
Balance at 31 December 2023	491,293,055	569,101,976	981,170,992	2,041,566,023
Unrealised fair value gains on investments (Note 9)	-	152,387	-	152,387
Fair value adjustment to financial instruments	-	1,323,103	-	1,323,103
Net profit for the year	-	-	34,553,986	34,553,986
Transactions with owners				
Purchase of treasury shares (Note 16)	(2,756,111)	-	-	(2,756,111)
Dividends (Note 34)	-	-	(76,177,284)	(76,177,284)
Balance at 31 December 2024	488,536,944	570,577,466	939,547,694	1,998,662,104

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2024

	2024 \$	2023 \$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Cash Flows from Operating Activities		
Profit before taxation	52,235,322	277,384,328
Items not affecting cash resources:		
Depreciation	79,651,953	67,214,031
Amortization of right-of-use assets	58,361,227	49,483,700
Interest on lease liabilities	14,900,316	11,161,536
Gain on disposal of property, plant and equipment	-	(3,549,940)
Interest income	(91,872,886)	(67,799,404)
Interest expense	290,697,992	181,098,212
Impairment losses/(reversal) on financial assets	24,506,547	(14,643,968)
Share of results of associate	14,432,682	-
Foreign exchange losses	4,256,138	9,291,677
	447,169,291	509,640,172
Changes in non-cash working capital components:		
(Increase)/decrease in inventories	(513,313,001)	130,043,019
(Increase)/decrease in receivables	(199,931,420)	61,577,323
Increase in payables	337,431,043	278,900,352
Increase in due from related parties	(296,812,508)	(368,963,133)
Decrease/(increase)in due from associated company	125,235,920	(264,239,839)
Cash (used in)/provided by operating activities	(100,220,675)	346,957,894
Taxation paid	(35,293,065)	(20,786,930)
Interest paid	(279,374,285)	(174,281,441)
Interest received	62,306,957	1,384,638
Net cash (used in)/provided by operating activities	(352,581,068)	153,274,161
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(740,583,289)	(107,234,872)
Proceeds from disposal of property, plant and	-	3,549,940
Purchase of goodwill	(63,040,000)	-
Purchase of investments	-	(3,068,778)
Net cash used in investing activities	(803,623,289)	(106,753,710)
Cash Flows from Financing Activities		
Directors' loans repaid	(8,774,859)	(7,994,878)
Loans received	3,039,137,427	1,265,911,880
Loans repaid	(1,667,067,290)	(1,279,849,846)
Short-term loans, net	(6,840,025)	-
Dividend paid	(76,177,284)	(106,648,190)
Rent paid	(78,888,405)	(80,248,187)
Issue of shares	-	130,379,190
Purchase of treasury shares	(2,756,111)	(8,706,945)
Cash provided by/(used in) financing activities	1,198,633,453	(87,156,976)
Net increase/(decrease) in cash and cash equivalents	42,429,096	(40,636,525)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED 31 DECEMBER 2024

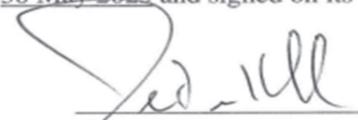
	<u>2024</u>	<u>2023</u>
	\$	\$
Net increase/(decrease) in cash and cash equivalents brought forward	42,429,096	(40,636,525)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>63,163,305</u>	<u>103,799,830</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>105,592,401</u>	<u>63,163,305</u>
Represented by:		
Cash and cash equivalents	105,592,401	67,858,120
Bank overdraft	-	(4,694,815)
	<u>105,592,401</u>	<u>63,163,305</u>

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	<u>2024</u>	<u>2023</u>
		\$	\$
ASSETS			
Non-current assets			
Property, plant, and equipment	6	900,681,553	878,863,793
Right-of-use assets	7	588,115,276	646,476,503
Due from related parties	8	1,444,919,505	1,138,485,726
Investments	9	40,630,042	38,611,675
Investment in subsidiary	10	10,307,145	10,307,145
Investment in associate	11	211,567,318	226,000,000
		<u>3,196,220,839</u>	<u>2,938,744,842</u>
Current assets			
Inventories	13	2,596,999,340	2,074,906,847
Receivables	14	607,176,642	419,818,417
Due from subsidiary	10	73,866,130	34,396,564
Due from associate	11	7,966,280	133,202,200
Taxation recoverable		18,015,426	-
Cash and cash equivalents	15	102,518,807	65,564,732
		<u>3,406,542,625</u>	<u>2,727,888,760</u>
TOTAL ASSETS		<u>6,602,763,464</u>	<u>5,666,633,602</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	16	488,536,944	491,293,055
Capital reserves	17	570,577,466	569,101,976
Retained earnings		973,100,799	988,415,383
		<u>2,032,215,209</u>	<u>2,048,810,414</u>
Non-current liabilities			
Lease liabilities	7	493,902,456	552,520,716
Long-term liabilities	18	1,702,857,270	1,053,177,454
Deferred tax liabilities	19	19,824,204	12,275,509
Director's loan	20	28,537,173	37,312,032
		<u>2,245,121,103</u>	<u>1,655,285,711</u>
Current liabilities			
Payables	21	1,417,004,915	1,069,972,074
Short-term loans	22	306,710,118	313,550,143
Current portion of long-term liabilities	18	537,202,422	497,295,921
Current portion of lease liabilities	7	64,509,697	69,879,526
Bank overdraft	23	-	4,694,815
Taxation payable		-	7,144,998
		<u>2,325,427,152</u>	<u>1,962,537,477</u>
TOTAL EQUITY AND LIABILITIES		<u>6,602,763,464</u>	<u>5,666,633,602</u>

Approved for issue by the Board of Directors 30 May 2025 and signed on its behalf by:


Marion Foster Director


Peter Knibb Director

COMPANY STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		\$	\$
Turnover	24	3,650,412,839	3,663,867,243
Cost of sales	25	(1,917,475,980)	(2,110,422,115)
Gross profit		1,732,936,859	1,553,445,128
Other operating income	26	11,874,637	13,207,656
Administrative and operating expenses	27	(1,403,918,550)	(1,160,575,722)
Impairment (losses)/reversal on financial assets	4(a)	(24,506,547)	14,643,968
Share of results of associate	11	(14,432,682)	-
Operating profit		301,953,717	420,721,030
Finance costs, net	30	(223,409,681)	(139,106,128)
Profit before taxation		78,544,036	281,614,902
Taxation	31	(17,681,336)	(42,146,183)
Net profit for the year		60,862,700	239,468,719
Other comprehensive income:			
Items that will not be reclassified to profit or loss-			
Fair value gain on investments		1,323,103	6,481,800
Unrealised fair value gain/(loss) on investments		152,387	(290,625)
Total comprehensive income for the year		62,338,190	245,659,894

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2024

	Share Capital	Capital Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 January 2023	369,620,810	562,910,801	855,594,854	1,788,126,465
Unrealised fair value losses on investments (Note 9)	-	(290,625)	-	(290,625)
Fair value adjustment to financial instruments	-	6,481,800	-	6,481,800
Net profit for the year	-	-	239,468,719	239,468,719
Transactions with owners				
Purchase of treasury shares (Note 16)	(8,706,945)	-	-	(8,706,945)
Issue of shares	130,379,190	-	-	130,379,190
Dividends (Note 34)	-	-	(106,648,190)	(106,648,190)
Balance at 31 December 2023	491,293,055	569,101,976	988,415,383	2,048,810,414
Unrealised fair value gains on investments (Note 9)	-	152,387	-	152,387
Fair value adjustment to financial instruments	-	1,323,103	-	1,323,103
Net profit for the year	-	-	60,862,700	60,862,700
Transactions with owners				
Purchase of treasury shares (Note 16)	(2,756,111)	-	-	(2,756,111)
Dividends (Note 34)	-	-	(76,177,284)	(76,177,284)
Balance at 31 December 2024	488,536,944	570,577,466	973,100,799	2,032,215,209

COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Cash Flows from Operating Activities		
Profit before taxation	78,544,036	281,614,902
Items not affecting cash resources:		
Depreciation	79,003,182	66,790,987
Amortization of right-of-use assets	58,361,227	49,483,700
Interest on lease liabilities	14,900,316	11,161,536
Gain on disposal of property, plant and equipment	-	(3,549,940)
Interest income	(91,872,886)	(67,782,125)
Interest expense	274,328,574	180,147,536
Impairment losses/(reversal) on financial assets	24,506,547	(14,643,968)
Share of results of associate	14,432,682	-
Foreign exchange losses	4,256,138	9,291,677
	<u>456,459,816</u>	<u>512,514,305</u>
Changes in non-cash working capital components:		
(Increase)/decrease in inventories	(522,092,493)	139,834,321
(Increase)/decrease in receivables	(192,462,991)	61,807,693
Increase in payables	342,776,703	290,306,700
Increase in due from related parties	(296,812,508)	(368,963,133)
Increase/(decrease) in due from associated company	125,235,920	(264,239,839)
Increase in due from subsidiary	(39,469,566)	(28,201,912)
Cash (used in)/provided by operating activities	<u>(126,365,119)</u>	<u>343,058,135</u>
Taxation paid	(35,293,065)	(20,786,930)
Interest paid	(265,941,169)	(173,330,765)
Interest received	62,306,957	1,367,359
Net cash (used in)/provided by operating activities	<u>(365,292,396)</u>	<u>150,307,799</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(100,820,942)	(106,206,694)
Proceeds from disposal of property, plant and equipment	-	3,549,940
Purchase of investments	-	(3,068,778)
Net cash used in investing activities	<u>(100,820,942)</u>	<u>(105,725,532)</u>
Cash Flows from Financing Activities		
Directors' loans repaid	(8,774,859)	(7,994,679)
Loans received	2,340,257,402	1,265,911,880
Loans repaid	(1,665,898,515)	(1,278,752,039)
Dividend paid	(76,177,284)	(106,648,190)
Issue of shares	-	130,379,190
Purchase of treasury shares	(2,756,111)	(8,706,945)
Rent paid	(78,888,405)	(80,248,187)
Cash provided by/(used in) financing activities	<u>507,762,228</u>	<u>(86,058,970)</u>
Net increase/(decrease) in cash and cash equivalents	<u>41,648,890</u>	<u>(41,476,703)</u>

COMPANY STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED 31 DECEMBER 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
Net increase/(decrease) in cash and cash equivalents brought forward	41,648,890	(41,476,703)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>60,869,917</u>	<u>102,346,620</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>102,518,807</u>	<u>60,869,917</u>
Represented by:		
Cash and cash equivalents	102,518,807	65,564,732
Bank overdraft	-	(4,694,815)
	<u>102,518,807</u>	<u>60,869,917</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

1. Identification and principal activities

FosRich Company Limited (“the Company”) was incorporated under the provisions of the Companies Act and is domiciled in Jamaica. The Company’s registered office and place of business is located at 79 Molyne Road, Kingston 10.

The Company was listed on the Junior Market of the Jamaica Stock Exchange on December 19, 2017.

The main activity of the Company is the manufacture of PVC pipes and fittings, distribution of lighting, electrical and solar energy products.

The Company’s subsidiary and associate, together with the Company are referred to as “the Group” are as follows:

	Principal Activities	Incorporated in	Percentage Ownership by the Company		Financial Year End
			2024	2023	
<u>Subsidiary</u>					
O’N’S Mini Mart & Electrical Supplies Limited	Distribution of hardware supplies and related products	Jamaica	100%	100%	31 December
<u>Associate</u>					
Blue Emerald Limited	Manufactures large diameter PVC pipes and fittings and transformer repair	Jamaica	20%	20%	31 December

These financial statements are presented in Jamaican dollars, which is the functional currency.

2. Basis of preparation

Basis of measurement and statement of compliance

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, modified for the inclusion of certain items at fair value. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of financial position, the statement of comprehensive income, 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 judgment in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 5.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

2. Basis of preparation (continued)

Basis of measurement and statement of compliance (continued)

Standards, interpretations and amendments to existing 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 2024:

Amendments to IAS 1, Presentation of Financial Statements; IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and IFRS Practice Statement 2, Making Material Judgements, (effective for annual periods beginning on or after 1 January 2024).

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates from changes in accounting policies. The importance of the distinction is that changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Entities are required to disclose their material rather than their significant accounting policies. The amendment defines what is 'material accounting policy information' and explains how to identify when accounting policy information is material. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, but, if disclosed, should not obscure material accounting information.

Guidance was also provided on how to apply the concept of materiality to accounting policy disclosures.

Deferred Tax related to assets and liabilities (Amendments to IAS 12 Income Taxes) (effective for annual periods beginning on or after 1 January 2024). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases for the lessee and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

2. Basis of preparation (continued)

Basis of measurement and statement of compliance (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.

Lack of Exchangeability Amendments to IAS 21 (effective for annual periods beginning on or after 1 January 2025). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9, and IFRS 7) effective for annual periods beginning on or after 1 January 2026 clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

IFRS 18 Summary for Financial Statements replaces IAS 1 effective for annual periods beginning on or after 1 January 2027 enhances transparency and comparability in financial reporting by introducing new requirements include: new categories and subtotals in the statement of profit or loss, disclosure of management-defined performance measures (MPMs) and enhanced requirements for grouping information.

IFRS 19, Subsidiaries without Public Accountability: Disclosures effective for annual periods beginning on or after 1 January 2027, IFRS 19 introduces a simplified disclosure framework for subsidiaries without public accountability that prepare financial statements in compliance with IFRS Standards. This standard aims to reduce disclosure requirements while maintaining the relevance and reliability of financial reporting.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2024. 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 gives 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 subsidiary is 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 subsidiary to bring its accounting policies in line with the Group's accounting policies. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(b) Property, plant and equipment

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses (see below). Freehold land is stated at cost/valuation and no depreciation is charged. Depreciation is calculated on a straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The annual depreciation rates are as follows:

Freehold buildings	3 1/3%
Furniture, fixtures and equipment	10%
Computer systems	22 1/2%
Motor vehicles (commercial and private)	20%

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

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

(c) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired. It is amortised on a straight-line basis over its estimated useful life of 10 years. Goodwill is reviewed periodically for indicators of impairment and written down if its carrying amount exceeds its recoverable amount.

(d) Investment in subsidiary and associate

The Company's investment in subsidiary is measured at cost. Associates are entities over which the Group has significant influence but not control, typically indicated by ownership of 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method.

Under the equity method:

- The investment is initially recorded at cost, including any goodwill arising on acquisition, net of accumulated impairment losses.
- The carrying amount is subsequently adjusted to reflect the Group's share of post-acquisition profits or losses and other movements in reserves.

If the Group's ownership interest in an associate is reduced but it retains significant influence, the proportionate amount previously recognised in other comprehensive income is reclassified to profit or loss, or to another appropriate category depending on the nature of the item.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(d) Investment in subsidiary and associate (continued)

The Group's share of post-acquisition profits or losses is recognised in the income statement, while its share of post-acquisition movements in reserves is recognised in equity. The carrying amount of the investment is reduced by the Group's share of losses when these losses exceed the investment's carrying amount and any other long-term interest in the entity. Further losses are only recognised if the Group has legal or constructive obligations or has made payments on behalf of the investee.

At each reporting date, the Group assesses whether there is any indication that an investment in an associate is impaired. If there is evidence of impairment, the amount is measured as the difference between the investment's recoverable amount and its carrying value, and the difference is recognised in the income statement within "share of results of associates".

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) 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 and bank overdraft.

(f) Investments

Investments are classified as amortised cost or fair value through other comprehensive income. Investments classified at amortised cost have a fixed or determinable payment and are not quoted in an active market. Amortised cost is calculated on the effective interest rate method, less impairment loss.

The fair value of available-for-sale investments is based on their quoted market bid price at the balance sheet date. Where the quoted market price is not available, fair value is estimated using discounted cash flow techniques.

Unrealised gains and losses arising from changes in the fair value of these securities are recognised in equity revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in other comprehensive income as gains and losses from investment securities. (see note 9)

3. Material accounting policies (continued)

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

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 reasonably 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 Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

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

Extension and termination options

Extension and termination options are included for the properties leased by the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable by the lessee provided that the required written notice is given prior to the expiration of the initial terms. Parties may terminate the leases by given the required notice.

When the Group renegotiates the contractual terms of a lease with a 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 standalone 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 re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(h) Inventories

Inventories are measured at lower of cost and net realisable value, cost being determined on the weighted average cost method. The cost of manufactured finished goods comprises the raw material ingredients, direct labour, other direct cost and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

The cost of other inventories comprising purchased finished goods is based on their cost and expenses incurred in acquiring and bringing them to their existing location and condition.

(i) Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of 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 amount of the provision is the difference between the carrying amount and the recoverable amount.

(j) Share capital

Ordinary shares are classified as equity.

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.

(k) 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, 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(l) 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, cash and cash equivalents, due from related parties, directors' accounts and receivables. Financial liabilities consist of payables, long-term loans, lease liabilities and due to related parties.

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.

The fair values of the financial instruments are discussed in Note 4 (d).

(m) Related party transactions and balances

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 subsidiaries;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is the Company 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(n) Impairment

Non-financial assets

The carrying amount of the Group's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and at fair value through OCI.

Trade receivables

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportive information relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on historical information and informed credit assessment. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Debt investment securities

These are considered low-risk.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the Company determines that the debtor does not have assets or sources of income that would generate sufficient cash flows to repay the amount subject to the write-off.

