



**Annual
Report**
2022-23



Resilience



Our

People

Promise



FAIR



RANK

I share my ideas and opinions freely and respectfully



CCOUNTABLE

I do what I say I am going to do



NTEGRITY

Honesty and trust are non-negotiable



ESULT-ORIENTED

I am proud of how much I deliver, not of how much I do

Resilience

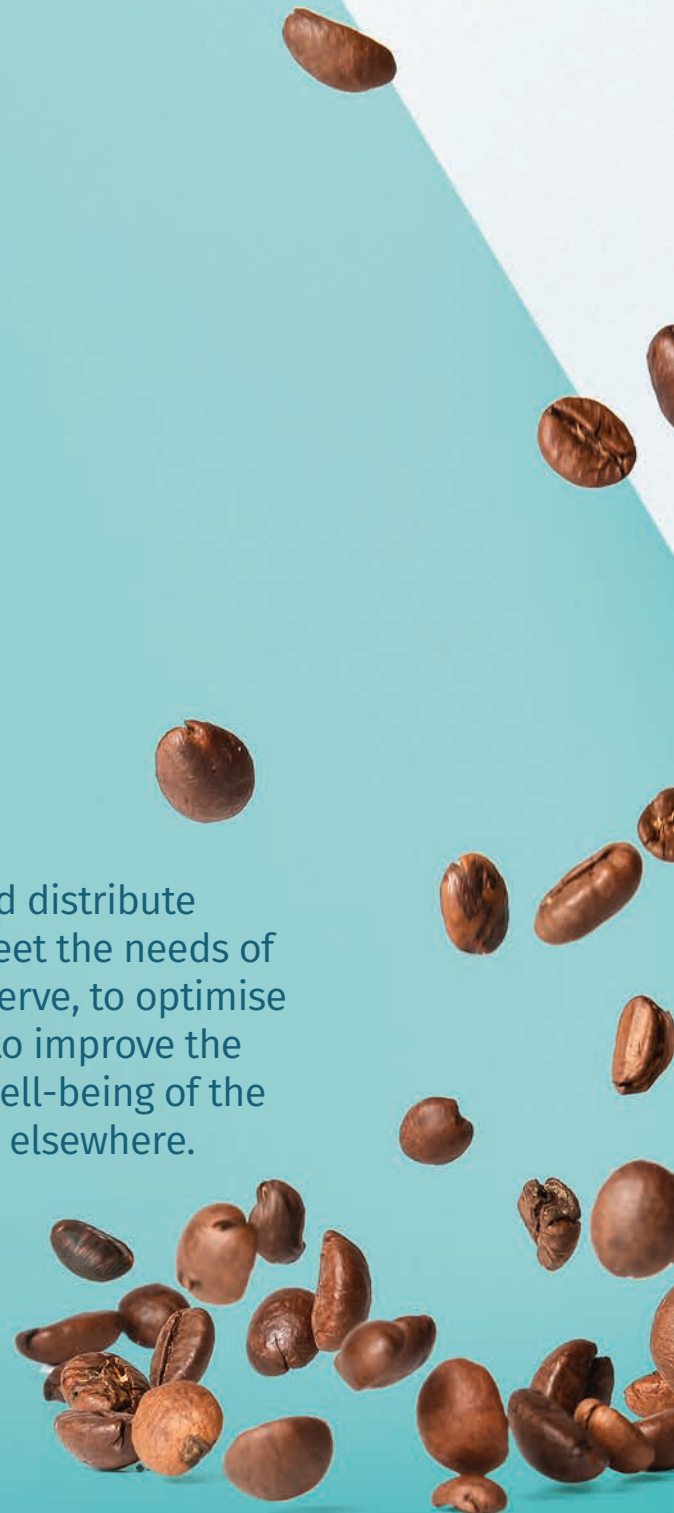


Vision

To become a beverage industry leader in Jamaica, the Caribbean and Diaspora Markets.

Our Mission

We are committed to manufacture and distribute beverages of the highest quality to meet the needs of our customers in all the markets we serve, to optimise the returns to our shareholders, and to improve the quality of life of employees and the well-being of the communities we serve in Jamaica and elsewhere.



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Notice of Annual General Meeting

NOTICE is hereby given that the Fifty-Ninth Annual General Meeting of Salada Foods Jamaica Limited will be held in person for the following purposes on **Wednesday, March 20, 2024, at 2:00p.m.** at the **Somerset Suite, Courtleigh Hotel and Suites**, 85 Knutsford Boulevard, Kingston 5.

ORDINARY BUSINESS

1. To receive the Audited Accounts for the year ended 30th September 2023 and the Report of the Auditor and Directors therein

To consider and if thought fit, pass the following ordinary resolution:

- 1.) "THAT the audited accounts for the year ended 30th of September 2023 and the report of the Directors and auditor therein BE AND ARE HEREBY received and adopted."

2. To ratify and declare dividends paid on December 16, 2022, and July 26, 2023, as final for the year ended 30th September 2023

To consider and if thought fit, pass the following ordinary resolution:

- 2.) "THAT as recommended by the Directors, the interim dividends of \$0.060 per stock unit paid on December 16, 2022, and \$0.057 per stock unit paid on July 26, 2023, BE AND ARE HEREBY ratified and declared as final and no further dividend be paid with respect to the year ended 30th September 2023."

3. Retirement and Re-election of Directors

Article 78 of the Company's Articles of Incorporation provides that the Directors have the power to appoint a director as an addition to the Board provided the number of directors does not exceed the maximum number of directors allowed under the Articles of Incorporation and such newly appointed director shall hold office only until the next following Annual General Meeting and then be eligible for re-election. The Directors have appointed **Ms. Tracy-Ann Spence** as an addition to the Board with effect December 31, 2023, until the conclusion of the next following Annual General Meeting of the Company and Ms. Spence, being eligible, offer herself up for re-election.

Article 72 of the Company's Articles of Incorporation provides that at every Annual General Meeting one-third of the directors are subject to retirement for the time being, or, if their number is not three or a multiple of three, then the number nearest to one third, shall retire from office. The Directors retiring under this Article are **Mr. Eric Stultz**, who being eligible, offer himself up for re-election.

To consider and if thought fit, pass the following resolution:

- 3.) (a) "THAT the Directors up for re-election and offering themselves for re-election be re-elected en bloc."

(b) "THAT Directors **Tracy-Ann Spence** and **Eric Stultz** be and are hereby re-elected as Directors of the Company."

4. Directors' Remuneration

To consider and if thought fit, pass the following resolution:

- 4.) "THAT the total combined remuneration of all Directors shall be determined by the Board."

