

FUTURE ENERGY SOURCE COMPANY LIMITED

2024 Annual General Meeting
10:30am, Friday, November 22, 2024
The Jamaica Pegasus & The JCSD's E-AGM Platform

MINUTES

Roll Call

Present were:

Mr. Errol McGaw	-	Director/ Meeting Chair
Mr. Hugh Coore	-	Director/ Vice Chairman
Mr. Jeremy Barnes	-	Director/Managing Director
Mr. Eaton Parkins	-	Lead Independent Director
Ms. Belinda Williams	-	Director
Mr. Junior Williams	-	Director
Ms. Gloria DeClou	-	Director
Mr. Harry Campbell	-	Director
Mr. Vernon James	-	Director
Mr. Lyden Trevor Heaven	-	Board Chairman (Online via E-AGM Platform)

Mrs. Kayola Muirhead - Company Secretary

In Attendance:

Mr. Wayne Strachan - Representative of Baker Tilly, Auditors

1. Welcome & Call to Order

On behalf of the Board of Directors, the Meeting Chair, Mr. Errol McGaw, a founding director, welcomed the members of Future Energy Source Company Limited (the “Company” or “FESCO”), present at the Jamaica Pegasus Hotel and online, to the 2024 Annual General Meeting.

Almost 12 years ago, five (5) friends who were also service station operators, Trevor Barnes (may he rest in peace), Junior Williams, Hugh Coore, Lyden “Trevor” Heaven and Errol McGaw, decided to execute a shared dream and founded Future Energy Source Company Limited, a Jamaican fuel marketing company.

After three (3) years of listing on the Jamaica Stock Exchange, turnover has more than quadrupled and for the year ending March 2024 turnover was over \$28 Billion. Product offerings expanded in the 2024 financial year to include liquefied petroleum gas (LPG/cooking gas). Despite navigating recent entry in a very competitive sector and managing the depreciation of the LPG assets, the Company has gained almost 6% of the market. FESCO has experienced remarkable growth and the Board of Directors is both grateful and proud.

The Meeting Chair introduced the Company Secretary, Mrs. Kayola Muirhead, who confirmed the required quorum of two (2) members present (in person or online) had been met. There being a quorum, the Meeting was called to order at 10:36am.

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2. Prayer

The Lead Independent Director, Mr. Eaton Parkins prayed for the Lord's guidance and blessings on the meeting's proceedings and the attendees.

3. Presentation of the Auditors' Report

The Audited Financial Report and the Annual Report inclusive of the Financial Statements and the Reports of the Directors and the Auditors for the year ended March 31, 2024 were earlier circulated to members.

Mr. Wayne Strachan of the Firm: Baker Tilly, the Company's Auditors, was invited to read the Auditors' Report, beginning on page 51 of the Annual Report.

Mr. Strachan indicated to the Members of the Company that the opinion of the independent auditors was that the financial statements, which consisted of the Statements of Financial Position, Comprehensive Income, Changes in Equity, Cashflows and Notes for the financial year ended March 31, 2024 gave a true and fair view of the financial position of the Company and of the financial performance of the cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRS). The statements also comply with the requirements of the Jamaica Companies Act. In addition to the Auditors' independence from the Company, Mr. Strachan read that they have fulfilled all ethical responsibilities in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

4. Introduction of Directors & Staff

The Meeting Chair stated that the Notice convening the Annual General Meeting, found on page 2 of the 2024 Annual Report, was circulated to members and made a motion that the Notice be taken as read. This motion was seconded by Dir. Eaton Parkins and was passed without dissent.

The Meeting Chair advised that three (3) proxies were exercised at this general meeting having been lodged with the Company, representing 22.67% of the issued shares of the Company. The members were reminded that the Company's Articles of Incorporation are available for viewing on the Company's website: www.fescoja.com. The record reflected 152 persons registered to attend, of which 42 members (not including proxies) were in attendance in person and 49 members were in attendance online.

The Meeting Chair introduced each of the ten (10) Directors, referring to their profiles on pages 13 – 15 of the 2024 Annual Report and the Company's mentor, Mr. Lissant Mitchell whose profile can be found on page 16 of the 2024 Annual Report.

The Meeting Chair acknowledged the Company's staff, highlighting the members of the Management Team.

5. Presentation of the Directors' Report & the Management Discussion & Analysis

The Meeting Chair welcomed the Managing Director, Mr. Jeremy Barnes, for the presentation of the Directors' Report and the Management Discussion & Analysis.

Mr. Barnes greeted the attendees in person and online and commenced his presentation with the Company's vision and mission statements. The Company's performance for the year was highlighted with reference to the expanded product offerings and the growing network of service stations and LPG filling plants. Financial performance highlights include gross profit of J\$1.387 billion, operating profit (EBIT) of J\$594.7 million, earnings before interest, taxes, depreciation and amortization (EBITDA) of J\$778.7 million, total comprehensive income of J\$956.0 million, and shareholder's equity of J\$2.3 billion.

To close his presentation the Managing Director expressed appreciation to the staff, network of dealers, customers, the board of directors, professionals and other stakeholders for their hand in the Company's success.

The Meeting Chair commended the Managing Director for his presentation and stewardship of the Company's businesses.

6. Questions & Answers

The Meeting Chair provided instructions for submitting questions online and in-person.

In response to the question, what accounts for the reduction in the long-term debt, it was stated that the Company is making principal payments, not just interest payments, quarterly to reduce the amortized loans categorized as long-term debt.

