



Unaudited Quarterly Report





SALADA FOODS JAMAICA LIMITED (GROUP)

INTERIM REPORT TO SHAREHOLDERS

The Directors of Salada Foods Jamaica Limited are pleased to present the unaudited financial results for the Group for the first six months ended March 31, 2023.

	Q2 March 2023	Q2 March 2022	% Change	YTD March 2023	YTD March 2022	% Change
Gross Revenue	\$394,220,000	\$345,921,000	14%	\$688,262,000	\$635,268,000	8%
Gross Margin (\$)	\$122,087,000	\$107,010,000	14%	\$215,572,000	\$199,129,000	8%
Gross Margin (%)	31.0%	30.9%	0%	31.3%	31.3%	0%
Operating Profit	\$ 60,481,000	\$ 54,982,000	10%	\$ 96,385,000	\$ 98,143,000	-2%
Interest & Exchange Gains	\$ 2,866,000	\$(1,219,000)	-335%	\$ 3,458,000	\$ 11,513,000	-70%
Profit after Tax	\$ 47,510,000	\$ 40,322,000	18%	\$ 74,882,000	\$ 82,242,000	-9%
EPS	\$ 0.05	\$ 0.04		\$ 0.07	\$ 0.08	

Revenues for the second quarter of the fiscal year increased by 14% from \$345.9 million to \$394.2 million compared to the corresponding period in the prior year. This resulted in increased revenues from \$635.3 million to \$688.3 million, representing a growth of 8.3% or \$53 million for the six months ending March 31, 2023.

Gross margin remained constant at 31% for the 2022 and 2023 half-year periods due to strategic forward purchasing of raw and packaging materials.

Operating profit for the half year decreased from \$98.1 million in the corresponding period to \$96.3 million in the current period, indicating a decline of 1.8%. Sales and promotional expenses increased from \$30.8 million to \$44.38 million over the period, as the Company aggressively supported expansion into new markets, pursued innovative strategies and product development and diversification. Product diversification is a key strategy to mitigate the ongoing adverse impact of inconsistent supply of local green coffee beans.

Interest and exchange gains decreased from \$11.5 million in the previous period to \$3.5 million in the current period, indicating a decrease of \$8 million. This decline is primarily attributable to the continued appreciation of the Jamaican dollar.

Net profit attributable to shareholders for the second quarter increased by 17.8% from \$40.3 million to \$47.5 million in the corresponding period last year. Net profit declined from \$82.2 million to \$74.9 million, showing a decrease of 8.9% for the six months ended March 31, 2023.



Significantly, inventories stand at \$419 million for the period down from \$556 million in the corresponding period in 2022 representing a 32.7% decrease.

The inconsistent supply of local green coffee beans, a crucial raw ingredient, continues to hinder industrial productivity and operational effectiveness at the Company.

During the reporting period, the Company partnered with the Jamaica Coffee Growers Association (JCGA) to launch a coffee sustainability initiative "Grounds for Growth". The initiative focuses on the feasibility of repurposing of Salada's manufacturing bi-products into optimal organic fertilizing material to help improve the quantity and quality of production by local coffee farmers cost-effectively.

A handwritten signature in black ink that reads "Patrick Williams".

Patrick Williams, Chairman

A handwritten signature in black ink that reads "Kathryn Lewis-Green".

Kathryn Lewis-Green, Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Six Months ended March 31, 2023.

	Three Months ended		Six Months ended	
	Mar 31 2023	Mar 31 2022	Mar 31 2023	Mar 31 2022
	\$'000	\$'000	\$'000	\$'000
Sales	394,220	345,921	688,262	635,268
Cost of Sales	(272,133)	(238,911)	(472,690)	(436,139)
Gross Profit	122,087	107,010	215,572	199,129
Other operating (loss)/income	774	6	1,100	472
Administrative expenses	(39,163)	(37,312)	(75,907)	(70,665)
Selling and promotional expenses	(23,216)	(14,723)	(44,380)	(30,794)
Operating profit	60,481	54,982	96,385	98,143
Net Finance income	2,866	(1,219)	3,458	11,513
Profit before taxation	63,347	53,763	99,843	109,656
Taxation	(15,837)	(13,441)	(24,961)	(27,414)
Total comprehensive income/(Loss)	47,510	40,322	74,882	82,242
Attributable to:				
Stockholders of the company	47,510	40,322	74,882	82,242
Non-controlling interest	0	0	0	0
	47,510	40,322	74,882	82,242
Earnings per stock unit	\$0.05	\$0.04	\$0.07	\$0.08



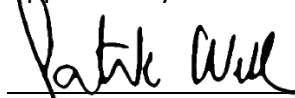
Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

March 31, 2023.