5. Appointment of Auditors

Section 154 (10) of the Companies Act of Jamaica provides that the Directors may fill any casual vacancy in the office of auditor. The Company's former auditor, KPMG, having resigned from the office of auditor of the Company with effect September 19, 2023, the Directors appointed the firm of auditors CrichtonMullings & Associates to fill the vacancy with effect September 20, 2023, until the conclusion of the next Annual General Meeting at a remuneration to be agreed by the Directors.

To consider and if thought fit, pass the following resolution:

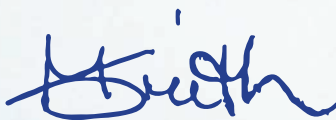
- 5.) "THAT the firm of auditors CrichtonMullings & Associates be and are hereby appointed auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed by the Directors."

NOTES

- i. A member eligible to attend and vote at a General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy, so appointed, need not be a member of the Company.
- ii. All members are entitled to attend and vote at the meeting.
- iii. The Form of Proxy can be found on the Company's website at www.saladafoodsja.com and must be downloaded, printed, completed and deposited with the Secretary, at the Registered Office of the Company not less than forty-eight hours before the time appointed for holding the meeting. The Form of Proxy must include stamp duty of \$100 which may be paid by adhesive stamps which are to be cancelled by the person signing the proxy.
- iv. The Company's Annual Report for the year ended September 30, 2023, which includes the Financial Statements, Auditor's Report and Director's Report therein, may be found on the Company's website at www.saladafoodsja.com and be downloaded therefrom or alternatively on the website of the Jamaica Stock Exchange at www.jamstockex.com.

Dated the 26th day of February 2024

BY ORDER OF THE BOARD



Michelle N. Smith
COMPANY SECRETARY

Salada®

Corporate

Data

Registered Offices

20 Bell Road,
Kingston 11,
Jamaica.



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P.O. Box 71 Kingston 11, Jamaica



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info@saladafoodsja.com



WEBSITE

www.saladafoodsja.com

AUDITORS



CrichtonMullings & Associates

Suite 27B 80 Lady Musgrave Road,
Kingston 6, Jamaica

BANKERS



National Commercial Bank

Corporate Banking Division
32 Trafalgar Road, Kingston 10

SOCIAL MEDIA



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Shareholders' Report

TOP TEN SHAREHOLDERS AS AT SEPTEMBER 30, 2023

Shareholder	Shareholdings	% Shareholding
Resource in Motion Limited	602,367,000	57.98
AIC (Jamaica) Limited	89,881,200	8.65
Donwis Limited	75,042,800	7.22
Ideal Portfolio Services Company Limited	39,513,634	3.80
Ideal Betting Co. Limited	27,553,100	2.65
Ideal Group Corporation Limited	27,260,000	2.62
Ideal Finance Corp. Limited	26,200,000	2.52
Donovan Lewis	16,774,000	1.61
Pam - Pooled Equity Fund	10,880,450	1.05
Caribbean Trust & Merchant Bank Ltd.	10,307,600	0.99
Total Top Ten Shareholdings	925,779,784	89.12
Other Minority Shareholdings	113,053,116	10.88
Total Issued Ordinary Share Capital	1,038,832,900	100.00

DIRECTORS' OWNERSHIP AS AT SEPTEMBER 30, 2023

Name of Director	Personal	Connected Parties	Shareholdings	Combined
**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 Stultz	2,720,000	-	-	2,720,000
Michelle Smith	Nil	-	-	-

SENIOR OFFICERS' OWNERSHIP AS AT SEPTEMBER 30, 2023

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

Notes:

*Joint Holdings with Director.

**CSD Account maintained with Ideal Portfolio Services Company Limited.

Resilience



Chairman's Message

Dear Fellow Shareholders,

We are very pleased to present the annual report of Salada Foods Jamaica Limited for the fiscal year ended September 30, 2023. During this fiscal year, Salada, akin to the realities of most local manufacturers, faced challenges from inflationary pressures and the escalating costs of raw materials. However, perhaps unique to Salada, was, and remains today, the evolving crisis of low and or no availability of Jamaican coffee beans, a critical raw material to produce our coffee products.

We are pleased to share that the true resilience of our Company shone through these challenges, as the Company delivered growth in revenue and net

profit to the tune of 4.8% and 2.5% respectively over the previous year. With revenue closing at \$1.4 billion, the domestic market grew by 5% and exports by 3% above the prior fiscal year. In the first quarter of the year the Board of Directors declared and paid a dividend of \$0.060 per stock unit on December 16, 2022, and in the fourth quarter of the year declared and paid a dividend of \$0.057 per stock unit on July 26, 2023.



4.8%
INCREASE
REVENUES

As Salada approaches nearly seven decades since its founding, it is important that we remain resolute in our commitment to futureproof the Company through portfolio diversification and expansion of our global footprint.

During the fiscal year, Salada introduced a non-coffee product – the Golden Turmeric Latte – under our flagship brand Jamaica Mountain Peak. The turmeric-based beverage utilizes the Company’s manufacturing competence in spray-drying without the dependence on the highly scarce raw material, namely local coffee. Indeed, portfolio diversification remains a key objective for growth and sustainability of the Company for the years ahead.

We signed on experienced distributors in St. Lucia, Antigua, and Barbados and through them successfully launched our Jamaica Mountain Peak coffee and tea product portfolio in those islands.

Also, our recent innovations of the Ginger Turmeric instant teas found an additional trade channel via e-commerce.

A lot of effort and spending was made on consumer engagement activities, and to sustain long-term brand awareness in these markets.

Looking to the year ahead, Salada continues to proactively confront the ongoing challenges of low availability of Jamaican coffee beans, required for the production of its coffee products.

The Board and Management are hopeful that its efforts to lobby the Government and

regulators, as well as our support of coffee growers to boost the quality and quantity of coffee production, will bear fruit in the short term. We are very proud of our pioneering partnership with the Jamaica Coffee Growers Association (JCGA), to launch the “*Grounds for Growth*” coffee sustainability initiative. The initiative focuses on exploring the feasibility of repurposing Salada’s manufacturing by-products into optimal organic fertilizing material to cost-effectively improve the yield of local coffee farmers.

The Company continues our mandate to be exemplary not only in manufacturing but also in our community through our various community-building outreach programmes. In 2023, we continued our engagement with the Recycling Partners of Jamaica to collect PET and HDPE plastic bottles from staff and members of the surrounding community. We deepened our support and financial commitment to the Jebb Memorial Basic School with the donation of, among other things, an eco-friendly bowling alley, which encouraged play, an essential element of early childhood development.

