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DIRECTORS' REPORT TO SHAREHOLDERS ON COMPANY'S FINANCIAL PERFORMANCE

FIRST QUARTER ENDED MARCH 31, 2023.

The Board of Directors is pleased to report on the performance of Spur Tree Spices Jamaica Limited for the first quarter ended March 31, 2023, including the presentation of unaudited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).

The Company's performance in the first quarter is very positive and sets the tone for a successful year ahead as we continue with our strategic plan of transitioning from a sauces and seasonings provider to a fully equipped food company.



Financial Highlights & Analysis

	Unaudited	<u>Unaudited</u>		Audited
	Q1 MAR 23	Q1 MAR 22	MAR 23 vs MAR 22	12 Months to Dec 2022
	\$'000	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>
REVENUE	383,679	237,125	62	1,028,530
Cost of Sales	(259,504)	(148,085)	<u>75</u>	(697,443)
GROSS PROFIT	124,175	89,040	39	331,087
Other operating income	<u>736</u>	<u>779</u>	<u>-6</u>	<u>2,236</u>
	124,911	89,819	39	333,323
Administrative and other expenses	<u>(66,759)</u>	(37,681)	<u>77</u>	(195,258)
OPERATING PROFIT	58,152	52,138	12	138,065
Impairment losses on trade receivables	Ξ	Ē	Ξ	(12,060)
	58,152	52,138	12	126,005
Finance costs	(10,391)	(1,132)	818	(12,564)
PROFIT BEFORE TAXATION	47,761	51,006	-6	113,441
Taxation	<u>83</u>	(200)	<u>142</u>	<u>2,181</u>
PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	<u>47,844</u>	<u>50,806</u>	<u>-6</u>	115,622
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Owners of the Company	40,512	50,806	-20	116,813
Non-Controlling interest	7,332	-	100	(1,191)
	47,844	50,806	<u>-6%</u>	115,622
Earnings Per Share	\$0.02	\$0.03	(33)	\$0.07
Shareholders' Equity	927,445	671,888	38	
Total Assets	1,560,185	766,908	103	
Cash and Cash Equivalents	148,583	223,205	(33)	

Revenue

While the environment continues to be challenging in several ways, we had a remarkable performance for the period under consideration and are pleased to report a 62% increase in revenue over the previous year's quarter which had also grown by an impressive 40% - a clear demonstration of the success of our aggressive and agile revenue growth strategy.

Another key element of our core strategy continues to be increasing our footprint by creating new customer segments and to capitalise on new and emerging opportunities in both the local and international markets which has also contributed to the additional revenue for the period. In addition to revenue from our acquisition investments, we continue to build out our footprint into new territories and establish partnerships in key markets.

Cost of Sales

Cost of Sales for the period increased from 62.45% of sales for the similar period of 2022 to 67.6% of sales for the current period. The increase in Cost of Sales was driven by the consolidation of newly acquired subsidiaries and cost increases primarily in raw material inputs in the holding company.

While there has been a gradual reduction in freight rates on a global scale, we have continued to prioritize the sourcing of at least 90% of our raw materials from local suppliers. Due to the high inflationary climate, there has been an increase in costs of up to 30% of some local raw materials. As such we continue to strategize with our local partners to find ways to gain efficiencies and reduce costs over the medium-long term while leveraging economies of scale gained from business growth. We also continue to build capacity to store and process raw materials to be able to take advantage of any market excesses.

Gross Profit

Gross Profit increased from \$89.9M Q1 of 2022 to \$124.9M Q1 of 2023 which represents a 39% increase year on year. While our overall gross profit improved, the margins were lower than those achieved for the similar period 2022 due to the cost challenges highlighted above. We anticipate that our gross margins will gradually recover as cost gains are achieved through the initiatives discussed above and the expansion of our product lines.

<u>Administrative & Other Expenses</u>

The increased expenses in Q1 are driven by the consolidation of the newly acquired subsidiary CANCO, further investment in leased space and staff expenditure to support our ongoing growth strategy. These expenditures are aimed at increasing revenue, enhancing our operational efficiency and overall competitiveness in the market. The full value of these

strategic decisions will be realised in the coming months as new products are rolled out and production capacity is fully utilized.

Finance Costs

The increase in finance costs is directly related to the loan associated with the acquisition of a majority stake in CANCO Ltd. owners of the Linstead Market brand.