	Unaudited March 31 2023 \$'000	Unaudited March 31 2022 \$'000	Audited September 31 2022 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	121,347	111,483	112,054
Intangible assets	1,300	1,300	1,300
Investment	75,324	94,510	82,804
Deferred tax asset	17,576	15,843	17,576
	<u>215,546</u>	<u>223,135</u>	<u>213,734</u>
CURRENT ASSETS			
Cash and cash equivalents	175,831	153,299	166,876
Investments	244,722	99,785	242,585
Accounts receivable	266,347	202,589	254,740
Inventories	419,239	556,161	475,021
	<u>1,106,139</u>	<u>1,011,834</u>	<u>1,139,222</u>
TOTAL ASSETS	<u><u>1,321,685</u></u>	<u><u>1,234,969</u></u>	<u><u>1,352,956</u></u>
STOCKHOLDERS' EQUITY			
Share capital	73,216	73,216	73,216
Capital reserves	16,275	16,275	16,275
Retained earnings	973,415	940,148	960,862
	<u>1,062,906</u>	<u>1,029,639</u>	<u>1,050,353</u>
CURRENT LIABILITIES			
Accounts payable	244,147	191,107	272,043
Tax payable	14,632	14,222	30,560
	<u>258,779</u>	<u>205,330</u>	<u>302,603</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u><u>1,321,685</u></u>	<u><u>1,234,969</u></u>	<u><u>1,352,956</u></u>

Approved by:


Patrick Williams, Chairman


Kathryn Lewis-Green, Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Changes in Equity Attributable to Stockholders of the Company For Six Months Ended March 31, 2023.

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2022	73,216	16,275	960,862	0	1,050,353
Total comprehensive income for the period			74,882	0	74,882
	73,216	16,275	1,035,744	0	1,125,236
Dividends paid			(62,330)		(62,330)
Balances at March 31, 2023	73,216	16,275	973,415	0	1,062,906

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2021	73,216	16,275	915,041	0	1,004,532
Total comprehensive income for the period			82,242	0	82,242
	73,216	16,275	997,283	0	1,086,775
Dividends paid			(57,136)		(57,136)
Balances at March 31, 2022	73,216	16,275	940,147	0	1,029,639



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Cash Flows Period ended March 31, 2023.

	Unaudited Mar 31 2023 \$'000	Unaudited Mar 31 2022 \$'000
Cash flows from operating activities:		
Profit for the period	74,882	82,242
Adjustments for Items not involving cash:		
Depreciation	11,653	11,567
Income Tax Expense	24,961	27,414
Interest Income	(5,329)	(2,139)
Other Comprehensive income	(7,480)	(3,622)
	<u>98,687</u>	<u>115,462</u>
Changes in operating assets and liabilities:		
Inventories	63,386	(22,854)
Accounts receivable	(13,308)	26,443
Accounts payable	(27,896)	(23,170)
Cash provided by operations	<u>120,869</u>	<u>95,880</u>
Taxation paid or deducted at source	(40,888)	(27,500)
Net cash provided by operating activities	<u>79,981</u>	<u>68,381</u>
Cash flows from investing activities		
Investments, Net	5,343	27,549
Interest Received	6,881	529
Purchase of property, plant and equipment	(20,920)	(1,353)
Net subsidiary equity income	-	(1,120)
	<u>-</u>	<u>(1,120)</u>
Cash provided/(used) by investing activities	<u>(8,696)</u>	<u>25,606</u>
Cash flows from Financing activities		
Interest Expense	-	-
	<u>-</u>	<u>-</u>
Cash used by Financing Activities	-	-
Cash provided before dividends	71,285	93,986
Dividends paid	(62,330)	(57,136)
	<u>8,955</u>	<u>36,851</u>
Increase/(decrease) in cash and cash equivalents	8,955	36,851
Cash and cash equivalents at beginning of period	166,876	116,448
Cash and cash equivalents at end of period	<u><u>175,831</u></u>	<u><u>153,299</u></u>



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended March 31, 2023.

1) Identification

Salad Foods Jamaica Limited (“the company”) is incorporated and domiciled in Jamaica. Its principal activity is the manufacture and sale of instant coffee, roasted and ground coffee beans and other consumer products. The company and its subsidiaries are collectively referred to as the “group”. The company’s registered office is located at 20 Bell Road, Kingston 11 Jamaica, West Indies. Effective February 1, 2017, the company outsourced the distribution of its core products in local market to its subsidiary, Mountain Peak Food Processors Limited.

2) Statement of compliance, basis of preparation and significant accounting policies

a) Statement of Compliance:

- i) The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

b) Basis of preparation

- i) These financial statements are presented in Jamaican dollar (\$), which is the functional currency of the group. All information presented in Jamaican dollars has been rounded to the nearest thousand except when otherwise indicated.
- ii) The financial statements are prepared on the historical cost basis, where necessary, prior period comparatives have been reclassified to conform to current period presentation. The same accounting policies and methods of computation are followed in the interim financial statements, as were followed in the most recent annual financial statements.

c) Significant accounting policies

i) Property, plant & equipment:

Property, plant & equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss.