Recoverables of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(n) Impairment (continued)

Financial liabilities

All financial assets are recognised initially at fair value. Financial liabilities include borrowings, trade, and other payables. Subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(o) Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and the statement of financial position are prepared on the assumption that there is no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis. Management believes that the preparation of the financial statements on the going concern basis continues to be appropriate.

(p) Employee benefits

Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability, if any, for vacation leave, as a result of services rendered by employees up to the reporting date. At year-end the Company had no liability for annual leave as a result of services rendered by employees.

Pension

The Company operates a contributory pension scheme funded by employees and the Company to provide benefits for the employees of the Company. The scheme is administered and managed by Sagicor Life Jamaica Limited. Contributions to the scheme are charged to profit or loss account in the period to which they relate.

(q) Revenue recognition

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The Group's revenue is derived from the sale of manufactured PVC pipes and fittings, distribution of lighting, electrical, solar energy and other related products.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer; usually when the Company and its subsidiary have delivered the goods to the customer and it is accepted by the buyer, invoice is generated and the revenue is recorded at that point. Invoices are usually payable within 30 to 60 days or other contractual terms.

Revenue is shown net of General Consumption Tax, returns, rebates and discounts.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(r) Other operating income

Other operating income mainly comprises commissions received or receivable through partnership arrangements between local utility entities and the Group's international suppliers.

(s) 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.

(t) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ["the functional currency"].

ii. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Foreign exchange gains or losses resulting from the settlement of such transactions and from the transaction of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

3. Material accounting policies (continued)

(u) Interest bearing loans and borrowing cost

Borrowings are stated initially at cost, being the fair value of the consideration received, net of transaction cost associated with the borrowings. After initial recognition, borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings.

(v) Dividends

Dividends on stock units are recognised in stockholders' equity in the period in which they are approved by the Company's Board of Directors.

(w) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The main activity of the Company is the manufacture of PVC pipes and fittings, distribution of lighting, electrical and solar energy products to consumers, operating in a single segment, therefore no additional segment information is provided.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. 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
- due from related parties

While cash and cash equivalents and investments are also subject to the impairment requirements of IFRS 9, the identified impairment losses were 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 2024 and 31 December 2023 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the expected loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for trade receivables:

The Group

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2024	\$	\$	\$	\$	\$
Expected loss rate	0.48%	1.00%	1.50%	19.53%	9.17%
Gross carrying amount – trade receivables	115,750,328	89,161,579	84,643,164	230,154,606	519,709,677
Loss allowance	560,016	891,616	1,269,647	44,951,323	47,672,602

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2023	\$	\$	\$	\$	\$
Expected loss rate	0.78%	1.00%	1.90%	31.35%	14.04%
Gross carrying amount – trade receivables	104,100,276	83,827,083	12,908,847	151,858,271	352,694,477
Loss allowance	811,270	838,271	245,268	47,609,078	49,503,887

The Company

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2024	\$	\$	\$	\$	\$
Expected loss rate	0.50%	1.00%	1.50%	19.53%	9.24%
Gross carrying amount – trade receivables	112,003,168	89,161,579	84,643,164	230,154,606	515,962,517
Loss allowance	560,016	891,616	1,269,647	44,951,323	47,672,602

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2023	\$	\$	\$	\$	\$
Expected loss rate	0.80%	1.00%	1.90%	31.35%	14.14%
Gross carrying amount – trade receivables	101,408,741	83,827,083	12,908,847	151,858,271	350,002,942
Loss allowance	811,270	838,271	245,268	47,609,078	49,503,887

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(a) Credit risk (continued)

The closing expected loss allowances for trade receivables as at 31 December 2024 and 31 December reconcile to the opening expected loss allowances as follows:

The Group and Company

	<u>Trade receivables</u> 2024	<u>Trade receivables</u> 2023
	\$	\$
Opening expected loss allowance at beginning of year	49,503,887	63,745,569
Bad debt (recovered)/ written off	(6,936,051)	402,286
Increase/(decrease) in expected loss allowance recognised in profit or loss during the year	5,104,766	(14,643,968)
Closing balance at end of year (Note 14)	<u>47,672,602</u>	<u>49,503,887</u>

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.

Related parties

The closing loss allowances for related parties as at 31 December 2024 and 31 December 2023 reconcile to the opening loss allowances as follows:

	<u>Related parties</u> 2024	<u>Related parties s</u> 2023
	\$	\$
Opening loss allowance as at 1 January	-	-
Increase in loss allowance recognised in profit or loss during the year	19,401,781	-
Closing balance at end of year	<u>19,401,781</u>	<u>-</u>

As at 31 December 2024 related parties had lifetime expected credit losses of \$19,401,781 (2023: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. 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 2024 and 2023, the Group's trade receivables had no lifetime expected credit losses.

Net impairment losses on financial assets recognised in profit or loss

During the year, the following losses were recognised in statement of comprehensive income in relation to impaired financial assets:

	The Group and Company	
	<u>2024</u>	<u>2023</u>
	\$	\$
Expected loss allowance		
- Movement in expected loss allowance for trade receivables	5,104,766	(14,643,968)
- Movement in expected loss allowance for related parties (Note 8)	19,401,781	-
Net impairment losses/(recoverables) on financial assets	<u>24,506,547</u>	<u>(14,643,968)</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. 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:

- Monitoring future cash flows and liquidity on a daily basis;
- Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Maintaining a committed line of credit.

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					
	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Contractual Cash flows</u>	<u>Carrying Amount</u>
	2024					
	\$	\$	\$	\$	\$	\$
Long-term loans	418,873,104	456,062,388	608,083,184	2,512,856,352	3,995,875,028	2,941,143,410
Payables	1,423,537,052	-	-	-	1,423,537,052	1,423,537,052
Director's loan	-	-	28,537,173	-	28,537,173	28,537,173
Lease liabilities	14,915,201	44,745,602	50,783,141	750,075,234	860,519,178	558,412,153
Short-term loans	-	337,608,227	-	-	337,608,227	306,710,118
	<u>1,857,325,357</u>	<u>838,416,217</u>	<u>687,403,498</u>	<u>3,262,931,586</u>	<u>6,646,076,658</u>	<u>5,258,339,906</u>
	2023					
	\$	\$	\$	\$	\$	\$
Long-term loans	365,603,541	351,124,377	118,797,515	1,870,834,920	2,706,360,353	1,557,749,566
Payables	1,081,849,871	-	-	-	1,081,849,871	1,081,849,871
Director's loan	-	-	37,312,032	-	37,312,032	37,312,032
Lease liabilities	19,176,687	57,530,060	52,234,088	1,035,030,245	1,163,971,080	622,400,242
Short-term loans	-	344,448,252	-	-	344,448,252	313,550,143
Bank overdraft	4,694,815	-	-	-	4,694,815	4,694,815
	<u>1,471,324,914</u>	<u>753,102,689</u>	<u>208,343,635</u>	<u>2,905,865,165</u>	<u>5,338,636,403</u>	<u>3,617,556,669</u>

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

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

	The Company					
	<u>1 to 3 months</u>	<u>4 to 12 months</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>	<u>Contractual Cash flows</u>	<u>Carrying Amount</u>
	2024					
	\$	\$	\$	\$	\$	\$
Long-term loans	335,098,483	364,849,910	486,466,547	2,010,285,082	3,196,700,022	2,240,059,692
Lease liabilities	14,915,201	44,745,602	50,783,141	750,075,234	860,519,178	558,412,153
Director's loan	-	-	28,537,173	-	28,537,173	28,537,173
Payables	1,417,004,915	-	-	-	1,417,004,915	1,417,004,915
Short-term loans	-	337,608,227	-	-	337,608,227	306,710,118
	<u>1,767,018,599</u>	<u>747,203,739</u>	<u>565,786,861</u>	<u>2,760,360,316</u>	<u>5,840,369,515</u>	<u>4,550,726,075</u>
	2023					
	\$	\$	\$	\$	\$	\$
Long-term loans	279,248,736	304,041,592	405,388,789	1,675,237,568	2,663,916,685	1,366,727,597
Lease liabilities	19,176,687	57,530,060	52,234,088	1,035,030,245	1,163,971,080	622,400,242
Director's loan	-	-	37,312,032	-	37,312,032	37,312,032
Payables	1,069,972,074	-	-	-	1,069,972,074	1,069,972,074
Short-term loans	-	344,448,252	-	-	344,448,252	313,550,143
Bank overdraft	4,694,815	-	-	-	4,694,815	4,694,815
	<u>1,373,092,312</u>	<u>706,019,904</u>	<u>494,934,909</u>	<u>2,710,267,813</u>	<u>5,284,314,938</u>	<u>3,414,658,926</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(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 risk exposures are measured using sensitivity analysis. There has been no exposure to market risks or the manner in which the Group manages and measures the risk.

(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 currency exposure primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group undertakes certain transactions denominated in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuations.