Net Profit Attributed to Shareholders

The Company recorded a 62% increase in overall revenue. However, due to increased Cost of sales and expenses, highlighted above, Net Profit dipped slightly to J\$42M. Further context of these results should consider that the performance in March 2022 yielded an outstanding net profit increase from J\$17.5M to J\$50.8M - a 194% improvement year-on-year.

Shareholders' Equity

Shareholders' Equity moved from approximately J\$672M at the end of Q1 2022 to J\$927M for this period which represents a 38% improvement.

Total Assets

Total Assets improved from J\$767M at the end to J\$1.56B for this period which represents an improvement of 103% year-on-year.

Cash & Cash Equivalents

Cash & Cash equivalents decreased from J\$223M to J\$148.5M given the investment in CANCO Ltd and other capacity building in Exotic Products and purchase of Port Morant Factory. Even after making these investments, the company is in a very strong cash position and continues to look for viable investment opportunities which aligns with its growth strategy.

Summary and Conclusion

Based on all the strategic investments made, 2023 is poised to be a very successful year for Spur Tree Spices Jamaica. The first quarter provides a good indication of the foundation laid which we will build on for solid growth and value creation for our valued shareholders.

Metry Seaga Chairman Albert Bailey Director / C.E.O

CONSOLIDATED INCOME STATEMENT

THREE MONTHS ENDED 31 MARCH 2023

		Una	udited
		3 Months	3 Months
		Ended	Ended
		31 March	31 March
	<u>Note</u>	2023	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
REVENUE	5	383,679	237,125
Cost of sales		(259,504)	(<u>148,085</u>)
GROSS PROFIT		124,175	89,040
Other operating income		736	779
, ,			
A located and the control of the con		124,911	89,819
Administrative and other expenses		(<u>66,759</u>)	(<u>37,681</u>)
OPERATING PROFIT		58,152	52,138
Finance costs		(<u>10,391</u>)	(<u>1,132</u>)
PROFIT BEFORE TAXATION		47,761	51,006
Taxation		83	(<u>200</u>)
PROFIT FOR THE QUARTER, BEING TOTAL			
COMPREHENSIVE INCOME		47,844	<u>50,806</u>
			
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		40,512	50,806
Non-controlling interest		7,332	
-		47.044	<u> </u>
		47,844	<u>50,806</u>
EARNINGS PER STOCK UNIT		<u>0.02¢</u>	0.03¢

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31MARCH 2023

	Unaudited		Audited
	31 March	31 March	31 December
	2023	2022	2022
	\$'000	\$'000	\$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	704,320	167,234	700,434
Intangible assets	187,328	11,389	187,365
Investments	3,777	3,750	3,777
Right-of-use asset	34,221	44,237	36,725
Deferred tax assets	6,151	3,762	6,067
11*			
	935,797	230,372	934,368
CURRENT ASSETS:			
Inventories	199,146	116,340	194,721
Receivables	276,659	196,991	222,335
Cash and cash equivalents	<u>148,583</u>	223,205	148,246
	_624,388	<u>536,536</u>	<u>565,302</u>
		12.50 2.25	
	1,560,185	766,908	1,499,670
FOURTY AND LIABILITIES			
EQUITY AND LIABILITIES			
EQUITY:	2// 2/7	2// 0/5	2// 0/7
Share capital Capital reserve	366,967	366,965	366,967
Retained earnings	150	150	150
Retained earnings	386,574	304,773	_346,062
	753,691	671,888	713,179
Non-controlling interest	173,754	071,000	166,422
Horr controlling interest	173,734		100,422
	927,445	671,888	879,601
		0.11000	
NON-CURRENT LIABILITIES:			
Lease liability	27,443	38,423	30,276
Director's loan	29,323	-	29,323
Non-current portion of borrowings	389,771		403,908
	446,537	_38,423	463,507
CURRENT LIABILITIES:	110100000000000000		
Payables	117,110	35,935	101,254
Taxation	3,953	4,347	982
Lease liability	9,946	8,550	9,697
Directors' current accounts	23,503	7,765	23,503
Borrowing	31,691		21,126
	40/ 202	F/	
	186,203	_56,597	156,562
	1 540 105	744 000	1 100 170
	1,560,185	766,908	1,499,670

Approved for issue by the Board of Directors on 19 May 2023 and signed on its behalf by:

