



Q1: QUARTERLY REPORT FOR PERIOD ENDED MARCH 31, 2022





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DIRECTORS' REPORT TO SHAREHOLDERS ON **COMPANY'S FINANCIAL PERFORMANCE**

FIRST QUARTER ENDED MARCH 31, 2022

The Board of Directors' is pleased to report on the performance of Spur Tree Spices Jamaica Limited for first quarter ended March 31, 2022, including the presentation of unaudited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).

FINANCIAL HIGHLIGHTS & ANALYSIS

	<u>Unaudited</u>	<u>Unaudited</u>	
	Q1 2022	Q1 2021	Growth
	<u>\$'000</u>	<u>\$'000</u>	%
REVENUE	237,125	168,477	40.7
Cost of Sales	(148,085)	(117,834)	25.7
GROSS PROFIT	89,040	50,643	75.8
Other operating income	779	2,454	(68.3)
	89,819	53,097	69.2
Administrative and other expenses	(37,681)	(27,359)	37.7
OPERATING PROFIT	52,138	25,738	102.6
Finance costs	(1,132)	(3,340)	(66.1)
PROFIT BEFORE TAXATION	51,006	22,398	127.7
Taxation	(200)	(5,098)	(96.1)
PROFIT FOR THE YEAR, BEING TOTAL			
COMPREHENSIVE INCOME	50,806	17,300	193.7
Shareholders' Equity	671,888	199,741	236.4
Total Assets	766,908	388,041	97.6
Cash and Cash Equivalents	223,205	51,165	336.2

The company generated revenue of \$237.1M for the quarter, representing an increase of 40.7% over the \$168.48M achieved in the corresponding quarter for the previous year. Although the newly acquired subsidiary, Exotic Products Jamaica Limited, generated revenue of \$73.25M for the quarter, \$71.06M of this amount was sold to Spur Tree Spices and hence only \$2.18M is included in the consolidated revenue of \$237.1M. The strong performance in revenue growth continues to demonstrate the company's push to expand its reach in the export markets and the strength of the brand among its loyal customers.

Despite the significant cost challenges being faced due to the ongoing supply chain issues, the company continues to work assiduously at growing efficiencies in all areas of the business. We continue to capitalize on the economies of scale provided by the growth in our top line in leveraging better input costs. Cost of sales for this quarter is 62 % of revenue which is a significant improvement over the 70% achieved for corresponding period of the previous year.

With improved revenue performance and the cost reduction gained, gross profit for the quarter was J\$89.0M up from \$50.6M for the corresponding period for 2021. This represents an improvement of 75.8%, and gross margin improved to 38%, up from 30% for the same period of the previous year.

Administrative Expenses incurred for the period was \$37.7M compared with \$27.4M for the same period last year. The increase of 37.7% in administrative expenses is primarily driven by additional business costs, consolidation of expenses in Exotic Products and residual listing costs.

Net Profit before tax for the period was \$51.01M, an improvement of \$28.6M or 127.7% above the \$22.4M achieved for the same period of the corresponding year. Net Profit after tax is \$50.8M, up from \$17.3M for the same period of 2021, which in an improvement of approximately 194% over the corresponding period of the previous year.

Total Assets at the end of the quarter was \$766.9M, up from \$388M for the same period for last year and \$596.7M for year ended December 2021. This position reflects an improvement of 97.6% above period ended March 2021, and 28.5% up from December 31, 2021.

Cash on hand improved to \$223.2M at the end of the quarter, up from \$51.2M at March 31, 2021, an improvement of 336%

Shareholders' Equity was \$671.9M at the end of the quarter, up from \$199.7M for the

corresponding quarter, an increase of 236.4%.

The directors are pleased with the results for the first quarter and is proud of the commitment and outstanding work of the executive team and staff as we strive for continued growth in all segments of the business. We thank our customers and shareholders for their continued support and confidence in the business and commit to build on the success achieved to date as we move into the second quarter.