Net financial (liabilities)/assets denominated in foreign currency are as follows: -

	<u>2024</u>	<u>2023</u>
	\$	\$
Payables	<u>1,106,647,014</u>	<u>630,461,522</u>
	<u>2024</u>	<u>2023</u>
Currency		
USD	7,074,843	4,061,466
Rate of exchange	<u>JMD156.42</u>	<u>JMD155.23</u>

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the Company before tax with all other variables held constant.

Currency	Change in exchange rate	<u>2024</u>	<u>2023</u>
		\$	\$
Revaluation	1% (2023 – 1%)	11,066,469	6,304,614
Devaluation	4% (2023 – 4%)	<u>(44,265,878)</u>	<u>(25,218,455)</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (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 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

	<u>Within 1 month</u>	<u>3 to 12 months</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>	<u>Non-interest bearing</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
	<u>2024</u>					
Assets						
Due from related parties	-	-	-	1,358,420,071	86,499,434	1,444,919,505
Investments	23,063,808	-	15,476,347	-	2,089,887	40,630,042
Receivables	-	-	-	-	617,854,328	617,854,328
Due from associated company	-	-	-	-	7,966,280	7,966,280
Cash and cash equivalents	69,098,174	-	-	-	36,494,227	105,592,401
Total financial assets	<u>92,161,982</u>	<u>-</u>	<u>15,476,347</u>	<u>1,358,420,071</u>	<u>750,904,156</u>	<u>2,216,962,556</u>
Liabilities						
Lease liabilities	8,949,121	26,847,361	134,236,806	388,378,865	-	558,412,153
Long-term loans	47,892,830	526,821,139	499,254,924	1,867,174,517	-	2,941,143,410
Short-term loans	-	306,710,118	-	-	-	306,710,118
Director's loan	-	-	-	-	28,537,173	28,537,173
Payables	-	-	-	-	1,423,537,052	1,423,537,052
Total financial liabilities	<u>56,841,951</u>	<u>860,378,618</u>	<u>633,491,730</u>	<u>2,255,553,382</u>	<u>1,452,074,225</u>	<u>5,258,339,906</u>
Total interest re-pricing gap	<u>35,320,031</u>	<u>(860,378,618)</u>	<u>(618,015,383)</u>	<u>(897,133,311)</u>	<u>(701,170,069)</u>	<u>(3,041,377,350)</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(ii) Interest rate risk (continued)

The Group	Within 1	3 to 12	1 to 5	Over 5	Non-interest	Total
	month	months	Years	Years	bearing	
	\$	\$	\$	\$	\$	\$
	2023					
Assets						
Due from related parties	-	-	-	1,072,070,960	66,414,766	1,138,485,726
Investments	22,520,931	-	14,153,244	-	1,937,500	38,611,675
Receivables	-	-	-	-	423,027,674	423,027,674
Due from associated company	-	-	-	-	133,202,200	133,202,200
Cash and cash equivalents	11,756,578	-	-	-	56,101,542	67,858,120
Total financial assets	34,277,509	-	14,153,244	1,072,070,960	680,683,682	1,801,185,395
Liabilities						
Director's loan	-	-	-	-	37,312,032	37,312,032
Lease liabilities	11,506,012	34,518,036	172,590,180	403,786,014	-	622,400,242
Long-term loans	255,922,478	242,472,479	83,158,261	976,196,348	-	1,557,749,566
Payables	-	-	-	-	1,081,849,871	1,081,849,871
Short-term loans	-	313,550,143	-	-	-	313,550,143
Bank overdraft	-	-	-	-	4,694,815	4,694,815
Total financial liabilities	267,428,490	590,540,658	255,748,441	1,379,982,362	1,123,856,718	3,617,556,669
Total interest re-pricing gap	(233,150,981)	(590,540,658)	(241,595,197)	(307,911,402)	(443,173,036)	(1,816,371,274)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(ii) Interest rate risk (continued)

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	Within 1	3 to 12	1 to 5	Over 5	Non-interest	Total
	month	months	Years	Years	bearing	
	\$	\$	\$	\$	\$	\$
	2024					
Assets						
Due from related parties	-	-	-	1,358,420,071	86,499,434	1,444,919,505
Investment	23,063,808	-	15,476,347	-	2,089,887	40,630,042
Receivables	-	-	-	-	607,176,642	607,176,642
Due from subsidiary	-	-	-	-	73,866,130	73,866,130
Due from associated company	-	-	-	-	7,966,280	7,966,280
Cash at bank and in hand	65,941,784	-	-	-	36,577,023	102,518,807
Total financial assets	89,005,592	-	15,476,347	1,358,420,071	814,175,396	2,277,077,406
Liabilities						
Lease liabilities	8,949,121	26,847,361	134,236,806	388,378,865	-	558,412,153
Long-term loans	278,309,488	258,892,934	399,403,939	1,303,453,331	-	2,240,059,692
Short-term loans	-	306,710,118	-	-	-	306,710,118
Director's loan	-	-	-	-	28,537,173	28,537,173
Payables	-	-	-	-	1,417,004,915	1,417,004,915
Total financial liabilities	287,258,609	592,450,413	533,640,745	1,691,832,196	1,445,542,088	4,550,724,051
Total interest re-pricing gap	(196,253,017)	(592,450,413)	(518,164,398)	(333,412,125)	(631,366,692)	(2,273,646,645)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(ii) Interest rate risk (continued)

The Company	Within 1	3 to 12	1 to 5	Over 5	Non-interest	Total
	month	months	Years	Years	bearing	
	\$	\$	\$	\$	\$	\$
	2023					
Assets						
Due from related parties	-	-	-	1,072,070,960	66,414,766	1,138,485,726
Investment Receivables	22,520,931	-	14,153,244	-	1,937,500	38,611,675
Due from subsidiary	-	-	-	-	73,866,130	73,866,130
Due from associated company	-	-	-	-	7,966,280	7,966,280
Cash at bank and in hand	10,046,460	-	-	-	55,518,272	65,564,732
Total financial assets	32,567,391	-	14,153,244	1,072,070,960	812,879,590	1,931,671,185
Liabilities						
Lease liabilities	11,506,012	34,518,036	172,590,180	403,786,014	-	622,400,242
Long-term loans	191,941,859	305,354,062	62,368,696	990,808,758	-	1,550,473,375
Short-term loans	-	313,550,143	-	-	-	313,550,143
Director's loan	-	-	-	-	37,312,032	37,312,032
Payables	-	-	-	-	1,069,972,074	1,069,972,074
Total financial liabilities	203,447,871	653,422,241	234,958,876	1,394,594,772	1,107,284,106	3,593,707,866
Total interest re-pricing gap	(170,880,480)	(653,422,241)	(220,805,632)	(322,523,812)	(294,404,516)	(1,662,036,681)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(c) Market risk (continued)

(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 and Company	
	2024	2023
	\$	\$
Increase +6% (2023: +6%)	125,393	116,250
Decrease -2% (2023: -3%)	<u>(41,797)</u>	<u>(58,125)</u>

(d) 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 and cash equivalents, 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 and lease liabilities approximate amortised costs.

The fair values of director's loan and due from related parties could not be reasonably assessed as there are no set repayment terms

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

4. Financial risk management (continued)

(e) Capital Management

The Group defines capital as equity and total borrowings. The Group manages its capital of \$5.2 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. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

The Group is not subjected to internally imposed capital requirements. 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 below. Total borrowings is calculated as current and non-current borrowings and bank overdraft, excluding lease liabilities, 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 movement 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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Long-term loans	2,941,143,410	1,557,749,566	2,240,059,692	1,550,473,375
Short-term loans	306,710,118	313,550,143	306,710,118	313,550,143
Bank overdraft	-	4,694,815	-	4,694,815
	3,247,853,528	1,875,994,524	2,546,769,810	1,868,718,333
Shareholders' equity	1,998,662,104	2,041,566,023	2,032,215,209	2,048,810,414
Total Capital	5,246,515,632	3,917,560,547	4,597,157,926	3,917,528,747
Gearing ratio	62%	48%	56%	48%

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

5. Critical accounting estimates and judgments in applying accounting policies

The Group makes 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.

(a) Impairment losses of financial assets

The Group review its receivables portfolios to assess impairment at least on a annually basis. In determining whether an impairment loss should be recorded, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from customers before the decrease can be identified with an individual customer. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Establishing the criteria for determining whether credit risk on financial asset has increase significantly since initial recognition, determining the methodology for incorporating forward looking information into the measurement of expected credit losses (ECL) and the selection and approval of the models used to estimate ECL required significant judgement.

(b) 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 recognises 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

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

(c) Depreciable assets

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

(d) 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 determines 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.

(e) Net realisable value of inventories

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

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

(f) Judgement in evaluation of contingencies

For a contingent liability to qualify for recognition, there must be a present obligation and the probability of an outflow of economic benefit to settle that obligation. In recognising contingent liabilities of the Group, management determines the possibility of an outflow of resources and makes estimates of expenditure required to settle the present obligation at the reporting date.