Metry Seaga - Director

Albert Bailey

Director

SPUR TREE SPICES JAMAICA LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THREE MONTHS ENDED 31 MARCH 2023

	Share <u>Capital</u> \$'000	Capital <u>Reserve</u> <u>\$'000</u>	Retained <u>Earnings</u> \$'000	Total Attributable to Equity holders of the Parent \$'000	Non- Controlling Interest \$'000	<u>Total</u> \$'000
BALANCE AT 1 JANUARY 2022	157,143	<u>150</u>	253,967	411,260		411,260
TOTAL COMPREHENSIVE INCOME Net profit for the quarter		<u>-</u>	50,806	50,806		50,806
TRANSACTIONS WITH OWNERS Issue of shares, net	209,822	<u>-</u>		209,822		209,822
BALANCE AT 31 MARCH 2022 (Unaudited)	<u>366,965</u>	<u>150</u>	<u>304,773</u>	<u>671,888</u>	-	<u>671,888</u>
BALANCE AT 1 JANUARY 2022	<u>157,143</u>	<u>150</u>	<u>253,967</u>	411,260		<u>411,260</u>
TOTAL COMPREHENSIVE INCOME Net profit for the year		<u>-</u>	116,813	<u>116,813</u>	(1,191)	<u>115,622</u>
TRANSACTIONS WITH OWNERS Issue of shares, net Dividends paid Non-controlling interest	209,824	-	- (24,718)	209,824 (24,718)	- -	209,824 (24,718)
on acquisition of subsidiary					<u>167,613</u>	<u>167,613</u>
	209,824		(24,718)	<u>185,106</u>	<u>167,613</u>	<u>352,719</u>
BALANCE AT 31 DECEMBER 2022 (Audited)	<u>366,967</u>	<u>150</u>	346,062	<u>713,179</u>	<u>166,422</u>	<u>879,601</u>
BALANCE AT 1 JANUARY 2023	366,967	<u>150</u>	346,062	<u>713,179</u>	166,422	<u>879,601</u>
TOTAL COMPREHENSIVE INCOME Net profit for the quarter			40,512	40,512	7,332	47,844
BALANCE AT 31 MARCH 2023 (Unaudited)	<u>366,967</u>	<u>150</u>	<u>386,574</u>	<u>753,691</u>	<u>173,754</u>	927,445

CONSOLIDATED STATEMENT OF CASH FLOWS

THREE MONTHS ENDED 31 MARCH 2023

	Unaudited	
CASH ELOWS EDOM ODERATING ACTIVITIES	3 Months Ended 31 March <u>2023</u> \$'000	3 Months Ended 31 March <u>2022</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES: Net profit Adjustments for:	47,844	50,806
Depreciation Amortisation of right-of-use asset Amortisation of intangible assets Interest expense Foreign exchange gain Interest income Taxation	9,508 2,504 37 10,391 (677) (29) (83) 69,495	7,015 2,504 - 1,132 - (314) 200 61,343
Changes in operating assets and liabilities: Inventories Receivables Payables Directors' current accounts	(4,425) (54,324) 15,892 	(4,084) (45,939) (10,143) (4,421)
Taxation recoverable/(paid)	26,638 2,971	(3,244) (27,539)
Cash provided by/(used in) operating activities	29,609	(<u>30,783</u>)
CASH FLOWS FROM INVESTING ACTIVITIES: Purchase of property, plant and equipment Interest received	(13,431) <u>29</u>	(892) 314
Cash used in investing activities	(<u>13,402</u>)	(578)
CASH FLOWS FROM FINANCING ACTIVITIES: Interest paid on loans Proceeds from issue of shares, (net) Loans repaid Principal paid on lease liability Interest paid on lease liability	(9,527) - (3,572) (2,584) (864)	209,822 (46,348) (2,241) (1,132)
Cash (used in)/provided by financing activities	(_16,547)	<u>160,101</u>
Exchange gain on foreign cash balances Net increase in cash and cash equivalents Cash and cash equivalents at beginning of quarter	(340) <u>677</u> 337 <u>148,246</u>	128,740 - 128,740 <u>94,465</u>
CASH AND CASH EQUIVALENTS AT END OF QUARTER	<u>148,583</u>	<u>223,205</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

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 Subsidiaries, herein referred collectively 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 2022.

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 2022 financial statements and corresponding interim reporting period.

Certain new standards, interpretations and amendments to existing standards which became effective 1 January 2023, are not expected to have an effect on the interim condensed consolidated financial statements of the Group as they relate to disclosures of accounting policies in complete financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual consolidated financial statements of the Group.