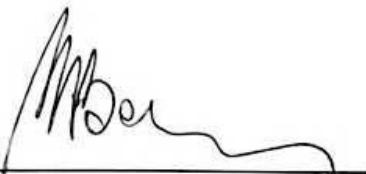

Outlook

The company is working on several strategic priorities focused on growing revenue and containing costs. We expect to realize the full financial benefits of most of these initiatives sometime in the third quarter and beyond. These initiatives include expansion of production capacity in both companies, Spur Tree Spices and Exotic Products, to meet increased demand for existing products, and the introduction of new items under the Spur Tree brand, as we continue our transition from a spices and sauce provider to a full-blown food company. We have also begun work to expand our footprint in the local market with special emphasis on the food service segment. As we look forward in the coming months, we will continue to prioritize this initiative, not only as an important element of our revenue growth strategy, but also as a part of our risk mitigation approach in building more diverse revenue streams.

We are cognizant of the current economic challenges, with inflation at record levels in our main market, the United States, and the uncertainty that this creates. However, we remain confident that the work being done in the market with various stakeholders, will put us in a great position to continue our current growth trajectory.



Metry Seaga
Director/Chairman

Albert Bailey
Director/C.E.O.

SPUR TREE SPICES JAMAICA LIMITED

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2022

	<u>Note</u>	<u>Unaudited</u>	
		3 Months Ended 31 March <u>2022</u> <u>\$'000</u>	3 Months Ended 31 March <u>2021</u> <u>\$'000</u>
REVENUE	5	237,125	168,477
Cost of sales		<u>(148,085)</u>	<u>(117,834)</u>
GROSS PROFIT		89,040	50,643
Other operating income		<u>779</u>	<u>2,454</u>
		89,819	53,097
Administrative and other expenses		<u>(37,681)</u>	<u>(27,359)</u>
OPERATING PROFIT		52,138	25,738
Finance costs		<u>(1,132)</u>	<u>(3,340)</u>
PROFIT BEFORE TAXATION		51,006	22,938
Taxation	7	<u>(200)</u>	<u>(5,098)</u>
PROFIT FOR THE QUARTER, BEING TOTAL COMPREHENSIVE INCOME		<u><u>50,806</u></u>	<u><u>17,300</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		<u><u>50,806</u></u>	<u><u>17,300</u></u>
EARNINGS PER STOCK UNIT	8	<u><u>0.03¢</u></u>	<u><u>0.01¢</u></u>

SPUR TREE SPICES JAMAICA LIMITED

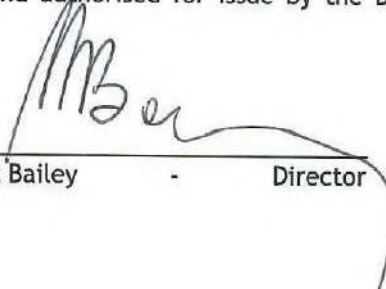
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 MARCH 2022

	Note	Unaudited		Audited
		31 March 2022 \$'000	31 March 2021 \$'000	31 December 2021 \$'000
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	9	167,234	78,426	173,357
Intangible asset	10	11,389	-	11,389
Investment		3,750	-	3,750
Right-of-use asset	11	44,237	31,498	46,741
Deferred tax assets		<u>3,762</u>	<u>1,458</u>	<u>3,670</u>
		<u>230,372</u>	<u>111,382</u>	<u>238,907</u>
CURRENT ASSETS:				
Inventories		116,340	69,045	112,256
Receivables		196,991	121,949	151,052
Due from related company		-	34,500	-
Cash and cash equivalents		<u>223,205</u>	<u>51,165</u>	<u>94,465</u>
		<u>536,536</u>	<u>276,659</u>	<u>357,773</u>
		<u>766,908</u>	<u>388,041</u>	<u>596,680</u>
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	12	366,965	19,643	157,143
Capital reserve		150	150	150
Retained earnings		<u>304,773</u>	<u>179,948</u>	<u>253,967</u>
		<u>671,888</u>	<u>199,741</u>	<u>411,260</u>
NON-CURRENT LIABILITY:				
Lease liability	11	<u>38,423</u>	<u>15,762</u>	<u>40,599</u>
CURRENT LIABILITIES:				
Payables		35,935	26,702	46,078
Taxation		4,347	4,063	31,594
Lease liability	11	8,550	18,956	8,615
Directors' current accounts	13	7,765	12,547	12,186
Borrowing	14	-	<u>110,270</u>	<u>46,348</u>
		<u>56,597</u>	<u>172,538</u>	<u>144,821</u>
		<u>766,908</u>	<u>388,041</u>	<u>596,680</u>