I would like to take this opportunity to thank my fellow Directors for your needed guidance and welcomed oversight during the year. I thank our customers, distributors, and shareholders for your loyalty and outpouring of support for the Company and its products.

On behalf of the Board, I wish to express our sincerest appreciation to the management team and staff, for their commitment, resourcefulness and resilience in a unique and challenging year.

Finally, I am proud to welcome Miss Tracy-Ann Spence who joined the Board of Directors effective December 31, 2023. An emerging star in the financial industry, we look forward to the added value and insights Miss Spence will no doubt bring to our team.

PATRICK WILLIAMS
Chairman

Resilience

Annual Report 2022-23



Year

Summary

Five Year Financial Review

Shareholder	2023	2022	2021	2020	2019
Sales Revenue \$'000	1,400,888	1,336,438	1,189,740	1,067,932	1,113,652
Cost of Sales \$ '000	975,931	924,435	828,534	772,635	752,086
Profit before Taxation \$'000	229,751	230,711	196,995	134,194	167,513
Profit after Taxation \$'000	179,770	175,416	156,826	110,485	141,367
Book Value \$'000	1,093,283	1,050,353	1,004,532	957,124	1,015,936
Cash Flow from Operations \$'000	87,703	258,707	66,838	164,809	33,727
Net Profit Attributable to Shareholders \$ '000	179,770	175,416	156,826	110,485	141,367
Dividends Paid to Shareholders \$'000	121,543	114,272	108,039	124,663	103,883
Amortization & Depreciation \$'000	26,027	26,030	23,928	22,873	26,805
EBITDA \$'000	255,778	256,741	220,923	157,067	194,318
Number of Shares '000 **	1,038,833	1,038,833	1,038,833	1,038,833	1,038,833
Share Price ****	3.86	4.29	6.52	27.78	31.65

Important Ratios

Return on Equity %	16.4%	16.7%	15.6%	12.0%	14.0%
Profit before Taxation/Sales %	16%	17%	17%	13%	15%
Profit after Taxation/Sales %	13%	13%	13%	10%	13%
Earnings per Share***	0.17	0.17	0.15	0.11	0.14
Book Value per Share**	1.05	1.01	0.97	0.92	0.98
Dividend per Share**	0.12	0.11	0.10	0.12	0.10
Dividend Growth Rate	6%	6%	-13%	20%	0%
YOY Devaluation	1.08%	4.93%	2.35%	6.75%	-0.25%
USD Exchange Rate	154.256	152.611	145.44	142.1	133.12

** Stock split of 10 shares for each share held in 2021, previous years adjusted for comparative purposes.

*** EPS adjusted in 2021, previous years adjusted for comparative purposes.

**** Share price revalued as a result of stock split in 2021.

Directors' Report

For year ending September 30, 2023

FINANCIAL STATEMENTS	2023	2022
	\$'000	\$'000
Profit before taxation	229,751	230,711
Other comprehensive profit for the year	(15,297)	(15,323)
Taxation	(49,981)	(55,295)
Net Profit	179,770	175,416
Accumulated surplus at beginning of year	1,050,353	1,004,532
Dividend	(121,543)	(114,272)
Accumulated surplus at end of year	1,093,283	1,050,353
Earnings per ordinary stock unit	0.17	0.17

The Board of Directors take pleasure in submitting their report for the year ending September 30, 2023.

The financial results for the year end are shown in the table above:

Details of the results for the year-end September 30, 2023, were approved by the Board of Directors on November 24, 2023. A comparison with the previous year is set out in the Group Statement of Comprehensive Income on page (91).

Dividends

In the fiscal first quarter the Board of Directors declared and paid a dividend of \$0.060 per stock unit on December 16, 2022, and in the fiscal fourth quarter declared and paid a dividend of \$0.057 per stock unit on July 26, 2023.

The Board of Directors recommend that the interim dividend paid on December 16, 2022 and July 26, 2023 be declared as final for the year ended September 30, 2023.

Board and Committees

There were no changes to the composition of the Board and Committees during the year under review. The composition of the Board as at September 30, 2023 is as follows:

- Mr. Patrick Williams (Chairman)
- Mrs. Kathryn Lewis-Green
- Mr. Eric Stultz
- Mr. Michael Bernard

Miss Michelle N. Smith is the Company's Corporate Secretary.

The composition of the Committees and their respective Chairmen up to and as at September 30, 2023 are on the following page.

New Appointments following the Year-end

The Board of Directors, pursuant to Article 78 of the Company's Articles of Incorporation, appointed, as an addition to the Board of Directors, a new independent non-executive Director, namely Ms. Tracy-Ann Spence, who would also serve as a member of the Audit Committee, effective December 31, 2023, up until the date of the next Annual General Meeting of Shareholders. Further, the Board of Directors appointed Mr. Michael Bernard as the new Audit Committee Chairman effective December 31, 2023.

Re-election of Directors

Pursuant to Articles 78 of the Company's Articles of Incorporation, Ms. Tracy-Ann Spence as an additional appointed Director

COMMITTEES	CHAIRMAN	MEMBERS
Audit Committee	Kathryn Lewis-Green	Kathryn Lewis-Green
		Patrick Williams
		Michael Bernard
Corporate Governance Committee	Patrick Williams	Patrick Williams
		Kathryn Lewis-Green
		Eric Stultz
Procurement Committee	Eric Stultz	Eric Stultz
		Patrick Williams

to the Board, is eligible for re-election at the next Annual General Meeting of shareholders. Pursuant to Article 72 of the Company’s Articles of Incorporation one-third of the directors subject to retirement shall retire and may be re-elected to office at every Annual General Meeting. The Directors retiring under these two Articles are therefore **Ms. Tracy-Ann Spence** and **Mr. Eric Stultz**, who being eligible both offer themselves for re-election as Directors.

Gratitude to Management & Staff

This year continued to be a challenging one for Salada but our management and staff stood up to the tests and took Salada through with success to year-end. For this the Board is very thankful and particularly would like to honor management’s leadership during the year despite the odds. The Board continues to be committed to offering guidance and support to the management of Salada.

Thanks to our Stakeholders

The Board thanks Salada’s shareholders, partners and other stakeholders who continue to support Salada and welcome their continued support.

Dated the 26th day of February 2024

BY ORDER OF THE BOARD



Michelle Smith
COMPANY SECRETARY

Resilience



ORIGINAL
JAMAICA
Mountain Peak
INSTANT COFFEE

PRODUCT OF JAMAICA

Net Wt. 170g (6 oz)

JAMAICA
Mountain Peak

Crafted to Perfection



.....
Jamaica Mountain Peak Instant Coffee
a unique blend of Jamaican goodness.
.....

