

FUTURE ENERGY SOURCE COMPANY LIMITED

2023 Annual General Meeting
1:00pm, Friday, September 22, 2023
The Summit & The JCSD's E-AGM Platform

MINUTES

Roll Call

Present were:

Mr. Lyden Trevor Heaven	-	Executive Chairman
Mr. Eaton Parkins	-	Lead Independent Director
Mr. Hugh Coore	-	Director
Mrs. Belinda Williams	-	Director
Mr. Trevor Barnes	-	Director (Online via E-AGM Platform)
Mr. Junior Williams	-	Director
Mr. Errol McGaw	-	Director
Mr. Harry Campbell	-	Director
Mr. Vernon James	-	Director
Mr. Jeremy Barnes	-	Director/Managing Director
Mrs. Kayola Muirhead	-	Company Secretary

In Attendance:

Mr. Lissant Mitchell	-	Mentor
Mr. Wayne Strachan	-	Representative of Baker Tilly, Auditors

1. Welcome & Call to Order

The Chairman, Mr. Lyden “Trevor” Heaven, on behalf of the board of directors, welcomed the members of Future Energy Source Company Limited (the “Company” or “FESCO”) present at the Summit and online, to the 2023 Annual General Meeting. The year 2023 was described as extra special because FESCO celebrates its 10th anniversary.

FESCO was incorporated on the 4th of February 2013 with five members and nine hundred Jamaican dollars (J\$900.00), now 10 years later, the Company has over 9000 members with a book value of equity in excess of a billion Jamaican dollars (J\$1Billion). The Company is the fourth (4th) largest transportation fuel marketer in Jamaica and the largest local marketer by volume/litres of fuel sold as at March 2023. FESCO is also the first (1st) fuel company listed on Jamaica Stock Exchange (JSE). FESCO markets fuel, fuel derivatives (such as bitumen or asphalt), fuel equipment and technologies, proprietary lubricants, proprietary chemicals and proprietary bottled water to:

1. its growing network of Dealer owned and Dealer operated (DODO) service stations;
2. directly to consumers at its Company owned and Company operated service station FESCO Beechwood;
3. industrial and commercial customers (who may also require Heavy Fuel Oil and Kerosene Oil).

FESCO has grown from three (3) branded locations in 2014 to eighteen (18) as at March 2023. During that time the Company has grown from being a new entrant (zero market share) to now having a share of estimated at 8.3% (December 2022) of transportation fuels market (E10 87, E10 90, ADO and ULSD).

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The Chairman 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 by the Chairman at 1:08am.

2. Prayer

Founding Director, Mr. Errol McGaw referred to Proverbs 16:3 and prayed acknowledging the Lord's guidance and blessings over the operation and growth of the Company, that the Company's business will be conducted with integrity and that the general meeting's proceedings will be fruitful.

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, 2023 were earlier made available to all members.

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

Mr. Strachan indicated to the Members of FESCO 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 as at March 31, 2023 and of the financial performance of the cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaica Companies Act. In addition to the Auditors' independence from the Company, 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 Chairman stated that the Notice convening the Annual General Meeting, found on page 2 of the 2023 Annual Report, was circulated to members and thereafter moved that the Notice be taken as read. This motion was seconded by Director Belinda Williams. The Motion passed without dissent.

The Chairman advised that four (4) proxies were exercised at this general meeting having been lodged with the Company, representing 10.38% 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 232 persons registered to attend, of which 26 members (not including proxies) were in attendance in person and 65 members were in attendance online.

The Chairman introduced each of the eleven (11) Directors, referring to their profiles on pages 13 – 15 of the 2023 Annual Report. The Chairman also introduced the Company's mentor, Mr. Lissant Mitchell whose profile can be found on page 16 of the 2023 Annual Report.

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The Chairman acknowledged the Company's staff, highlighting members of the Management Team led by Mr. Jeremy Barnes, the Managing Director.

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

The Chairman introduced Mr. Jeremy Barnes, the Managing Director for the presentation of the Directors' Report and the Management Discussion & Analysis. The Managing Director greeted the attendees and thanked the Chairman for the introduction.

Mr. Barnes commenced his presentation with the Company's vision and mission statements and highlighted the Company's performance. Some of the highlights included the Company's product offerings, which include fuel, equipment, lubricants and other chemicals and purified drinking water. The Company is proud to utilize blending dispensers and balance vapour recovery technology at the pump. Net profit increased by 428.2% within two (2) years of listing on the Junior Market of the Jamaica Stock Exchange; the Company exceeded its 12-month net profit forecast in its IPO Prospectus by \$209 Million. The network of branded service stations continues to grow as well as its market share and book value of equity has reached \$1.3 Billion as at March 31, 2023. Some expenses have increased more than 100% year over year but is flat relative to the Company's gross profit.