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended March 31, 2023.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

c). Significant accounting policies (cont'd)

ii) Depreciation:

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant & equipment to their estimated residual values at the end of their expected useful lives. No depreciation is charged on freehold land.

Annual depreciation rates are as follows:

Buildings	2.5 - 10%
Infrastructure	2.5 – 10%
Machinery and equipment	2.5 - 20%
Motor vehicles	20%

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

iii) Inventories:

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses comprising raw material packaging and goods in transit is based on their costs.

The cost of other inventories comprising raw and packaging materials and goods in transit is based on their cost and expenses incurred in acquiring and bringing them to their existing location and condition.

iv) Accounts receivable:

Trade and other receivables are stated at amortised cost, less impairment losses.

v) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances, other short-term investments and other monetary instruments with maturities ranging between one and three months from the reporting date.

vi) Accounts payable:

Trade and other payables are stated at amortised cost.

Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended March 31, 2023.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

c). Significant accounting policies (cont'd)

vii) Revenue:

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

viii) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax 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 in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

(ix) Finance leases:

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the company determines whether an arrangement is or contains a lease. If the company concludes for a finance lease that it is impracticable to separate payments reliably, then an asset and a liability are recognised as the amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the company's incremental borrowing rate.

(ii) Leased assets:

Assets held by the company under leases that transfer to the company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended March 31, 2023.

The depreciation rates applied to leased assets are consistent with similar owned assets, except where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, in which case the asset is depreciated at the shorter of the lease term and its useful life.

Assets held under other leases are classified as operating leases and are not recognised in the company's statement of financial position.

(iii) Lease payments:

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

c). Significant accounting policies (cont'd)

(x) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(y) Earnings per ordinary stock unit:

Basic earnings per share are calculated by dividing the net profit attributable to members by the number of stock units in issue during the year. Effective March 31, 2021 each issued share of no par value in the capital of the company was subdivided into 10 ordinary shares of no par value.

Weighted Average Number of Shares-Stock Split		2023	2022	
				Comments
Profit after Tax		74,882,000.00	82,242,000.00	
EPS		74,882,000.00	82,242,000.00	
		1,038,830,000.00	1,038,830,000.00	
		0.07	0.08	



**SALADA FOODS JAMAICA LIMITED
TOP TEN SHAREHOLDERS AS AT MARCH 31 , 2023**

Shareholder	Shareholdings	% Shareholding
1 Resource in Motion Limited	602,367,000	64.57
2 AIC (Jamaica) Limited	89,881,200	9.63
3 Donwis Limited	74,800,000	8.02
4 Ideal Portfolio Services Company Limited	39,513,634	4.24
5 Ideal Betting Co. Limited	27,553,100	2.95
6 Ideal Group Corporation Limited	27,260,000	2.92
7 Ideal Finance Corp. Limited	26,200,000	2.81
8 Donovan Lewis	23,900,340	2.56
9 Pam - Pooled Equity Fund	10,880,450	1.17
10 Ideal Portfolio Services Company Limited	10,576,800	1.13
TOTAL ISSUED SHARE CAPITAL	932,932,524	100.00

**SALADA FOODS JAMAICA LIMITED
DIRECTORS OWNERSHIP AS AT MARCH 31, 2023**

Name of Director	Personal / Sole Ownership	Connected Parties	Shareholdings	Combined Shareholdings
**Patrick Williams	3,666,608	-		3,666,608
Michael Bernard	Nil	-		-
Kathryn Lewis	Nil	*Donovan Lewis, Andrea Lewis & Luke Lewis	1,257,200	824,546,864
		*D & A Lewis in Trust: L. & K. Lewis	7,126,000	
		*Luke Lewis	10,000	
		Donovan Lewis & Andrea Lewis	1,814,700	
		Resource in Motion Limited	602,367,000	
		Donovan Lewis	13,702,100	
		Donwis Limited	75,042,800	
		Ideal Group Corporation Limited	27,260,000	
		Ideal Global Investments Limited	2,700,330	
		Ideal Finance Corp. Limited	26,200,000	
		Ideal Betting Company Limited	27,553,100	
Ideal Portfolio Services Company Limited	39,513,634			
**Eric Stulz	2,720,000	-		2,720,000
Michelle Smith	Nil	-		-

*Joint Holdings with Director

**JCSD Account maintained with Ideal Portfolio Services Company Limited

**SALADA FOODS JAMAICA LIMITED
SENIOR OFFICERS OWNERSHIP AS AT MARCH 31, 2023**

Name of Senior Officer	Personal / Sole Ownership	Connected Parties	Shareholdings	Combined Shareholdings
Tamii Brown	Nil	-	-	-
Stephen Lloyd	Nil	-	-	-
Nadine Francis	Nil	-	-	-
Zayous Hamilton	Nil	-	-	-
Christopher Lee	Nil	-	-	-
Laurence Chin Shue	Nil	-	-	-
Kerriann Johnson	Nil	-	-	-