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 2023 (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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

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 2023	
	<u>Spices</u> \$'000	Canned <u>Products</u> <u>\$'000</u>	<u>Total</u> \$'000
Revenue Inter-segmental revenue	272,861	176,570 (<u>65,752</u>)	449,431 (<u>65,752</u>)
Total revenue from external customers Other income	272,861 	110,818 	383,679 <u>736</u>
Total revenue	<u>273,568</u>	<u>110,847</u>	<u>384,415</u>
Segment profits Unallocated expenses	38,796	9,018	47,814 (<u>53</u>)
Profit before taxation Taxation			47,761 <u>83</u>
Profit for the year			47,844

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

6. SEGMENT REPORTING (CONT'D):

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

7. RELATED PARTY TRANSACTIONS AND BALANCES:

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

(a) Key management compensation:

	Una	<u>udited</u>
	Three Months Ended 31 March 2023 \$'000	Three Months Ended 31 March 2022 \$'000
Directors' remuneration Directors' fees	7,502 <u>515</u>	6,644
	<u>8,017</u>	<u>6,644</u>

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

	<u>Unaudited</u> 31 March <u>2023</u> <u>\$'000</u>	Audited 31 December 2022 \$'000
Due to: Directors' current accounts	<u>23,503</u>	23,503
Director's loan	<u>29,323</u>	<u>29,323</u>

Directors' current accounts and loan are interest free and have no fixed term of repayment.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

8. EXPENSES BY NATURE:

Total direct and administration and other expenses:

	Unaudited	
	Three	Three
	Months	Months
	Ended	Ended
	31 March	31 March
	<u>2023</u>	<u> 2022</u>
	\$'000	\$'000
Cost of sales recognized as expense	253,735	144,178
Directors' remuneration and fee	8,017	6,644
Staff costs	21,117	10,794
Depreciation	9,508	7,015
Amortization of right-of-use asset	2,504	2,504
Amortization of intangible assets	37	-
Maintenance fee	3,656	3,061
Utilities	3,297	2,622
Advertising and promotion	1,595	342
Auditor's remuneration	1,480	710
Insurance	2,304	1,962
Repairs and maintenance	1,799	1,205
Legal and professional fees	10,910	1,607
Travel and entertainment	1,288	1,056
Motor vehicles expenses	3,150	1,566
Other expenses	<u> 1,866</u>	<u>500</u>
	<u>326,263</u>	<u>185,766</u>



TOP TEN (10) STOCKHOLDERS AS AT MARCH 31, 2023

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	447,241,839	31.1845
	HARRINARINE MOHAN & CHANDRA JAGNARINE	75,709,548	
2.	ALBERT BAILEY	260,473,912	15.5325
3.	GK INVESTMENTS LTD	189,081,260	11.2752
4.	ANAND & JOAN JAMES	115,000,000	6.8577
5.	DAVE NARINE	97,000,000	5.7843
6.	RAVI RAMBARRAN	78,836,641	4.7012
7.	CAL'S MANUFACTURING LIMITED	35,507,483	2.1174
8.	CYRIL A. GORDON	30,038,944	1.7913
9.	VIVIENNE CLAYTON	29,324,462	1.7487
10.	CONTINENTAL BAKING COMPANY LIMITED	21,214,143	1.2650



SHAREHOLDING BY BOARD OF DIRECTORS AS AT MARCH 31, 2023

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	447,241,839	31.1845
	HARRINARINE MOHAN & CHANDRA JAGNARINE	75,709,548	
2.	ALBERT BAILEY	260,473,912	15.5324
3.	ANAND JAMES	115,000,000	6.8577
4.	STEPHEN & NSAMBI RICKETTS	11,231,899	0.6698
5.	METRY SEAGA	8,400,000	0.5009
6.	YANA SAMUELS	1,000,000	0.0596
7.	DANIELLE TERRELONGE	100,000	0.0060



SHAREHOLDING BY SENIOR MANAGERS AS AT DECEMBER 31, 2022

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	SELF - 447,241,839	31.1845
	HARRINARINE MOHAN & CHANDRA JAGNARINE	CONNECTED - 75,709,548	
2.	ALBERT BAILEY	SELF - 260,473,912	15.5324
3.	RANI-DEVI BADALOO	SELF – 0 CONENCTED – 522,951,387	31.1845
4.	TAMARA SAMMS	SELF – 246,200	0.00151
5.	VENETIA SHEPHERD	SELF – 149,700	0.00089
6.	FIONA DOWNS	SELF – 47,100	0.00028
7.	SERETA MCDONALD	SELF – 39,252	0.00018