  [myjamaicamountainpeak](https://www.instagram.com/myjamaicamountainpeak)



Board of Directors



PATRICK WILLIAMS

Chairman

Mr. Patrick Williams is Chairman of the Board of Salada Foods since March 2015. Mr. Williams is also the Chairman of the Corporate Governance Committee and a member of the Audit and the Procurement Committees.

In addition to his role at Salada Foods, Mr. Williams is a senior executive of the ICWI Group Limited, a leading general insurer in the English-speaking Caribbean. He also serves on several boards, which include Ideal Portfolio Services, Ideal Finance Corporation, Hardware & Lumber and the University Hospital of the West Indies Private Wing Limited (Tony Thwaites Wing).

Mr. Williams is a graduate of the Bernard M. Baruch College of the City University of New York with a Master of Business Administration in Finance and holds a Bachelor of Science degree in Anthropology and Zoology from the University of Toronto.

MICHAEL BERNARD

Director

Serving as a Director of Salada Foods for over twenty years, Mr. Michael Bernard is also the Executive Chairman of Spike Industries Limited, Chairman of Catherine's Peak Bottling Company Limited, Pioneer Manufacturing and Distribution Company Limited and One on One Educational Services Limited.

He is a Director of Hardware & Lumber Limited, Grace Kennedy General Insurance Company Limited and Sterling Investments Limited. He is a former General Manager of Jamaica Biscuit Company and former Managing Director of both the Cigarette Company of Jamaica Limited, the Agricultural Products of Jamaica Limited and Carreras Limited.

A member of Salada's Audit Committee, Mr. Bernard holds a Bachelor of Arts degree in Business Administration and Bachelor of Science degree in Forest Management from Washington State University and a Master of Business Administration from Harvard University.



KATHRYN LEWIS-GREEN

Director

Leading the Company's Audit Committee and serving as a member of the Corporate Governance Committee, Mrs. Kathryn Lewis-Green has been a Director of Salada Foods since February 2012.

Mrs. Lewis-Green is a founding partner of Lewis, Smith, Williams & Company, Attorneys-at-Law and Trademark Agents. Mrs. Lewis-Green was successfully admitted to the Jamaican bar in 2011 and holds a Bachelor of Arts degree in Political Science from McMaster University, a Bachelor of Laws degree from the University of Liverpool, a Legal Education Certificate from the Norman Manley Law School and a Master of Business Administration from the Mona School of Business, University of the West Indies.

Mrs. Lewis-Green is also a Director of the Companies Office of Jamaica as well as the Trade Board Jamaica Limited.

ERIC STULTZ

Director

Chairman of Salada's Procurement Committee and member of the Corporate Governance Committee, Mr. Eric Stultz has served as a Director of Salada Foods since January 2008. Mr. Stultz is the General Manager of Baking Enterprises Limited and has held several management roles within the National Continental Corporation since 1980.

Mr. Stultz is a proud graduate of St. George's College, offering vast knowledge and experience in productivity enhancement and operational efficiency.

Resilience

Board of Directors

Cont'd





MICHELLE SMITH

Corporate Secretary

Ms. Smith is the Corporate Secretary of the Company. Successfully admitted to the Jamaican bar in 2005, Miss Smith is the Managing Partner of the firm Lewis, Smith, Williams & Company, Attorneys-at-Law and Trademark Agents. She heads the firm's Commercial Division and Dispute Resolution Department and is a Notary Public commissioned and appointed for the island of Jamaica.

Crafted to Perfection



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Truth or Dare

The truth is, you want more...
but will you dare?

CINNAMEG • COCONUT • CARAMEL



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3 in 1
Complete

Just add Hot Water!



Corporate

Governance Report

For year ending September 30, 2023

Corporate governance is a pillar in the foundation of Salada. We therefore continue to strive to be compliant with all legal and regulatory frameworks that govern our operations and to conform to good corporate governance practices. At Salada we are also mindful of our duty to be a good corporate citizen and neighbour to the neighbouring communities, which we endeavour to improve upon yearly.

We believe at Salada that exercising good corporate governance practices does help us to maintain good and professional relations with our business partners, staff and other stakeholders thereby leading to sustainable growth for our shareholders. As such, Salada remains dedicated to maintaining and improving upon practicing good corporate governance.

Board of Directors Proceedings

In the year, which continued to be a challenging year on all fronts of operations, the Directors provided guidance, support, and oversight of management’s deliverables on the execution of some strategic plans put in place to combat some hostile socio-political and economic

conditions in the marketplace. Together with management’s unwavering commitment, the Board’s focus in the year was to ensure that Salada overcame the challenges encountered and to plan forward with those and other potential future challenges in mind.

Board Composition

In the year the Board comprised four Directors, three of whom are independent Directors, i.e. they have no substantial shareholdings in Salada and have no close relatives that are significant shareholders in Salada, and one who is non-independent. The independent Directors are Mr. Patrick Williams (Chairman), Mr. Eric Stultz and Mr. Michael Bernard. The sole non-independent Director is Mrs. Kathryn Lewis-Green. All the Directors are non-executive Directors, i.e. they are not employed by Salada or its subsidiaries. The Company’s Corporate Secretary is Miss Michelle N. Smith. To view each Board member’s profile please visit Salada’s website at www.saladafoodsja.com.

Our Directors’ skills and expertise used in their oversight of Salada’s business are depicted below.

EXPERTISE	PATRICK WILLIAMS CHAIRMAN	KATHRYN LEWIS-GREEN	ERIC STULTZ	MICHAEL BERNARD
Independent (I) / Non-Independent (NI)	I	NI	I	I
General Management	✓	✓	✓	✓
Strategic Management	✓		✓	✓
Finance & Accounting	✓	✓	✓	✓
Sales & Marketing			✓	✓
Legal		✓		
Manufacturing	✓		✓	✓
Risk Management	✓	✓	✓	✓

Board Meetings

Regular Board meetings are generally held once a month for a maximum of eleven months in a year. All other Board meetings outside the regularly scheduled Board meetings are special Board meetings. A quorum for a Board meeting is three Directors. Along with the Directors, the General Manager, Financial Controller and Corporate Secretary attend Board meetings.

