

Salada

®

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 of the Group for the 3 months ended December 31, 2023.

	3 months December 2023	3 months December 2022	% Change
Gross Revenue	\$ 299,893,000	\$ 294,042,000	2.0%
Gross Margin (\$)	\$ 91,710,000	\$ 93,484,000	-1.9%
Gross Margin (%)	30.6%	31.8%	
Operating Profit	\$ 37,868,000	\$ 35,904,000	5.5%
Interest and Exchange Gains	\$ 3,304,000	\$ 592,000	458.1%
Profit after Tax	\$ 30,879,000	\$ 27,372,000	12.8%
EPS	\$ 0.03	\$ 0.03	13.0%

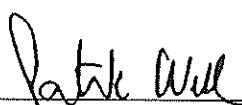
Revenue for the period grew by 2.0% to \$299.9 million up from \$294.0 million recorded in the same period in 2022. Operating Profit for the quarter closed at \$37.9 million, a 5.5% increase over the prior comparative period. The improvement in Operating Profit reflects effective cost management strategies.

Net Profit for the three months ended December 31, 2023 totalled \$30.9 million representing 12.8% growth above the corresponding quarter of the prior year (\$27.4 million). Interest and Exchange Gains increased by \$2.71 million during the period under review.

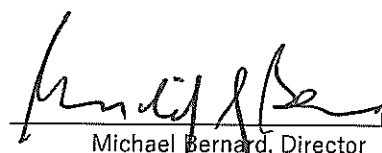
The Company declared an interim dividend of \$0.06 per stock unit, which was paid on December 15, 2023 to shareholders on record as at December 8, 2023. The payment totalled \$62.3 million.

Total Assets at the end of December 2023 were \$1.25 billion, an increase of 7.0% above the prior year. Current Assets were 9.8% or \$93.2 million higher than the position at the end of December 2022. Inventories declined by 12.6% to \$379.8 million (prior year: \$434.4 million), attributable to low raw material supply and depletion of finished goods to fulfil order obligations.

During the reporting period, the Company deepened its support for Jebb Memorial Basic School, with the hosting of a welcomed Christmas treat for the young students, as well as the provision of educator and ancillary salaries, breakfast programme, internet and pest control services. The Company also sponsored the annual Pink Run in aid of the Jamaica Reach to Recovery and their efforts to raise funds for the treatment of breast cancer in Jamaica.



Patrick Williams, Chairman



Michael Bernard, Director

Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income
For Three months ended December 31, 2023.

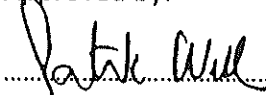
	Three Months ended	
	Dec 31 2023	Dec 31 2022
	\$'000	\$'000
Sales	299,893	294,042
Cost of Sales	(208,183)	(200,557)
Gross Profit	91,710	93,484
Other operating (loss)/income	647	326
Administrative expenses	(39,111)	(36,744)
Selling and promotional expenses	(15,377)	(21,164)
Operating profit	37,868	35,904
Net Finance income	3,304	592
Profit before taxation	41,172	36,496
Taxation	(10,293)	(9,124)
Total comprehensive income/(Loss)	30,879	27,372
Attributable to:		
Stockholders of the company	30,879	27,372
Non-controlling interest	0	0
	30,879	27,372

Salada Foods Jamaica Limited (Group)

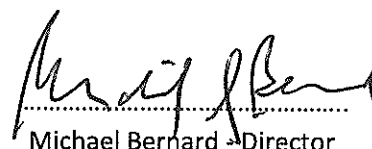
Unaudited Consolidated Statement of Financial Position December 31, 2023.

	Unaudited December 31 2023 \$'000	Unaudited December 31 2022 \$'000	Audited September 30 2023 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	114,839	118,928	115,708
Intangible assets	1,300	1,300	1,300
Investment	72,431	78,436	67,507
Deferred tax asset	16,261	17,576	16,261
	<u>204,831</u>	<u>216,240</u>	<u>200,776</u>
CURRENT ASSETS			
Cash and cash equivalents	165,332	120,257	120,756
Investments	274,740	175,824	247,219
Accounts receivable	224,712	220,994	397,823
Inventories	379,827	434,375	374,461
	<u>1,044,612</u>	<u>951,450</u>	<u>1,140,259</u>
TOTAL ASSETS	<u>1,249,443</u>	<u>1,167,690</u>	<u>1,341,035</u>
STOCKHOLDERS' EQUITY			
Share capital	73,216	73,216	73,216
Capital reserves	16,275	16,275	16,275
Retained earnings	972,342	925,905	1,003,792
	<u>1,061,833</u>	<u>1,015,396</u>	<u>1,093,283</u>
CURRENT LIABILITIES			
Accounts payable	179,815	118,053	237,227
Tax payable	7,795	34,241	10,525
	<u>187,610</u>	<u>152,294</u>	<u>247,752</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>1,249,443</u>	<u>1,167,690</u>	<u>1,341,035</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 Three Months Ended December 31, 2023.

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balances at September 30, 2023	73,216	16,275	1,003,792	1,093,283
Total comprehensive income for the period			30,879	30,879
	73,216	16,275	1,034,671	1,124,163
Dividends paid			(62,330)	(62,330)
Balances at December 31, 2023	73,216	16,275	972,342	1,061,833

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balances at September 30, 2022	73,216	16,275	960,862	1,050,353
Total comprehensive income for the period			27,372	27,372
	73,216	16,275	988,234	1,077,725
Dividends paid			(62,330)	(62,330)
Balances at December 31, 2022	73,216	16,275	925,905	1,015,395

Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Cash Flows

Period ended December 31, 2023.

	Unaudited Dec 31 2023 \$'000	Unaudited Dec 31 2022 \$'000
Cash flows from operating activities:		
Profit for the period	30,879	27,372
Adjustments for Items not involving cash:		
Depreciation	6,032	5,793
Income Tax Expense	10,293	9,124
Interest Income	(4,629)	(2,641)
	42,576	39,649
Changes in operating assets and liabilities:		
Inventories	(5,367)	40,646
Accounts receivable	169,101	31,610
Accounts payable	(57,541)	(153,990)
Cash provided by operations	148,768	(42,085)
Taxation paid or deducted at source	(13,024)	(944)
Net cash provided by operating activities	135,745	(43,029)
Cash flows from investing activities		
Investments, Net	(27,531)	71,129
Interest Received	3,856	254
Purchase of property, plant and equipment	(5,163)	(12,642)
Net subsidiary equity income	-	0
Cash provided/(used) by investing activities	(28,839)	58,740
Cash flows from Financing activities		
Interest Expense	-	-
Cash used by Financing Activities	-	-
Cash provided before dividends	106,906	15,711
Dividends paid	(62,330)	(62,330)
Increase/(decrease) in cash and cash equivalents	44,576	(46,619)
Cash and cash equivalents at beginning of period	120,756	166,876
Cash and cash equivalents at end of period	165,332	120,257

Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended December 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 December 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 December 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 December 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
Profit after Tax	30,879,000.00	27,372,000.00
EPS	<u>30,879,000.00</u>	<u>27,372,000.00</u>
	1,038,830,000.00	1,038,830,000.00
	0.03	0.03