

Salada

®

Unaudited
Quarterly
Report



SALADA FOODS JAMAICA LIMITED (GROUP)

INTERIM REPORT TO SHAREHOLDERS

The Board of Directors is pleased to release the following financial results for Salada Foods Group for the nine months ended June 30, 2022.

	9 months June 30, 2022		9 months June 30, 2021		% Change
Gross Revenue	\$	963,622,000	\$	890,033,000	8.3%
Gross Margin		30.5%		30.4%	0.3%
Operating Profit	\$	141,080,000	\$	138,748,000	1.7%
Interest and Exchange Gains	\$	7,201,000	\$	15,128,000	-52.4%
Profit after Tax	\$	111,211,000	\$	115,405,000	-3.6%
EPS	\$	0.11	\$	0.11	-4%

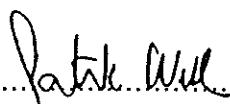
Gross Revenue for the period was \$963.6 million representing an 8% increase from \$890 million in the prior year, which was buoyed by the successful product line extension launched during the period. The Flavoured Coffee line, including Coconut Cappuccino, Caramel and Cinnamon, has been well-received locally and distribution has commenced in key export markets. Export sales are up by 6.5% over the prior year strengthened by the rebound of key export markets including Canada.

Operating Profit increased by \$2.3 million or 1.7% from \$138.7 million to \$141 million due in part to strategies geared towards improving operational efficiency, better waste management and cost containment measures.

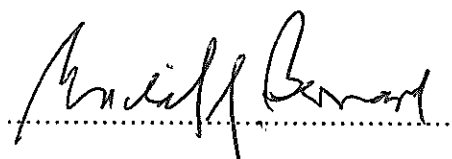
Net Profit attributable to shareholders for the nine months ending June 30, 2022, totalled \$111.2 million compared to \$115.4 million for the corresponding period in 2021. The decline was as a result of a reduction in Interest and Foreign Exchange Gains of \$7.9 million as compared to the prior period.

The significant disruption of domestic and foreign supply chain persists. This has been further exacerbated by geopolitical conflicts, which have resulted in supplier price increases. However, we have refrained from passing the full extent of these increases to the consumer. Salada prides itself on its ability to provide "a cup for everyone".

The Company declared an interim dividend of \$0.055 per stock unit which was paid on June 22, 2022, for shareholders on record as at June 3, 2022.



Patrick Williams, Chairman



Michael Bernard, Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Nine Months ended June 30, 2022.

	Three Months ended		Nine Months ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	\$'000	\$'000	\$'000	\$'000
Sales	328,354	310,738	963,622	890,033
Cost of Sales	(233,650)	(208,256)	(669,790)	(619,356)
Gross Profit	94,703	102,482	293,832	270,677
Other operating (loss)/income	603	846	1,075	949
Administrative expenses	(36,718)	(31,221)	(107,383)	(96,701)
Selling and promotional expenses	(15,651)	(13,558)	(46,445)	(36,178)
Operating profit	42,937	58,550	141,080	138,748
Net Finance income	(4,312)	8,631	7,201	15,128
Profit before taxation	38,625	67,181	148,281	153,874
Taxation	(9,656)	(16,251)	(37,070)	(38,469)
Total comprehensive income/(Loss)	28,969	50,930	111,211	115,405
Attributable to:				
Stockholders of the company	28,969	50,930	111,211	115,405
Non-controlling interest	0	0	0	0
	28,969	50,930	111,211	115,405
Earnings per stock unit	\$0.03	\$0.05	\$0.11	\$0.11



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

June 30, 2022.

	Unaudited June 30, 2022 \$'000	Unaudited June 30 2021 \$'000	Audited September 31 2021 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	115,167	126,719	121,670
Intangible assets	1,300	1,300	1,300
Investment	90,114	104,796	98,128
Deferred tax asset	15,843	24,174	16,081
	<u>222,423</u>	<u>256,989</u>	<u>237,179</u>
CURRENT ASSETS			
Cash and cash equivalents	152,387	166,959	116,448
Investments	158,062	151,361	158,801
Accounts receivable	171,462	158,889	227,488
Inventories	560,558	486,762	528,867
	<u>1,042,470</u>	<u>963,974</u>	<u>1,031,604</u>
TOTAL ASSETS	<u>1,264,897</u>	<u>1,220,963</u>	<u>1,268,783</u>
STOCKHOLDERS' EQUITY			
Share capital	73,216	73,216	73,216
Capital reserves	16,275	16,275	16,275
Retained earnings	911,981	875,000	915,041
	<u>1,001,472</u>	<u>964,491</u>	<u>1,004,532</u>
CURRENT LIABILITIES			
Accounts payable	246,101	230,582	246,806
Tax payable	17,324	25,890	17,445
	<u>263,425</u>	<u>256,472</u>	<u>264,251</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>1,264,897</u>	<u>1,220,963</u>	<u>1,268,783</u>

Approved by:

Patrick Williams, Chairman

Michael Bernard, Director



Salada Foods Jamaica Limited (Group)
 Unaudited Consolidated Statement of Changes in Equity
 Attributable to Stockholders of the Company
 For Nine Months Ended June 30, 2022.