In response to the question of whether the Company has considered to further diversify its gas product offerings, it was stated yes and that once those plans progress announcements can be made.

In response to the question of whether the Company plans to operate in the eastern parts of the island it was indicated that all parishes are being considered for brand presence.

In response to a request for a comment on the increase in audit fees by 42%, it was stated that whilst the Company desires expenses to be as low as possible, the operation scope of the company has expanded, resulting in an increase of the scope of the audit and the time spent for its completion, which accounts for the increased audit fees.

In response to the question as to whether renewable energy options are utilized in the Company's construction projects, it was stated that the environment is considered in all developments and various measures implemented for more sustainable use of resources.

In response to the question of what is driving the Company's high cost of sales, it was explained that the Company does not control the cost of gas, which affects the cost of sales.

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In response to the question of what accounts for the massive jump in staff costs, it was stated that this is because of an increase in staff by about sixty (60) persons due to the Company's expanding operations.

In response to the question of why there is such a large jump in directors' fees, it was stated that it was due to a combination of factors, namely the effort to compensate directors fairly for their time and the number of meetings for the year.

In response to the question of whether FESGAS cylinders are interchangeable with other brands, it was confirmed, yes.

In response to the question of what the plans are for dividends going forward, reference was made to the dividend policy, which is available on the Company's website for convenient viewing. It was emphasized that the consideration of dividends is subject to the needs of the Company, which the board takes into consideration. However, the board has not yet met for such consideration.

In response to a concern raised about "trade and other receivables" it was clarified that the figure in the notes to the balance sheet represents less than ten (10) days' sales. Which is within the credit policy of the Company.

In response to the question of whether FESGAS is receiving positive reviews, it was stated yes and that the Company does have to ensure it has the cylinders to meet the demand.

In response to the question of how to become a FESCO or FESGAS dealer, it was stated that interested persons may contact the Company via phone or the website.

In response to the question of why there was a three-fold increase in advertising, it was indicated that advertising was a focus this year to create brand awareness for the new FESGAS division.

In response to the question of why there was a significant increase in office expenses, it was stated that this was a result of new office locations situated at the newest company operated locations.

In response to the question of why there was a significant increase in motor vehicle expenses, it was explained that the Company previously owned one (1) motor vehicle, now it owns twenty six (26), including trucks and trailers.

In response to the question for clarification on the bank overdraft facility balance, it was explained that this amount was as a result of using the facility on that day. Cash and cash equivalents exceed the amount utilized under the facility.

The Meeting Chair thanked participants for their questions, comments and observation.

7. Resolutions for Consideration

The Meeting Chair gave instructions on how to vote in person and online.

ORDINARY RESOLUTION NO. 1:

“THAT the Audited Accounts for the year ended March 31, 2024 AND the Reports of the Directors and the Auditors, circulated with the Notice convening the General Meeting, be and are hereby adopted.”

- Moved by Mr. Mark Barton and seconded by Dir. Eaton Parkins.
- The resolution was carried unanimously.

ORDINARY RESOLUTION NO. 2

In accordance with Article 102 of the Company’s Articles of Incorporation one-third of the Directors (not including the Managing Director – Article 120) are retiring by rotation, and being eligible offer themselves for re-election (Article 104), they are: Mr. Eaton Parkins, Mr. Hugh Coore, Mr. Junior Williams and Mr. Errol McGaw.

(a) “THAT Mr. Eaton Parkins, retired by rotation, be and is hereby re-elected a Director”

- Moved by Mr. Ryan Wallace and seconded by Ms. Daphny Drysdale.
- The resolution was carried by majority.

(b) “THAT Mr. Hugh Coore, retired by rotation, be and is hereby re-elected a Director.”

- Moved by Ms. Candace Walker and seconded by Ms. Kayree Teape.
- The resolution was carried unanimously.

(c) “THAT Mr. Junior Williams, retired by rotation, be and is hereby re-elected a Director.”

- Moved by Mr. David Rose and seconded by Mr. Ryan Wallace.
- The resolution was carried unanimously.

(d) “THAT Mr. Errol McGaw, retired by rotation, be and is hereby re-elected a Director.”

- Moved by Mr. Mark Barton and seconded by Mr. Rodney Bushay.
- The resolution was carried unanimously.

ORDINARY RESOLUTION NO. 3

“THAT the Auditors, Baker Tilly Strachan Lafayette (t/a Bakertilly), having indicated their willingness to continue in office, be and are hereby re-appointed until the conclusion of the next annual general meeting, at a remuneration to be fixed by the Directors.”

- Moved by Mr. Eaton Parkins and seconded by Ms. Muriel Bailey.
- The resolution was carried by majority.

ORDINARY RESOLUTION NO. 4

(a) **“THAT the Directors be and are hereby empowered to fix the remuneration of the Executive Director.”**

- Moved by Mr. Eaton Parkins and seconded by Ms. Daphny Drysdale.
- The resolution was carried by majority.

(b) **“THAT the total Director fees for Non-Executive Directors in the sum of \$12,860,000.00 in the Accounts for the year ended March 31, 2024, be and is hereby approved.”**

- Moved by Mr. Mark Barton and seconded by Mr. Andre Samir Wilson.
- The resolution was carried by majority.

8. Adjournment

The Meeting Chair congratulated the staff and Board of Directors on a successful financial year and announced the conclusion of the agenda. Appreciation was expressed to the attendees for their participation in the general meeting and the meeting was adjourned at 12:43pm.