The Managing Director acknowledged that the network service stations' staff provide the customer service that help to build brand and expressed gratitude for their efforts that have contributed to the actual growth of the Company and its brand.

6. Questions & Answers

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

In response to the question, what does it mean that the Company is highly leveraged stated on page 5 of the Annual report, it was indicated that the Company uses debt to finance its expansion.

In response to the comment that the total revenue generated versus expenses has remained stable and that the Company needs to show better profits, it was stated that looking at turnover was not the best approach because cost of goods sold represented more than 96%. It was suggested that gross profit relative to expenses should instead be considered.

In response to the question of why interest expense increased, it was indicated that it is because of the level of debt that the Company carries.

In response to the question of why the Auditor's remuneration increased so significantly it was indicated that the Company has grown in size and scope and that the fee was considered fair in those circumstances.

In response to the comment that LPG can be made cheaper than competitors' prices and that it is hoped the Company will look into offering cooking gas at more affordable prices, it was indicated that the consumers are priority.

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In response to the question, why are directors selling down the share price, it was stated that there was no such conduct.

In response to the question when will FESCO be coming to Montego Bay, it was indicated that there is a FESCO branded station in Portobello, Montego Bay, there is no information for now on any new station in that city.

It was asked whether there could be discounted tickets for Company sponsored entertainment events and it was indicated that there are some events for which discount tickets have been made available, but the Company will make more effort to get more discounted tickets in the future.

In response to the question of whether there is a forecast for paying dividends, it was indicated that there are a lot of investment opportunities but due to current interest rates and asset prices the most efficient approach is to make profit and retain profit, in light of the Company's growth strategy there is no recommendation for a dividend this year. Due to the Company's growth, in the event of a dividend payment under the current dividend policy, the dividend will be much larger than the first payment, so the shareholder will benefit from the growth.

In response to the question of whether there were any plans to move to the main market, it was stated that there was no such plan for now as there is value in the tax benefit available to Junior Market companies.

In response to the question of whether there were any plans to go regional, FESCO is not limited but the focus is on Jamaica.

In response to the question on whether it is easy to switch to Fesgas and is it affordable, it was stated that there is no need to change the regulator used by competitors, efforts were made to make it easy for the consumer.

In response to the question of whether the Company will be dependent on the refinery, it was indicated that the Company is exploring the various options.

7. Resolutions for Consideration

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

ORDINARY RESOLUTION NO. 1:

“THAT the Audited Accounts for the year ended March 31, 2023 AND the Reports of the Directors and the Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted.”

- Moved by Mr. Orrette Staple and seconded by Mr. Lancel Bloomfield.
- 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. Harry Campbell, Mrs. Gloria DeClou, Mr. Vernon James, and Mrs. Belinda Williams.

- (a) **“THAT Mr. Harry Campbell, retired by rotation, be and is hereby re-elected a Director”**
 - Moved by Mr. Mark Barton and seconded by Mr. Vernon James.
 - The resolution was carried by majority.

- (b) **“THAT Mrs. Gloria DeClou, retired by rotation, be and is hereby re-elected a Director.”**
 - Moved by Mr. Lancel Bloomfield and seconded by Mr. Mark Barton.
 - The resolution was carried unanimously.

- (c) **“THAT Mr. Vernon James, retired by rotation, be and is hereby re-elected a Director.”**
 - Moved by Mr. Orrette Staple and seconded by Mr. Junior Williams.
 - The resolution was carried by majority.

- (d) **“THAT Mrs. Belinda Williams, retired by rotation, be and is hereby re-elected a Director.”**
 - Moved by Mr. Mark Barton and seconded by Ms. Faith Palmer.
 - The resolution was carried by majority.

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 Ms. Muriel Bailey and seconded by Mr. Lancel Bloomfield
 - The resolution was carried by majority.

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(b) **“THAT the total Director fees for Non-Executive Directors in the sum of \$3,785,000.00 in the Accounts for the year ended March 31, 2023, be and is hereby approved.”**

- Moved by Mr. Mark Barton and seconded by Ms. Daphney Drysdale.
- The resolution was carried by majority.

8. Adjournment

The Chairman announced the conclusion of the agenda and congratulated all persons present and the participants in the success of the Company so far and thanked the attendees for joining the meeting and wished them all safety and good health. The Meeting was adjourned 3:10pm.