There were ten regular Board meetings held in the year and one special Board meeting, making it a total of eleven Board meetings. The record of attendance at Board meetings by Directors is shown in the table below:

DIRECTORS	PATRICK WILLIAMS	KATHRYN LEWIS-GREEN	ERIC STULTZ	MICHAEL BERNARD
Record of Attendance Board Meetings	11/11	11/11	10/11	10/11

Directors' Emoluments

Directors total emoluments for the year were Eleven Million Six Hundred and Eighty Thousand Dollars (\$11,680,000).

Board and Committees Evaluation

Salada's annual evaluation of its Board of Directors and Committees' members commences after the year end. The process assesses the performance of the Directors individually and the performance of the Board and Committees collectively. The Directors and Committee members are given the opportunity to express in writing their views on the performance of the Board and the Committees in the year against the Company's mission, vision, stated objectives, and circumstances during the year, to make recommendations to the Chairman of the Board for action.

Board Committees

The Board Committees are the Audit Committee, the Corporate Governance Committee, and the Procurement Committee. Two members form a quorum at a meeting for each Committee. The

Committees' meetings are scheduled quarterly in a year or for such other agreed period in a year. Together with the members, the General Manager, Financial Controller and Corporate Secretary attend the Committees meetings. The Company's external auditor attends the last Audit Committee meeting for the year to present their audit process.

Audit Committee

The Audit Committee's role and functions include but are not limited to:

- overseeing monthly and quarterly unaudited financial reporting by management

- overseeing the annual auditing process of the Company's financials by the external auditor
- ensuring that proper accounting standards are complied with in the preparation of the Company's financials
- monitoring and ensuring that the integrity of the financials is maintained
- monitoring and ensuring that the internal controls and systems in place are suitable for containing and mitigating business risks
- reviewing and approving unaudited quarterly financials and audited financials for release on the Jamaica Stock Exchange

The Audit Committee for the year under review consisted of three members, namely Mrs. Kathryn Lewis-Green (Chairman), Mr. Michael Bernard and Mr. Patrick Williams.

AUDIT COMMITTEE MEMBERS	RECORD OF ATTENDANCE
Kathryn Lewis-Green (Chairman)	4/4
Michael Bernard	3/4
Patrick Williams	4/4
INVITEES	RECORD OF ATTENDANCE
Eric Stultz	4/4

During the year the Committee:

- continued to monitor the extent of the impact of the scarcity in local green coffee beans on production and consequently the Company’s bottom line and cash flow
- continued to monitor Government imposed cess on imported green coffee beans on the Company’s bottom line, cash flow and budget
- continued to monitor the extent of the JACRA’s regulation requirement for 30% local coffee input in the local manufacture of instant coffee on the profitability of the Company’s business
- reviewed and recommended to the Board the approval of quarterly unaudited financials and releases to shareholders
- reviewed and assessed the quarterly reports on material transactions
- reviewed and assessed quarterly report on reconciliation
- put to tender for a new external auditor of the Company and considered the offers with a view to recommending to the Board the appointment of a new external auditor
- reviewed the audited financials for year ended September 30, 2023, prepared by the new external auditor, CrichtonMullings & Associates
- assessed the external auditor’s, CrichtonMullings & Associates, efficiency and fee structure with a view to recommending them to continue as auditor for the Company

The Committee met four times in the year of which one meeting was via email round robin review and approval by Committee members. Each member’s attendance at meetings, and the attendance of a Director who is not a member but attended by invitation, are reflected in the table above.

Corporate Governance Committee

The Corporate Governance Committee’s role and functions include but are not limited to:

- ensuring that the Company’s corporate governance systems and practices are in keeping with best practices
- ensuring that the Company remains compliant with the relevant legal and regulatory framework that governs its operations
- making timely disclosure to the Company’s Stockholders/Stakeholders and other regulatory bodies
- ensuring a formal and transparent compensation/remuneration policy for Directors and Senior Management
- mediating any disputes or conflicts on the Board and with management within a timely fashion
- reviewing the Board and management performances and in consultation with the Chairman implement the recommendations
- keeping the Board and management abreast of any new best practices for good corporate governance

The main activities carried out by the Committees during this year were as follows:

- considered and approved management’s recommendation of internal and external appointments at the managerial level
- considered the Government-imposed 44% minimum wage increase and how that reflected in any staff wages requiring increase, as well as the general labour wages structure of the Company
- considered and approved management’s equitable recommendation of changes to the general labour wages structure of the Company in light of the government imposed minimum wage increase

- oversaw the Board, Committees and Directors’ Annual Performance Evaluation for the year under review

The Corporate Governance Committee for the year had three members, namely Mr. Patrick Williams (Chairman), Mrs. Kathryn Lewis-Green and Mr. Eric Stultz. The Committee met three times in the year. Each member’s attendance at meetings, and the attendance of a Director who is not a member but attended by invitation, are reflected in the table below.

Salada’s Corporate Governance Charter may be viewed on Salada’s website at www.saladafoodsja.com under tab “Investor Relations” and select tab “Corporate Governance”.

CORPORATE GOVERNANCE COMMITTEE	RECORD OF ATTENDANCE
Patrick Williams (Chairman)	3/3
Kathryn Lewis-Green	3/3
Eric Stultz	3/3
INVITEES	RECORD OF ATTENDANCE
Michael Bernard	3/3

Procurement Committee

The Procurement Committee’s role and functions include but are not limited to:

- overseeing management’s procurement of raw material and goods and machinery for the Company’s production
- overseeing the maintenance of inventory levels internally and externally as held by the Company’s distributors.
- considering and approving all critical procurement for the core operations of the Company’s business.

The considerations by the Committee during the year were as follows:

- considered and recommended to the Board for approval strategic plans for the acquisition of local coffee necessary for production of the Company’s core products

- reviewed and approved request for the procurement of coffee beans and packaging equipment

- reviewed and approved other periodic expenditure as required in accordance with the procurement policy

The Committee consists of two members, namely Mr. Eric Stultz (**Chairman**) and Mr. Patrick Williams, who together form a quorum.

In the year the Committee met three times. Each member’s attendance at the meetings, and the attendance of a Director who is not a member but attended by invitation, are reflected in the table to the right.

MEMBERS	RECORD OF ATTENDANCE
Eric Stultz (Chairman)	3/3
Patrick Williams	3/3
INVITEES	RECORD OF ATTENDANCE
Michael Bernard	3/3
Kathryn Lewis-Green	2/3

Crafted to Perfection



Brew on the Go! Jamaica Mountain Peak Double Cup offers the goodness of roasted & ground in a convenient sachet. coffee in a convenient sachet.