The financial statements on pages 1 to 11 were approved and authorised for issue by the Board of Directors on 4 May 2022 and were signed on its behalf by:


 Metry Seaga - Director


 Albert Bailey - Director

SPUR TREE SPICES JAMAICA LIMITED
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2022

	<u>Share Capital</u> \$'000	<u>Advance on Shares</u> \$'000	<u>Capital Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
BALANCE AT 1 JANUARY 2021	<u>19,643</u>	-	<u>150</u>	<u>162,648</u>	<u>182,441</u>
TOTAL COMPREHENSIVE INCOME					
Net profit of for the quarter	-	-	-	<u>17,300</u>	<u>17,300</u>
BALANCE AT 31 MARCH 2021 (Unaudited)	<u>19,643</u>	-	<u>150</u>	<u>179,948</u>	<u>199,741</u>
BALANCE AT 1 JANUARY 2021	<u>19,643</u>	-	<u>150</u>	<u>162,648</u>	<u>182,441</u>
TRANSACTIONS WITH OWNERS					
Issue of shares	37,500	-	-	-	37,500
Advance on shares	-	<u>100,000</u>	-	-	<u>100,000</u>
	<u>37,500</u>	<u>100,000</u>	-	-	<u>137,500</u>
TOTAL COMPREHENSIVE INCOME					
Net profit for the year	-	-	-	<u>91,319</u>	<u>91,319</u>
BALANCE AT 31 DECEMBER 2021 (Audited)	<u>57,143</u>	<u>100,000</u>	<u>150</u>	<u>253,967</u>	<u>411,260</u>
BALANCE AT 1 JANUARY 2022	<u>57,143</u>	<u>100,000</u>	<u>150</u>	<u>253,967</u>	<u>411,260</u>
TRANSACTIONS WITH OWNERS					
Issue of shares, net	<u>309,822</u>	<u>(100,000)</u>	-	-	<u>209,822</u>
TOTAL COMPREHENSIVE INCOME					
Net profit for the quarter	-	-	-	<u>50,806</u>	<u>50,806</u>
BALANCE AT 31 MARCH 2022 (Unaudited)	<u>366,965</u>	-	<u>150</u>	<u>304,773</u>	<u>671,888</u>

SPUR TREE SPICES JAMAICA LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

	Unaudited	
	3 Months Ended 31 March 2022 <u>\$'000</u>	3 Months Ended 31 March 2021 <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	50,806	17,300
Adjustments for:		
Depreciation	7,015	4,524
Amortisation of right-of-use asset	2,504	3,634
Interest expense	1,132	3,340
Interest income	(314)	-
Taxation	<u>200</u>	<u>5,098</u>
	61,343	33,896
 Changes in operating assets and liabilities:		
Inventories	(4,084)	7,950
Receivables	(45,939)	8,134
Payables	(10,143)	(8,809)
Due from related company	-	12,537
Directors' current accounts	<u>(4,421)</u>	<u>(200)</u>
	(3,244)	53,508
Taxation paid	<u>(27,539)</u>	<u>(14,963)</u>
Cash (used in)/provided by operating activities	<u>(30,783)</u>	<u>38,545</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(892)	(969)
Interest received	<u>314</u>	<u>-</u>
Cash used in investing activities	<u>(578)</u>	<u>(969)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid on loans	-	(2,609)
Proceeds from issue of shares, (net)	209,822	-
Loans repaid	(46,348)	(7,704)
Principal paid on lease liability	(2,241)	(3,883)
Interest paid on lease liability	<u>(1,132)</u>	<u>(731)</u>
Cash provided by/(used in) financing activities	<u>160,101</u>	<u>(14,927)</u>
Net increase in cash and cash equivalents	128,740	22,649
Cash and cash equivalents at beginning of quarter	<u>94,465</u>	<u>28,516</u>
CASH AND CASH EQUIVALENTS AT END OF QUARTER	<u>223,205</u>	<u>51,165</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Spur Tree Spices Jamaica Limited (“the Company”) is a limited liability company incorporated and domiciled in Jamaica. These condensed consolidated interim financial statement (interim financial statement’) comprise the Company and its Subsidiary, herein referred as “the Group”.

The principal activities of the Group are the manufacturing and distributing of seasonings, spices, canned ackee and callaloo primarily for the export market.