No provision is made if management considers the possibility of any outflow in settlement to be remote.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

6. Property, plant and equipment

The Group

	Freehold Land	Freehold Building	Leasehold Improvements	Leasehold Property	Furniture, Fixtures and Equipment	Computers	Motor Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost/Valuation -									
1 January 2023	142,500,000	520,000,002	70,579,482	30,000,000	165,839,239	48,687,836	120,785,127	-	1,098,391,686
Additions	-	-	-	-	29,377,025	14,513,927	59,716,520	3,627,400	107,234,872
Disposals	-	-	-	-	-	-	(13,251,058)	-	(13,251,058)
31 December 2023	142,500,000	520,000,002	70,579,482	30,000,000	195,216,264	63,201,763	167,250,589	3,627,400	1,192,375,500
Additions	-	638,400,000	15,196,823	-	29,651,794	29,454,619	27,880,053	-	740,583,289
Transfer	-	-	2,179,600	-	-	-	-	(2,179,600)	-
31 December 2024	142,500,000	1,158,400,002	87,955,905	30,000,000	224,868,058	92,656,382	195,130,642	1,447,800	1,932,958,789
Depreciation -									
1 January 2023	-	18,823,182	52,973,273	7,500,000	68,215,908	26,880,857	77,888,411	-	252,281,631
Charge for year	-	18,102,341	1,705,432	750,000	14,545,357	6,637,074	25,473,827	-	67,214,031
Relieved on disposals	-	-	-	-	-	-	(13,251,058)	-	(13,251,058)
31 December 2023	-	36,925,523	54,678,705	8,250,000	82,761,265	33,517,931	90,111,180	-	306,244,604
Charge for year	-	18,086,660	2,732,681	999,000	18,050,889	10,524,744	29,257,979	-	79,651,953
31 December 2024	-	55,012,183	57,411,386	9,249,000	100,812,154	44,042,675	119,369,159	-	385,896,557
Net Book Value -									
31 December 2024	142,500,000	1,103,387,819	30,544,519	20,751,000	124,055,904	48,613,707	75,761,483	1,447,800	1,547,062,232
31 December 2023	142,500,000	483,074,479	15,900,777	21,750,000	112,454,999	29,683,832	77,139,409	3,627,400	886,130,896

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

6. Property, plant and equipment

The Company

	Freehold Land	Freehold Building	Leasehold Improvements	Leasehold Property	Furniture, Fixtures and Equipment	Computers	Motor Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost/Valuation -									
1 January 2023	142,500,000	520,000,002	67,007,115	30,000,000	162,083,174	48,574,836	120,785,127	-	1,090,950,254
Additions	-	-	-	-	29,275,938	13,586,836	59,716,520	3,627,400	106,206,694
Disposals	-	-	-	-	-	-	(13,251,058)	-	(13,251,058)
31 December 2023	142,500,000	520,000,002	67,007,115	30,000,000	191,359,112	62,161,672	167,250,589	3,627,400	1,183,905,890
Additions	-	-	15,196,823	-	29,651,794	28,092,272	27,880,053	-	100,820,942
Transfer	-	-	2,179,600	-	-	-	-	(2,179,600)	-
31 December 2024	142,500,000	520,000,002	84,383,538	30,000,000	221,010,906	90,253,944	195,130,642	1,447,800	1,284,726,832
Depreciation -									
1 January 2023	-	18,823,182	52,973,273	7,500,000	67,464,695	26,852,607	77,888,411	-	251,502,168
Charge for year	-	18,102,341	1,705,432	750,000	14,165,121	6,594,266	25,473,827	-	66,790,987
Relieved on disposals	-	-	-	-	-	-	(13,251,058)	-	(13,251,058)
31 December 2023	-	36,925,523	54,678,705	8,250,000	81,629,816	33,446,873	90,111,180	-	305,042,097
Charge for year	-	18,086,660	2,732,681	999,000	17,665,170	10,261,692	29,257,979	-	79,003,182
31 December 2024	-	55,012,183	57,411,386	9,249,000	99,294,986	43,708,565	119,369,159	-	384,045,279
Net Book Value -									
31 December 2024	142,500,000	464,987,819	26,972,152	20,751,000	121,715,920	46,545,379	75,761,483	1,447,800	900,681,553
31 December 2023	142,500,000	483,074,479	12,328,410	21,750,000	109,729,296	28,714,799	77,139,409	3,627,400	878,863,793

Certain of the Company assets have been pledge as collateral for certain borrowings (See Note 18).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

7. 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 and Company	
	2024	2023
	\$	\$
Cost		
Balance at beginning of the year	748,493,547	694,612,283
Termination of right-of-use assets	-	(36,510,714)
Additions to right-of-use assets	-	90,391,978
	<u>748,493,547</u>	<u>748,493,547</u>
Accumulated Amortization		
Accumulated amortization brought forward	102,017,044	89,044,058
Amortization eliminated on termination	-	(36,510,714)
Amortization charge for the year	58,361,227	49,483,700
	<u>160,378,271</u>	<u>102,017,044</u>
Balance at end of the year	<u>588,115,276</u>	<u>646,476,503</u>

Lease liabilities

	The Group and Company	
	2024	2023
	\$	\$
Less than one year	85,229,718	85,229,718
One to five years	266,171,934	290,189,374
More than five years	853,894,018	917,882,107
	<u>1,205,295,670</u>	<u>1,293,301,199</u>
Less: future interest	(646,883,517)	(670,900,957)
	<u>558,412,153</u>	<u>622,400,242</u>
Less: current portion	(64,509,697)	(69,879,526)
Non- current portion	<u>493,902,456</u>	<u>552,520,716</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

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

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	The Group and Company	
	2024	2023
	\$	\$
Amortization of right-of-use assets (included in administrative expenses)	58,361,227	49,483,700
Interest expense (included in finance costs)	14,900,316	11,161,536

(iii) Amounts recognized in the statement of cash flows

	The Group and Company	
	2024	2023
	\$	\$
Total cash outflow for leases	78,888,405	80,248,187

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

8. Due from related parties

		The Group and Company	
		2024	2023
		\$	\$
LCCM Investment Ventures Limited	(a)		
Balance at beginning of year		745,451,364	649,289,703
Advances		85,527,269	102,572,193
Repayments		(51,838,077)	(72,825,298)
		779,140,556	679,036,598
Interest accrued		66,473,843	66,414,766
Balance at end of year		845,614,399	745,451,364
Less: Impairment losses on financial assets		(17,800,122)	-
		827,814,277	745,451,364
BC Dundee Enterprise Limited	(b)		
Balance at beginning of year		393,034,362	120,232,890
Advances		186,245,153	272,801,472
Balance at end of year		579,279,515	393,034,362
Interest accrued		28,963,975	-
		608,243,490	393,034,362
Less: Impairment losses on financial assets		(1,601,659)	-
		606,641,831	393,034,362
Other related parties	(c)		
FosRich Caribbean Inc		284,400	-
FosRich Holdings Limited S.A		276,660	-
FosRich USA Inc		9,902,337	-
		10,463,397	-
		1,444,919,505	1,138,485,726

(a) This represents loan to LCCM Investment Ventures Limited, a company related by common directors and shareholders. The loan attracts interest rate of 5% per annum with a bullet payment due on maturity on 31 December 2030.

(b) This represents loan to BC Dundee Enterprise Limited, a company related by common directors and shareholders. The loan attracts interest rate of 5% per annum with a bullet payment due on maturity on 31 December 2030.

(c) FosRich Company Limited is related to all companies by means of common directors and shareholders.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

8. Due from related parties (continued)

Loans (a) and (b) are secured by irrevocable guarantee and indemnity issued by Marian and Cecil Foster to cover the ultimate balance of the Guarantee indebtedness from time to time owing to the guarantee holder.

9. Investments

	The Group and Company	
	2024	2023
	\$	\$
Investments at amortised cost		
Deposits-Bonds/guarantees	11,320,251	11,091,490
Term deposits (a)	11,743,557	11,429,441
	<u>23,063,808</u>	<u>22,520,931</u>
Investment at fair value through other comprehensive income		
Quoted equities at market value		
Balance at the beginning of year	1,937,500	2,228,125
Gain/(loss) for fair value adjustment	152,387	(290,625)
Balance at the end of year	<u>2,089,887</u>	<u>1,937,500</u>
Investments-Other		
Keyman Insurance - cash surrender value		
Balance at beginning of year	14,153,244	4,602,666
Additions	-	3,068,778
	14,153,244	7,671,444
Fair value gain on investments	1,323,103	6,481,800
Balance at the end of year	<u>15,476,347</u>	<u>14,153,244</u>
	<u>40,630,042</u>	<u>38,611,675</u>

(a) The above 'term deposits' includes amounts denominated in United States Dollars (US\$75,869) and Jamaican Dollars, which interest at rates of 0.60% (2023: 4.00%) and 2.75% (2023: 2.75%) respectively. These funds are being held as security for the loans (see note 18).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

10. Investment in subsidiary

	The Company	
	2024	2023
	\$	\$
O'N'S Mini Mart & Electrical Supplies Limited	<u>10,307,145</u>	<u>10,307,145</u>
	2024	2023
	\$	\$
Balances on account with O'N'S Mini Mart & Electrical Supplies Limited amounted to:		
Due from subsidiary:	<u>73,866,130</u>	<u>34,396,564</u>

11. Investment in associate

	The Group and Company	
	2024	2023
	\$	\$
Balance at beginning of year	226,000,000	226,000,000
Share of loss for year	(14,432,682)	-
Balance at end of year	<u>211,567,318</u>	<u>226,000,000</u>

Investment in associate for the current year comprises amounts recognised in the statement of financial position relating to ownership of 20% of the issued share capital of Blue Emerald Limited which was acquired on 29 April 2019. Blue Emerald Limited is an associated company to Fosrich Company Limited. Blue Emerald Limited is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in Blue Emerald Limited.