  [myjamaicamountainpeak](https://www.instagram.com/myjamaicamountainpeak)

**Management
Team**



TAMII BROWN
General Manager



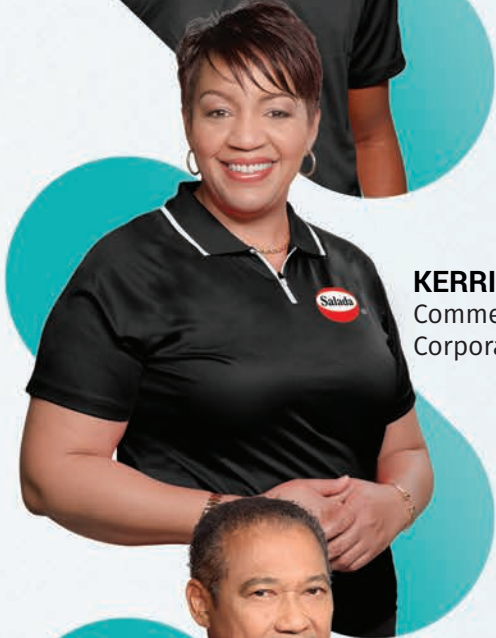
ZAYOUS HAMILTON
Financial Controller



STEPHEN LLOYD
Operations Manager



NADINE FRANCIS
Quality Assurance
Manager



KERRIAN JOHNSON
Commercial and
Corporate Affairs Manager



CHRISTOPHER LEE
Logistics Manager



LAURENCE CHIN SHUE
Plant and Special
Projects Engineer



PRODUCT OF JAMAICA
PRODUCTO DE JAMAICA

Your Every Day IMMUNITY BOOST

Tu refuerzo Inmunológico diario



Stomach Soothing
Calmante estomacal



Antioxidant
Antioxidante



Heart Healthy
Corazón sano



Pain Relief
Alivio del dolor

*Curcumin, the active ingredient in turmeric, is recognized by the National Cancer Institute (NCI) as a potent anti-carcinogen. Piperine, the active ingredient in peppers, boosts absorption in the body by up to 2,000%

*Curcumina, el ingrediente activo de la cúrcuma es reconocido por el Instituto Nacional del Cáncer (NCI) como un potente anticancerígeno. La piperina, el ingrediente activo de los pimientos, aumenta la absorción en el cuerpo hasta en un 2000 %.





Management
Discussion
& Analysis

Business Overview

Salada Foods Jamaica Limited manufactures instant coffee, teas and drink mixes for distribution in Jamaica and several international markets. The Company was incorporated in 1958, with a core manufacturing competence of spray-drying, that is the conversion of liquid extracts and concentrates to an instant powder. Salada manufactures coffees and teas under its flagship brand Jamaica Mountain Peak. Certified with Safe Quality Food (SQF) Level 2 certification, Salada is also the purveyor of choice for private labelling of instant powders for regional distributors.

Performance Summary

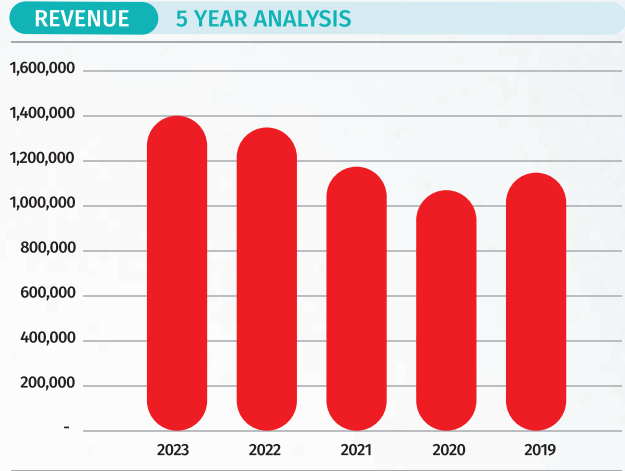


The fiscal year ended September 30, 2023, was a particularly challenging year for the Company, as we grappled with low availability of a critical raw material, Jamaican coffee beans, essential to the production of our coffee products.

The Board and Management navigated these challenges through the forging of strategic alliances with industry stakeholders and ongoing dialogue with the Government and regulatory bodies. The year's fiscal performance is a reflection of the persistence, resourcefulness and resilience of the team at Salada.

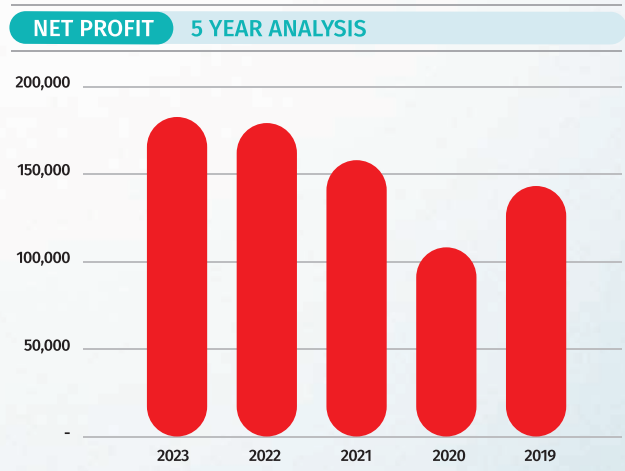
Total revenue grew to \$1.40 billion or 4.8% above the prior year (\$1.34 billion). The domestic market grew by 5% in revenue, which was propelled by increased consumption of the Company's Jamaica Mountain Peak instant coffee products in all trade channels. The efforts by our local partner, Lasco Distributors, to expand the portfolio into untapped segments have yielded successful returns. Our export markets grew by 3% driven by the gradual expansion of our footprint in Caricom. This year featured our first shipments to Caricom territories, including St. Lucia and

Antigua, as well as the fortifying of our position in Barbados with a change in distributorship to Armstrong Agencies, an experienced and well-rounded distribution agency.



Selling and administrative expenses were \$218 million, an increase of 17.9% over the previous year, primarily driven by increased staffing costs and our forward investment into brand awareness and consumer engagement activities in these Caricom markets for long-term market sustainability. As a result, operating profit decreased by 6.7% to \$209 million, compared to \$224 million in the prior year.

The Company delivered net profits of \$179.8 million, an increase of 2.5% compared to the prior year (\$175.4 million).



Resilience

Our balance sheet remains healthy and debt-free with a return on equity of 16.4% compared to 16.7% in the prior year. The Company continued our commitment to deliver shareholder value paying dividends totaling \$121.5 million, a 6.3% increase over the prior year (\$114.3 million).