2. BASIS OF PREPARATION:

These interim consolidated financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. They do not include all disclosures that would otherwise be required in a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since its latest annual financial statements. Therefore, these interim financial statements should be read in conjunction with the Group’s annual consolidated financial statements as of and for the year ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICY:

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 financial statements and corresponding interim reporting period.

Certain new standards, interpretations and amendments to existing standards which became effective 1 January 2022, are not expected to impact the Group as they are either not relevant to the Group’s activities or require accounting which is consistent with the Group’s current accounting policies.

Additionally, there are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022 (the date of the Group’s next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the consolidated interim financial statements once adopted.

4. SIGNIFICANT EVENT AND TRANSACTION:

The Group became listed on the Junior Market of the Jamaica Stock Exchange (JSE) in January 2022 after issuing shares which were oversubscribed. This resulted in a net proceed of \$210 million. Additionally, the Group repaid its loan with GK Investment Limited.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2022

5. REVENUE:

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities and is shown net of discounts and allowances after eliminating sales within the Group. Goods are transferred to customers at a point in time.

6. SEGMENT REPORTING:

The Group has two reportable segments which are based on the different types of products that it offers as follows:

	31 March 2022		
	<u>Spices</u> <u>\$'000</u>	<u>Canned</u> <u>Products</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
REVENUE:			
Revenue	234,948	73,235	308,183
Inter-segmental revenue	<u>-</u>	<u>(71,058)</u>	<u>(71,058)</u>
Total revenue from external customers	234,948	2,177	237,125
Other income	<u>779</u>	<u>-</u>	<u>779</u>
Total revenue	<u>235,727</u>	<u>2,177</u>	<u>237,904</u>
Segment profits	48,866	1,168	50,034
Unallocated expenses	<u>-</u>	<u>-</u>	<u>972</u>
Profit before taxation			51,006
Taxation			<u>(200)</u>
Profit for the year			<u>50,806</u>

The Company acquired its subsidiary at the end of the third (3rd) quarter of 2021; therefore, the corresponding interim for the three months ended 31 March 2021 represents the segment results of the Company, which produces spices.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

7. TAXATION:

a) Remission of income tax:

The Company's shares were listed on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5 - 100%
 Years 6 to 10- 50%

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

b) Tax is charged on the profits of the subsidiary at 25% for the three months ended 31 March 2022, which represents, the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the three months' period.

8. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to owners by the weighted average number of ordinary stock units in issue at year end.

	<u>2022</u>	<u>2021</u>
Net profit attributable to stockholders of the parent (\$'000)	50,806	17,300
Weighted average number of ordinary stocks units ('000)	<u>1,565,162</u>	<u>1,565,162</u>
Basic earnings per stock unit (¢ per share)	<u>0.03</u>	<u>0.01</u>

The calculation of earnings per share for 2021 has been adjusted to reflect the stock spilt on 8 December 2021 and the shares issued and listed on the Junior Market of the Jamaica Stock Exchange in January 2022. This has been done for comparative purposes. The weighted average numbers of shares were used to calculate both periods.

9. PROPERTY, PLANT AND EQUIPMENT:

The following is a reconciliation of changes in the balance of property, plant and equipment for the period:

	<u>\$'000</u>
31 December 2021	173,357
Plus: Additions	892
Less: Amortisation	<u>(7,015)</u>
At 31 March 2022	<u>167,234</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2022

10. INTANGIBLE ASSET:

	<u>Goodwill</u> <u>\$'000</u>
At Cost:	
Acquisition through business combination	<u>11,389</u>

No impairment loss was recognized for the quarter.

11. LEASE:

The following is a reconciliation of changes in the balance of right-of-use asset and lease liability for the period:

	<u>\$'000</u>
Right-of-use asset:	
At 31 December 2021	46,741
Less: Amortisation	(2,504)
At 31 March 2022	<u>44,237</u>
Lease liability:	
At 31 December 2021	49,214
Less: Lease payments	(2,241)
At 31 March 2022	<u>46,973</u>
Current portion	8,550
Non-current portion	<u>38,423</u>
At 31 March 2022	<u>46,973</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

12. SHARE CAPITAL:

	<u>Unaudited</u> 31 March <u>2022</u> <u>\$'000</u>	<u>Audited</u> 31 December <u>2021</u> <u>\$'000</u>
Authorised - Unlimited ordinary shares		
Issued and fully paid - 1,676,959,244 (2021 - 1,341,567,396) Ordinary shares of no par value	366,965	57,143
Advance on shares	-	100,000
	<u>366,965</u>	<u>157,143</u>

IPO listing cost amounted to approximately \$17.5 million was included in the proceeds for issue.