During the year the Company purchased goods for resale from associated company, Blue Emerald Limited, amounting to \$193,783,303 (2023:\$218,057,971).

Blue Emerald Limited sells all its manufactured products to FosRich Company Limited.

	2024	2023
	\$	\$
Balances on account with Blue Emerald Limited amounted to:		
Due from associated company:	<u>7,966,280</u>	<u>133,202,200</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

12. Goodwill

Goodwill resulted from the acquisition by the Group during the year of the hardware trading operation of Bayside Hardware. This amount represents the purchase price paid and was primarily determined based on the strategic location of the business and its product offerings, which are expected to expand the Group's market presence.

The cost of goodwill presented in the financial statements is equivalent to its fair value.

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

	Total	
	\$	
Non-current assets		
Plant and equipment	653,520,000	653,520,000
Current assets		
Inventories	294,356,173	294,356,173
Fair value of net assets		947,876,173
	2024	2023
	\$	\$
Goodwill at acquisition		
Purchase consideration	1,010,916,173	-
Less: Fair value of net assets acquired	(947,876,173)	-
Goodwill	63,040,000	-

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*.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

13. Inventories

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Finish goods	2,458,815,715	1,821,147,469	2,423,751,645	1,777,303,911
Raw material	38,045,686	146,610,718	38,045,686	146,610,718
	2,496,861,401	1,967,758,187	2,461,797,331	1,923,914,629
Goods in transit	135,202,005	150,992,218	135,202,009	150,992,218
	<u>2,632,063,406</u>	<u>2,118,750,405</u>	<u>2,596,999,340</u>	<u>2,074,906,847</u>

For year ended 31 December 2024, inventories valuing \$6,407,583 (2023: \$1,265,425) were written off to the statements of comprehensive income for the Group.

14. Receivables

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade receivables	519,709,677	352,694,477	515,962,517	350,002,952
Less: expected credit loss provision (Note 4(a))	(47,672,602)	(49,503,887)	(47,672,602)	(49,503,887)
	472,037,075	303,190,590	468,289,915	300,499,065
Sundry receivables	14,367,317	14,084,963	14,004,621	14,044,063
Statutory receivables	1,659,006	17,781,447	-	17,781,447
Prepayments	66,626,955	56,850,674	61,718,131	56,373,842
Other deposits	63,163,975	31,120,000	63,163,975	31,120,000
	<u>617,854,328</u>	<u>423,027,674</u>	<u>607,176,642</u>	<u>419,818,417</u>

The Group's exposure to credit risk and impairment loss associated to trade and other receivables are disclosed in note 4(a).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

18. Long-term loans

		The Group		The Company	
		2024	2023	2024	2023
		\$	\$	\$	\$
First Global Bank Jamaica Limited	(a)	-	30,995,946	-	30,995,946
First Global Bank Jamaica Limited	(b)	112,891,280	166,177,911	112,891,280	166,177,911
First Global Bank Jamaica Limited	(c)	6,932,738	9,590,567	6,932,738	9,590,567
First Global Bank Jamaica Limited	(d)	12,261,743	22,071,138	12,261,743	22,071,138
First Global Bank Jamaica Limited	(e)	37,799,113	47,453,365	37,799,113	47,453,365
First Global Bank Jamaica Limited	(f)	7,549,239	9,393,283	7,549,239	9,393,283
First Global Bank Jamaica Limited	(g)	818,112,213	860,000,000	818,112,213	860,000,000
Development Bank of Jamaica	(h)	168,749,994	227,083,330	168,749,994	227,083,330
Development Bank of Jamaica	(i)	135,714,278	164,285,710	135,714,278	164,285,710
First Global Leasing Limited	(j)	646,515	4,844,293	646,515	4,844,293
Secured Fixed Rate Bond	(k)	900,000,000	-	900,000,000	-
National Commercial Bank Jamaica Limited	(l)	6,210,754	7,073,786	-	-
National Commercial Bank Jamaica Limited	(m)	2,485	202,405	-	-
First Global Bank Jamaica Limited	(n)	22,437,342	-	22,437,342	-
First Global Bank Jamaica Limited	(o)	59,934,177	-	-	-
First Global Bank Jamaica Limited	(p)	632,000,000	-	-	-
		<u>2,921,241,871</u>	<u>1,549,171,734</u>	<u>2,223,094,455</u>	<u>1,541,895,543</u>
Add: Accrued interest on loans		<u>19,901,539</u>	<u>8,577,832</u>	<u>16,965,237</u>	<u>8,577,832</u>
		<u>2,941,143,410</u>	<u>1,557,749,566</u>	<u>2,240,059,692</u>	<u>1,550,473,375</u>
Less: Current portion		<u>(574,713,969)</u>	<u>(498,394,957)</u>	<u>(537,202,422)</u>	<u>(497,295,921)</u>
		<u>2,366,429,441</u>	<u>1,059,354,609</u>	<u>1,702,857,270</u>	<u>1,053,177,454</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

18. Long-term loans (continued)

- (a) This loan is a consolidation of loans granted in July 2020 to fund the Company's service contract with the Jamaica Public Service Company to repair transformers. The loan was for a period of 48 months, which expired November 2024. The loan was a variable rate interest rate loan and at reporting date, attracted interest at 10% per annum. This loan was repaid during the year.
- (b) This loan is a consolidated loan facility, which was received in October 2021 for working capital requirements, attracts interest at 10% per annum and is repayable over a period of 60 months.
- (c) This loan was granted in March 2019, attracts a variable rate interest of 9% per annum and is repayable over 96 equal monthly instalments.
- (d)-(f) These represent motor vehicle loan facilities for the sum of \$94.26M, which was received in March 2023 to finance the purchase of motor trucks and motor cars for its sales force. These loans are repayable over a period of three to five years.
- (g) This new loan was granted in February 2023 in the sum of \$860,000,000 to refinance expiring corporate bond facility. The loan is repayable over a period of 11 years after a period of 12 months moratorium on principal. It is a variable rate interest rate loan, which attracts interest at the rate of 10.75% in the first 'three months, thereafter, at variable rate pegged to the 90-day 'Weighted Average Treasury Bill Yield' of 7.858% per annum plus a margin of 2.892% per annum subject to a floor of 8.75% per annum. As of February 20, 2024, the interest rate was amended to 9.18% per annum and the maturity date extended to February 20, 2034.
- (h) This facility is in respect of loans funded by the Development Bank of Jamaica [DBJ] and on-lend through Mayberry Investments Limited. The loan was granted in 2022 and attracts interest at the rate of 10.5% per annum and matures in September 2028.
- (i) This facility is in respect of loans funded by the Development Bank of Jamaica [DBJ] and on-lend through Mayberry Investments Limited. This facility is in respect of loans disbursed in two tranches in August 2021 and maturing in September 2026 and September 2028. Both facilities attract interest at the rate of 7.95%
- (j) This loan was granted to provide motor vehicle lease financing. Interest was charged at the rate of 10.95% per annum and expires in February 2025.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

18. Long-term loans (continued)

- (k) This bond amounting to \$900M, which was received in February 2024, attracts interest at 12.5% per annum and is repayable over 60 months in equal installments. The loan is registered with the JCSD, acting as a trustee for the benefit of the bond holders.
- (l) The loan which was received February 2021 attracts interest at 10.95% and is repayable over 48 equal installments.
- (m) This loan is an 'on lending' facility which was assumed on the acquisition of the ONS business from previous owners. The loan will mature on November 2029 and attract interest at 10.93%.
- (o) The loan which was received in November 2024 attracts interest at 11% and is repayable over 60 equal installments.
- (p) The loan which was received October 2024 attracts interest at 11%. The Company was granted a moratorium on principal repayment for six months. After the moratorium period the loan is repayable over 120 months /10 years expiring April 2035.