	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			111,211	0	111,211
	73,216	16,275	1,026,252	0	1,115,743
Dividends paid			(114,272)		(114,272)
Balances at June 30, 2022	73,216	16,275	911,981	0	1,001,472

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2020	73,216	16,275	867,633	0	957,124
Total comprehensive income for the period			115,405	0	115,405
	73,216	16,275	983,038	0	1,072,529
Dividends paid			(108,039)		(108,039)
Balances at June 30, 2021	73,216	16,275	874,999	0	964,490



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Cash Flows

Period ended June 30, 2022.

	Unaudited June 30 2022 \$'000	Unaudited June 30 2021 \$'000
Cash flows from operating activities:		
Profit for the period	111,211	115,405
Adjustments for Items not involving cash:		
Depreciation	17,477	20,149
Income Tax Expense	37,070	27,805
Deferred Taxation	-	10,665
Interest Income	(3,525)	(3,731)
	<u>154,213</u>	<u>170,292</u>
Changes in operating assets and liabilities:		
Inventories	(31,691)	(81,489)
Accounts receivable	37,993	(14,557)
Accounts payable	31,824	95,468
Cash provided by operations	<u>192,339</u>	<u>169,715</u>
Taxation paid or deducted at source	(34,054)	(20,768)
Net cash provided by operating activities	<u>158,285</u>	<u>148,947</u>
Cash flows from investing activities		
Investments, Net	2,613	(27,086)
Interest Received	1,379	3,341
Purchase of property, plant and equipment	(10,947)	(21,064)
Cash provided/(used) by investing activities	<u>(8,074)</u>	<u>(44,809)</u>
Cash flows from Financing activities		
Interest Expense	-	-
Cash used by Financing Activities	<u>-</u>	<u>-</u>
Cash provided before dividends	150,211	104,139
Dividends paid	(114,272)	(108,039)
Increase/(decrease) in cash and cash equivalents	<u>35,939</u>	<u>(3,900)</u>
Cash and cash equivalents at beginning of period	<u>116,448</u>	<u>170,859</u>
Cash and cash equivalents at end of period	<u><u>152,387</u></u>	<u><u>166,959</u></u>



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended June 30, 2022.

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 June 30, 2022.

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 June 30, 2022.

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 June 30, 2022.

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		
	2022	2021
Profit after Tax	111,211,000.00	115,405,000.00
EPS	<u>111,211,000.00</u>	<u>115,405,000.00</u>
	1,038,830,000.00	1,038,830,000.00
	0.11	0.11

SALADA FOODS JAMAICA LIMITED
QUARTERLY REPORT
AS AT 30 JUNE 2022

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING
RESOURCE IN MOTION LIMITED	602,367,000
AIC (JAMAICA) LIMITED	89,881,200
DONWIS LIMITED	75,042,800
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	39,501,545
IDEAL BETTING COMPANY LIMITED	27,553,100
IDEAL GROUP CORPORATION LIMITED	27,260,000
IDEAL FINANCE CORPORATION LIMITED	26,200,000
DONOVAN A. LEWIS	16,774,000
PAM - POOLED EQUITY FUND	10,880,450
CARIBBEAN TRUST & MERCHANT BANK	10,307,600
	925,767,695

SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
BERNARD, MICHAEL	0	0	0
LEWIS, KATHRYN	824,534,775	10,000	824,524,775
STULTZ, ERIC*	2,720,000	0	2,720,000
WILLIAMS, PATRICK*	3,666,608	0	3,666,608

SENIOR MANAGEMENT HOLDINGS

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
BROWN, TAMII	0	0	0
HAMILTON, ZAYOUS	0	0	0
LLOYD, STEVEN	0	0	0

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED
SMITH, MICHELLE	0	0	0

Notes

**Eric Stultz and Patrick Williams/Patricia Williams/Bella Williams owns shares held through Ideal Portfolio Services Company Limited.*