13. RELATED PARTY TRANSACTIONS AND BALANCES:

The following transactions were carried out with related parties during the quarters:

(a) Key management compensation:

	<u>Unaudited</u>	
	<u>31 March</u> <u>2022</u> <u>\$'000</u>	<u>31 March</u> <u>2021</u> <u>\$'000</u>
Directors' remuneration	5,844	6,125
Directors' fees	800	-
	<u>6,644</u>	<u>6,125</u>
Motor vehicle upkeep	<u>610</u>	<u>570</u>

(b) The balances at period/year end were as follows:

	<u>Unaudited</u> 31 March <u>2022</u> <u>\$'000</u>	<u>Audited</u> 31 December <u>2021</u> <u>\$'000</u>
Directors' current accounts	<u>7,765</u>	<u>12,186</u>

These are interest free and have no fixed term of repayment.

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

14. BORROWING:

The Group repaid its loan with GK Investment Limited prior to its expected repayment terms, which expires, June 2022, the end of the second quarter.

	<u>Unaudited</u> 31 March 2022 \$'000	<u>Audited</u> 31 December 2021 \$'000
At 1 January	46,348	117,974
Cash -		
Loan received	-	50,000
Loans repaid	<u>(46,348)</u>	<u>(121,626)</u>
At 31 March/31 December	<u>-</u>	<u>46,348</u>

SPUR TREE SPICES JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

15. EXPENSES BY NATURE:

Total direct and administration expenses:

	<u>Unaudited</u>	
	<u>31 March</u>	<u>31 March</u>
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost of sales recognized as expense	144,178	113,721
Directors' remuneration and fee	6,644	6,125
Staff costs	10,794	7,793
Depreciation	7,015	4,524
Amortization of right-of-use asset	2,504	3,634
Maintenance fee	3,061	1,242
Utilities	2,622	2,140
Advertising and promotion	342	157
Auditor's remuneration	710	360
Insurance	1,962	1,016
Repairs and maintenance	1,205	997
Legal and professional fees	1,607	79
Travel and entertainment	1,056	1,844
Motor vehicles expenses	1,566	1,081
Other expenses	<u>500</u>	<u>480</u>
	<u>185,766</u>	<u>145,193</u>



**TOP TEN (10) STOCKHOLDERS
AS AT 31ST MARCH 2022**

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	509,602,641	32.3110
	HARRINARINE MOHAN & CHANDRA JAGNARINE	75,709,548	
2.	ALBERT BAILEY	260,473,912	14.3789
3.	ANAND & JOAN JAMES	115,000,000	6.3483
4.	GK INVESTMENTS LTD	108,108,108	5.9679
5.	DAVE NARINE	100,000,000	5.5203
6.	RAVI RAMBARRAN	75,661,461	4.1767
7.	CYRIL A. GORDON	44,240,000	2.4422
8.	ROBERT & VIVIENNE CLAYTON	41,757,635	2.3051
9.	CAL'S MANUFACTURING LIMITED	35,464,443	1.9577
10.	NICOLAS MATTHEWS & SOPHIA SERVICE	21,102,313	1.1649



**SHAREHOLDING BY BOARD OF DIRECTORS
AS AT 31ST MARCH 2022**

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	509,602,641	32.3110
	HARRINARINE MOHAN & CHANDRA JAGNARINE	75,709,548	
2.	ALBERT BAILEY	260,473,912	14.3789
3.	ANAND JAMES	115,000,000	6.3483
4.	METRY SEAGA	8,400,000	0.5009
5.	YANA SAMUELS	1,000,000	0.0596
6.	DANIELLE TERRELONGE	100,000	0.0060
7.	DENNIS HAWKINS	0	0



**SHAREHOLDING BY SENIOR MANAGERS
AS AT 31ST MARCH 2022**

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	509,602,641	32.3110
	HARRINARINE MOHAN & CHANDRA JAGNARINE	75,709,548	
2.	ALBERT BAILEY	260,473,912	14.3789