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

- i. The personal guarantee of two of the Company's directors and supported by the directors' personal assets in the form of real estates and the assignment of life insurance policies
- ii. Letters of subordination of director's loans to the bank borrowings
- iii. Debenture over the company's assets supported by Mortgages over the Company's commercial properties situated at:
 - 77 Molynes Road, Kingston 10
 - 8A and 8B Maverly Avenue, Kingston 10
 - 14 Burley Road, Kingston 10
- iv. The assignment of Fire and Allied Perils Insurance over stock-in-trade
- v. The assignment of Fire and Allied Perils Insurance over properties held as security for their full replacement values
- vi. The assignment of 'keyman' life insurance policies on the lives of Cecil Foster and Marion Foster
- vii. Lien in favour of the bank on 'term deposit' held by the Company
- viii. Letters of Subordination signed by Cecil Foster and Marion Foster
- ix. Second mortgage over the company's commercial properties, registered in the names of Cecil Foster and Marion Foster situated at: 77 Molynes Road, Kingston 10
- x. First and second mortgage over residential properties, registered in the names of Cecil Foster and Marion Foster.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

18. Long-term loans (continued)

Loans (p) were substantially secured by the following: -

- i. First mortgage over commercial real estate located in Montego Bay, St. James.
- ii. Personal unlimited guarantee signed jointly by Cecil and Marion Foster
- iii. Corporate cross guarantee, executed by O'N'S Mini Mart & Electrical Supplies Limited in favour of FosRich Company Limited.

In addition to the above securities First Global Bank Limited has set out certain conditions and covenants as outlined below, which are to be tested on an ongoing basis as a condition to the Company's borrowings:

Covenants

Financial Covenants

i. Debt/Tangible Net Worth

First Global Bank requires maintenance of a maximum Debt to Tangible Net Worth ratio of 2.1: 1. At year-end, the Company satisfied the bank's requirement by maintaining at Debt to Tangible Net Worth of 1.2: 1

ii. Inventory Days

The bank requires that at year-end the maximum inventory days should not exceed 500 days. At reporting date, the value of inventory on hand as a measure of the product cost of goods sold during the current year amounted to 482 days.

In respect of other covenants, tests were conducted and confirmation received that at the date of signing, the insurance coverage in respect of those properties held by the bank as security for the loans remained fully insured.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

19. Deferred tax liabilities

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

Assets and liabilities recognised on the statement of financial position are as follows:

	The Group and Company	
	2024	2023
	\$	\$
Deferred income tax liabilities	(19,824,204)	(12,275,509)
	<u>(19,824,204)</u>	<u>(12,275,509)</u>

The movement on the net deferred income tax balance is as follows:

	The Group and Company	
	2024	2023
	\$	\$
Net liabilities/assets at beginning of year	(12,275,509)	4,328,183
Deferred tax charged to the statement of comprehensive income (Note 31)	(7,548,695)	(16,603,692)
Net liabilities at end of year	<u>(19,824,204)</u>	<u>(12,275,509)</u>

Deferred income tax assets and liabilities are attributable to the following items:

	The Group and Company	
	2024	2023
	\$	\$
Deferred income tax assets:		
Property, plant and equipment	7,324,699	2,623,990
Interest receivable	(30,949,947)	(16,603,692)
Interest payables	3,801,044	1,704,193
Net liabilities at end of year	<u>(19,824,204)</u>	<u>(12,275,509)</u>

The amounts shown in the statement of financial position include the following:

	The Group and Company	
	2024	2023
	\$	\$
Deferred tax liabilities:		
-less than 12 months	(19,824,204)	(12,275,509)
-more than 12 months	-	-
	<u>(19,824,204)</u>	<u>(12,275,509)</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

20. Director's loan

Directors' loans represent amounts advanced by the Directors to the Company. The amount is unsecured, interest free and has no fixed repayment terms. It is not the intention of the directors to demand full repayment within the next twelve (12) months.

21. Payables

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade payables	1,228,156,688	949,582,989	1,224,756,777	936,337,114
Advances and other payables	163,968,831	102,203,408	161,092,137	104,830,636
Statutory payables	31,411,533	30,063,474	31,156,001	28,804,324
	<u>1,423,537,052</u>	<u>1,081,849,871</u>	<u>1,417,004,915</u>	<u>1,069,972,074</u>

22. Short-term loans

		The Group and Company	
		2024	2023
		\$	\$
First Global Bank Jamaica Limited	(a)	158,000,000	158,000,000
Oxford Finance Limited	(b)	70,683,450	60,056,555
Sagicor Bank Jamaica Limited	(c)	27,222,680	-
VM Investments Limited	(d)	50,803,988	95,493,588
		<u>306,710,118</u>	<u>313,550,143</u>

(a) This loan was granted in July 2023, is repayable in January 2025, and attracts interest at a variable rate of 9.00%. It is renewable on an annual basis.

(b) This loan for Insurance Premium Financing is in respect of facilities granted to finance insurance premium. The period of this financing facility is six months, expiring July 2025.

(c) This unsecured loan was granted in 2024 and attracts interest at a variable rate of 12.5%. It is renewable on an annual basis.

(d) This reverse factoring loan facility was granted in July 2023, is repayable in January 2025, and attracts interest at a variable rate of 15%. It is renewable on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

23. Bank overdraft

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

24. Turnover

Turnover represents the invoiced value of goods and services, net of discounts allowed and General Consumption Tax.

25. Cost of sales

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cost of goods sold	1,800,177,163	1,992,181,258	1,786,635,855	1,977,830,261
Wages	79,930,412	71,662,243	79,930,412	71,662,243
Installation expense - contractors	29,578,111	44,480,995	29,578,111	44,480,995
Sales commission - contractors	21,331,602	16,448,616	21,331,602	16,448,616
	<u>1,931,017,288</u>	<u>2,124,773,112</u>	<u>1,917,475,980</u>	<u>2,110,422,115</u>

26. Other operating income

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Gain on disposal of property, plant and equipment	-	3,549,940	-	3,549,940
Other income	15,023,018	9,657,716	11,874,637	9,657,716
	<u>15,023,018</u>	<u>13,207,656</u>	<u>11,874,637</u>	<u>13,207,656</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

27. Expenses by nature

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Accounting fee	5,420,000	9,636,062	4,620,000	9,596,062
Advertising and promotion	80,886,183	65,717,345	80,872,686	65,442,310
Amortization of right-of- use assets	58,361,227	49,483,700	58,361,227	49,483,700
Audit fees	6,000,000	6,402,000	6,000,000	6,402,000
Bank charges	46,624,086	35,663,547	39,581,767	35,227,687
Cleaning and sanitation	7,720,893	4,995,403	7,720,893	4,995,403
Depreciation	79,651,953	67,214,031	79,003,182	66,790,987
Directors' fees	3,786,002	1,622,000	3,786,002	1,622,000
Donations and	7,721,887	7,527,341	7,721,887	7,527,341
GCT irrecoverable	17,508,510	15,651,519	17,508,510	15,651,519
Insurance	90,876,670	56,411,418	83,041,094	56,033,418
Legal and professional fees	85,973,307	56,386,963	85,973,307	56,386,963
Licence and other fees	8,695,660	11,954,115	8,695,660	11,954,115
Management remuneration	49,285,809	41,888,386	49,285,809	41,888,386
Motor vehicle and other related expenses	110,366,176	93,715,025	109,806,834	93,351,707
Office expenses	15,435,815	12,819,905	15,026,200	12,549,885
Other expenses	24,594,381	31,329,500	24,413,352	31,329,500
Rent	36,828,006	28,995,875	34,627,257	20,524,795
Security, repairs and maintenance	91,486,482	77,547,809	91,486,482	77,091,689
Staff costs (Note 29)	573,367,892	480,653,861	564,911,923	470,753,462
Utilities	32,018,260	26,634,140	31,474,478	25,972,793
	<u>1,432,609,199</u>	<u>1,182,249,945</u>	<u>1,403,918,550</u>	<u>1,160,575,722</u>
Cost of sales	1,931,017,288	2,124,773,112	1,917,475,980	2,110,422,115
Impairment losses/(reversal) on	24,506,547	(14,643,968)	24,506,547	(14,643,968)
Finance costs, net; (Note	239,779,099	140,039,521	223,409,681	139,106,128
	<u>3,627,912,133</u>	<u>3,432,418,610</u>	<u>3,569,310,758</u>	<u>3,395,459,997</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

28. Operating profit

The following have been charged/(credited) in arriving at operating profit:

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Auditors' remuneration: -				
- Current year	6,000,000	5,400,000	6,000,000	5,400,000
- Prior year	-	1,002,000	-	1,002,000
Amortization of right-of-use-assets	58,361,227	49,483,700	58,361,227	49,483,700
Depreciation	79,651,953	67,214,031	79,003,182	66,790,989
Gain on disposal of property, plant and equipment	-	3,549,940	-	3,549,940
Impairment losses/(reversal) on financial assets	24,506,547	(14,643,968)	24,506,547	(14,643,968)
Directors' emoluments: -				
Fees	3,786,002	1,622,000	3,786,002	1,622,000
Management remuneration	49,285,809	41,888,386	49,285,809	41,888,386
Staff costs (Note 29)	<u>573,367,892</u>	<u>480,653,861</u>	<u>564,911,923</u>	<u>470,753,462</u>