Total Assets for the fiscal year stood at \$1.34 billion, which represents a marginal decline of 0.9% over the prior year (\$1.35 billion). The Company upgraded its plant and property following an annual risk assessment exercise, resulting in the installation of a new fire alarm and safety system.

Current Assets, valued at \$1.14 billion, remained relatively the same as per prior year. Cash and cash equivalent declined by \$85 million driven primarily by movements in trade receivables and inventories. Trade receivables increased by 56% to \$398 million (prior year: \$255 million). The inconsistency in raw material supplies resulted in sporadic production throughout the year peaking in the last quarter of the fiscal year to fulfill demand and several order obligations. Consequently, inventories declined by \$100 million over prior year attributable to low raw material supply. Production and sales of finished goods peaked in the final quarter to fulfil the growing demand for our products. The team continues to effectively manage working capital requirements by maintaining a positive cash flow, aided by an improved collection cycle for trade receivables and favourable liquidity ratios, in order to meet our short- and medium-term obligations.

Outlook

As we look forward, we remain cautiously optimistic about the future of the Company. We remain resolute in the drive to grow the Company sustainably via the expansion of our global footprint and market-driven portfolio diversification. Our expansion efforts into new territories stem not only from distribution of our own product brands but also through strategic partnerships with leading regional distributors offering them world-class quality products that are locally produced.

Our annual and unannounced quality audit with international auditors for our Safe Quality Foods Level 2 recertification resulted in another Excellent rating, which is a testament to our routinization of international best practices in our beverage manufacturing.

On the heels of the successful introduction of the Coconut Cappuccino and Caramel 3-in-1 coffee mixes in 2022, the Company innovated a non-coffee product – the Golden Turmeric Latte during the year under review. Sourced from local turmeric farmers, the turmeric-based beverage utilizes our core manufacturing competence in spray-drying without the dependence on the scarce raw material, Jamaican coffee beans.

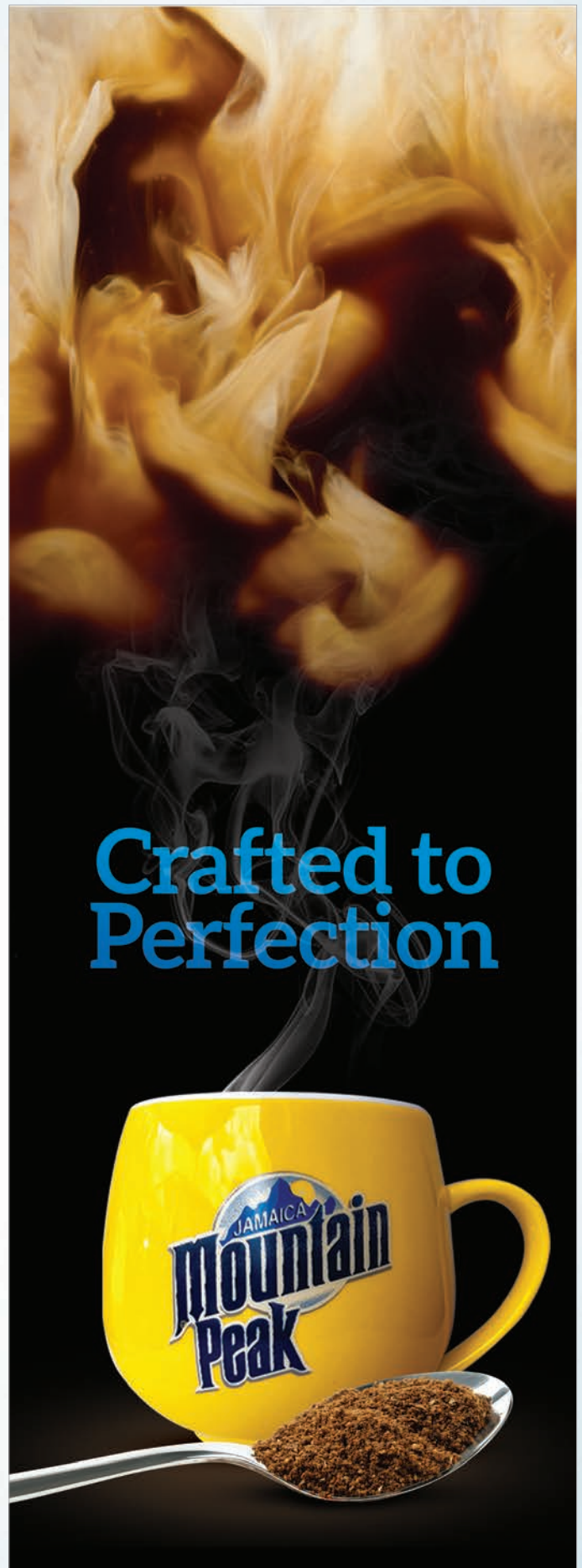


Noting the chronic inconsistency in supply of Jamaican coffee, the Company has proactively confronted the issue. Under a pioneering partnership with the Jamaica Coffee Growers Association (JCGA), the Company launched the “Grounds for Growth” coffee sustainability initiative. The initiative focuses on exploring the feasibility of repurposing Salada’s manufacturing by-products into optimal organic fertilizing material to cost-effectively improve the quality and quantity yield of local coffee farmers. The Board and Management are also optimistic that its sustained efforts to lobby the Government and regulators, as well as these innovative strategies geared towards boosting the quality and quantity of coffee production, will bear fruit in the short term.

The Company is truly grateful for a dedicated and resilient team for delivering another year of growth and profitability even amidst a particularly challenging fiscal year. We look forward to a new year marked by further innovation, regional expansion and operational efficiency aligned to the Company’s strategic objectives.



Tamii Brown
General Manager





Innovation

Successful innovation starts
with a customer need.

- Michael Dell

Our thirst for consumer-driven innovation continues to position the Company to effectively navigate a dynamic market and opens opportunities for growth and expansion in both existing and emerging markets.

With all new innovative endeavours at Salada, our customers' needs and desires are at the forefront. International market trends largely influence our product development cycle to ensure that Salada remains relevant and a major industry player regionally & internationally.

As a result, we are pleased to introduce our newest member to the Salada portfolio – the Jamaica Mountain Peak Turmeric Latte.

This deliciously indulgent latte is a beautiful blend of healthy ingredients with just enough sweet and creaminess to create a new and exciting addition to the growing latte trend.

Our instant JMP Turmeric Latte with Pumpkin Spice is the only offering of its kind in Jamaica and will add needed dynamism to the beverage category.