29. Staff costs

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Wages and salaries	449,695,507	376,088,164	442,404,278	367,444,982
Statutory contributions	62,974,381	54,029,052	62,071,146	52,977,662
Other staff costs	<u>60,698,004</u>	<u>50,536,645</u>	<u>60,436,499</u>	<u>50,330,818</u>
	<u>573,367,892</u>	<u>480,653,861</u>	<u>564,911,923</u>	<u>470,753,462</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

30. Finance costs, net

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest income	<u>(91,872,886)</u>	<u>(67,799,404)</u>	<u>(91,872,886)</u>	<u>(67,782,125)</u>
Foreign exchange losses	4,256,138	9,291,677	4,256,138	9,291,677
Financing fees	21,797,539	6,287,498	21,797,539	6,287,498
Interest expense	290,697,992	181,098,212	274,328,574	180,147,542
Lease interest expense	<u>14,900,316</u>	<u>11,161,536</u>	<u>14,900,316</u>	<u>11,161,536</u>
	<u>331,651,985</u>	<u>207,838,923</u>	<u>315,282,567</u>	<u>206,888,253</u>
	<u>239,779,099</u>	<u>140,039,519</u>	<u>223,409,681</u>	<u>139,106,128</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

31. Taxation

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

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Income tax:				
Current year	10,132,641	23,603,748	10,132,641	23,603,748
Prior year under accrual	-	1,938,743	-	1,938,743
Deferred income taxes (Note 19)	7,548,695	16,603,692	7,548,695	16,603,692
	<u>17,681,336</u>	<u>42,146,183</u>	<u>17,681,336</u>	<u>42,146,183</u>

(b) The taxation charged in the statement of comprehensive income account differs from the theoretical amount that would arise using the tax rate of 25%, as follows:

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Profit before taxation	<u>52,235,322</u>	<u>277,384,328</u>	<u>78,544,036</u>	<u>281,614,902</u>
Tax calculated	13,058,830	69,346,082	19,636,009	70,403,726
Adjusted for the effects of:				
Expenses not allowed for tax purposes	1,090,543	335,069	1,090,543	335,069
Other charges and allowances	8,780,242	396,963	(2,203,063)	(660,681)
Adjustment for the effect of remission of tax	<u>(5,248,279)</u>	<u>(27,931,931)</u>	<u>(5,248,279)</u>	<u>(27,931,931)</u>
	<u>17,681,336</u>	<u>42,146,183</u>	<u>17,681,336</u>	<u>42,146,183</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

31. Taxation (continued)

(c) The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on December 19, 2017. Consequently, the Company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:

- (i) The Company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.
- (ii) The subscribed participating voting share capital of the Company does not exceed \$500 million.
- (iii) The Company has at least 50 participating voting shareholders.

The remission will apply in the following proportions:

- (a) Years 1 to 5 (December 19, 2017– December 18, 2022) – 100%
- (b) Years 6 to 10 (December 19, 2022 – December 18, 2027) – 50%

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

32. 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:

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

As at the statement of financial position date the following balances were outstanding: -

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Due from related parties				
LCCM Investments Ventures Limited	845,614,399	745,451,364	845,614,399	745,451,364
BC Dundee Enterprise Limited	608,243,490	393,034,362	608,243,490	393,034,362
FosRich Caribbean Inc	284,400	-	284,400	-
FosRich Holdings Limited S.A	276,660	-	276,660	-
FosRich USA Inc	9,902,337	-	9,902,337	-
	<u>1,464,321,286</u>	<u>1,138,485,726</u>	<u>1,464,321,286</u>	<u>1,138,485,726</u>
Less: Impairment losses on financial assets	(19,401,781)	-	(19,401,781)	-
	<u>1,444,919,505</u>	<u>1,138,485,726</u>	<u>1,444,919,505</u>	<u>1,138,485,726</u>
Due from associate				
Blue Emerald Limited	7,966,280	133,202,200	7,966,280	133,202,200
Due from subsidiary				
O’N’S Mini Mart & Electrical Supplies Limited	-	-	73,866,130	34,396,564
Non-current liabilities				
Director’s loan	(28,537,173)	(37,312,032)	(28,537,173)	(37,312,032)
	<u>1,424,348,612</u>	<u>1,234,375,894</u>	<u>1,498,214,742</u>	<u>1,268,772,458</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

32. Related party transactions (continued)

Amounts charged to the statement of comprehensive income:-

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Director fees	3,786,002	1,622,000	3,786,002	1,622,000
Management fees	49,285,809	41,888,386	49,285,809	41,888,386
Sales to related parties	-	-	12,747,807	18,293,782

33. Earnings per stock unit

	2024	2023
	\$	\$
Net profit attributable to stockholders of the Company	34,553,986	235,238,145
Weighted average number of stock	5,078,485,197	5,036,952,026
Basic earnings per stock (\$ per stock)	\$0.01	\$0.05

Earnings per stock unit (“EPS”) is computed by dividing the net profit attributable to stockholders of 2024: \$34,553,986; (2023: \$235,238,145) by the weighted average number of ordinary stock units in issue during the year, numbering 5,078,485,197 (2023: 5,036,952,026).

34. Dividends

	The Group and Company	
	2024	2023
	\$	\$
Declared at 0.015 (2023: 0.021) cent per stock	76,177,284	106,648,190
Total dividends to stockholders	<u>76,177,284</u>	<u>106,648,190</u>

At a meeting held on 23 October 2024, the Board of Directors approved a dividend of \$0.015 per share payable to shareholders on the company’s register as at 15 November 2024.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

PROXY FORM FOR HYBRID ANNUAL GENERAL MEETING



35. Contingent liabilities and commitments

In the normal course of business, the Company is subject to various claims, disputes and legal proceedings. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Company, and the amount can be reasonably estimated.

At reporting date, there was an outstanding claim by three persons against the Company in relation to a motor vehicle accident involving one of the Company's drivers. The incident occurred on March 30, 2017, and after mediation hearings, the matter was returned to the Supreme Court for Case Management Conference, which was held on November 12, 2020. At that hearing, the Court made an Order for Trial by Judge alone for three (3) days on January 19, 20, and 21, 2026.

The insurance policy limit is Twelve Million Dollars (\$12,000,000), and previously, another party to the claim accepted a payment of Three Million Dollars (\$3,000,000), whilst still in pursuit of further claim on another matter.

During the year, the parties signed a "Settlement Agreement, Release and Discharge" in the sum of Twenty-Three Million Dollars (\$23,000,000) for all payments to be completed on or before December 31, 2025. Upon signing, FosRich paid the sum of Twelve Million Dollars (\$12,000,000), and the balance on the insurance policy in the sum of Six Million Five Hundred and Fifty Thousand Dollars (\$6,550,000) was applied. The Agreement provides for quarterly instalments in the sum of Two Million Seven Hundred and Fifty Thousand Dollars (J\$2,750,000) to be made until the sum is liquidated.

The provision made for claims payable in the prior year is adequate and no further accrual is required.

36. Subsequent Event

The Directors confirm that there have been no material events subsequent to the end of the reporting period that have not been reflected in these financial statements.

I/We _____
a shareholder of FosRich Company Limited, hereby appoint
_____ (name) of _____ (address)
proxy, or failing him
_____ (name) of _____ (address)
as my/our alternate proxy to vote for me/us and on my/our behalf at the 2025 Annual General Meeting of FosRich Company Limited, to be held at 79 Molyne Road, Kingston 10, Jamaica on Tuesday, October 28, 2025 at 2:30 pm, and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit)

Resolution Detail

Vote for or against

Ordinary Business

(Tick as appropriate)

No	RESOLUTION	FOR	AGAINST
1	To adopt the audited accounts for the year ended 31st December 2024, and the report of the Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2	The Directors retiring by rotation in accordance with Article 97 of the Company's Articles of Incorporation are Marva Chang and Ian Kelly who being eligible for re-election, offer themselves for re-election to the Board.	<input type="checkbox"/>	<input type="checkbox"/>
2a	To re-elect Marva Chang to the Board.	<input type="checkbox"/>	<input type="checkbox"/>
2b	To re-elect Ian Kelly to the Board.	<input type="checkbox"/>	<input type="checkbox"/>
3	To approve the dividend declared of \$0.015 per share and paid on the 9th. day of December 2024 to the shareholders on record as at 15th November 2024, by the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4	To re-appoint Baker Tilly, Chartered Accountants of, 6 Collins Green Avenue, Kingston 5, Jamaica, as the auditors of the company and to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>



FosRich
C O M P A N Y L I M I T E D

ANNUAL REPORT 2024

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