Our tagline says it all: *“Latte with a Twist”* a treat that’s good for you and tastes great! The *“twist”* makes this yummy delight appealing to all ages and will be available in an easy-to-use 3-in-1 formulation. Just add water to this convenient 24g sachet and prepare for your tastebuds to be tantalized!

Versatility & Endless Options

Our JMP Turmeric Latte offers our customers a wide array of uses other than just a hot beverage. The Turmeric Latte can be enjoyed cold and also used in cooking and in baking. Great options include parfaits, cupcakes, smoothies – the possibilities are endless!



NEW

Latte

with a twist



You don't always find a treat that's good for you and tastes great.

The pleasure is all yours...
Take home a pack today!

#TheLatteForThat



SCAN
FOR WAYS TO USE

  myjamaicamountainpeak

Why drink our new JMP Turmeric Latte with Pumpkin Spice?

1. It tastes great! The Turmeric Latte is a creamy beverage flavoured with pumpkin spice, a very popular and well-loved flavour locally and internationally.
2. Turmeric is a known anti-inflammatory ingredient and powerful antioxidant.
3. Turmeric is also known as an immunity booster as evidenced with our familiar Ginger Turmeric teas.
4. The magical combination of Turmeric and a sweet creamy base, makes it delectable for even the most discerning palates.
5. When consumed at night, turmeric milk is reputed to help the body by rejuvenating and accelerating recovery. Just another great reason to give it a try.

So, we invite you to relax, take a break and indulge in our yummy JMP Turmeric Latte with Pumpkin Spice. It will be available in all major supermarkets, wholesales and shops throughout Jamaica, the Caribbean and North American Diaspora.



Dem say, a dat dem really want,
 Latte, with a twist to make you flout,
 Turmeric, packed with pumpkin spice,
 Gee-Wee, flava wid delight,
 It really, really nice,
 Mi affi say it twice!!!!



Resilience



Export

Highlights

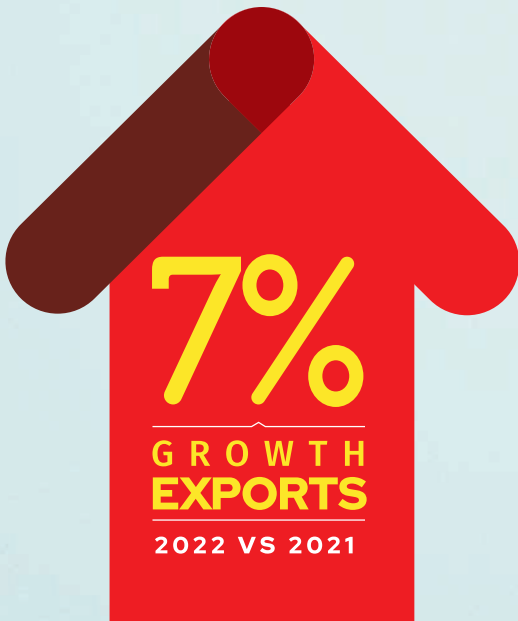
Salada Foods continues its mandate to grow the business through expansion of our global footprint.



3%

OVERALL GROWTH EXPORTS

2023 VS. 2022



7%

GROWTH EXPORTS

2022 VS 2021

EXPANSION OF OUR DISTRIBUTION FOOTPRINT

To facilitate our goals of expansion in the Caribbean, two new distributors have been added to the Salada distribution network: Adassa Distributors in St. Lucia and Frank. B. Armstrong in Antigua & Barbuda.

CHANGE OF DISTRIBUTOR

In 2023, Salada transferred distributorship in Barbados to Armstrong Agencies. The full portfolio of products under Salada's flagship brand Jamaica Mountain Peak are now available in the Barbadian market. All new distribution companies bring a wealth of experience and knowledge of the FMCG Industry and command respect in their respective countries.



Adassa Distributors Ltd

Resilience

FLAVOURED COFFEE EXPORT



Our 2022 product innovation – Flavoured Instant Coffees – entered the coffee category to great reviews and has become a permanent fixture in the hot beverage aisles. The success of the JMP 3-in-1 flavoured coffees in the local market spurred our confidence to introduce the products to the regional and international markets in 2023. The three variants - Coconut Cappuccino, Caramel and Cinnamon - are now available in the United States, Canada, Antigua, Barbados, St. Lucia, Cayman.



FLAVOURED COFFEE HIGHLIGHTS



Our Antiguan distributor, FB Armstrong, conducting sampling activations for the flavoured coffees across St. John's, Antigua.



Our St. Lucian distributor, Adassa Distributors, conducting sampling activations across Castries, St. Lucia.



Resilience



BARBADOS

Through our distributors in Barbados, Armstrong Agencies, our Flavoured coffees have pride of place in the key stores.



Crafted to Perfection



Jamaica Mountain Peak Instant Coffee
a unique blend of Jamaican goodness.



myjamaicamountainpeak

JAMAICA
Mountain Peak Ginger Tea

DIRECT
 X **GINGER**



NEW LOOK
 Some great taste!

That unmistakable punch of Jamaican flavour you know so well. Real ginger is not only great served as a hot cup of health, but it adds an excellent zing to drinks, sauces and desserts.



HOT



COLD



SEASONING



@myjamaicamountainpeak



Marketing
Highlights

MARKETING ACTIVATIONS

Salada Foods, under its Jamaica Mountain Peak Brand, continued its commitment to brand building, customer engagement and building strategic alliances in the Jamaican market. Below are the highlights of some of the key moments of 2023.



JAMAICA OBSERVER FOOD AWARDS

Salada Foods was nominated for “Best New Local Product” with our Flavoured coffees - the Coconut Cappuccino and Caramel 3-in-1 coffee mixes at the prestigious Jamaica Observer Food Awards.

Showcasing the Flavoured Coffee line’s versatility, our guest mixologist created three signature coffee cocktails: Caramel Crunch, Coconut Cappuccino Cheesecake and Cinnamon Hot Shot.



Our guest mixologist mixing up delectable flavoured coffee concoctions.



Our Salada Promotions team striking a pose at our booth at the Food Awards.



Our guests enjoyed the creative flavoured coffee cocktails.

Resilience

Annual Report 2022-23



Our Commercial and Corporate Affairs Manager Kerrian Johnson shared tidbits on the versatility of the new Jamaica Mountain Peak line extensions - Coconut Cappuccino and Caramel 3-in-1 coffee. The products were lovingly innovated by Salada to thrill the tastebuds of our consumers and exceed all expectations.



JAMAICA BLUE MOUNTAIN COFFEE FESTIVAL

Salada Foods was proud to participate in the 6th staging of the Jamaica Blue Mountain Coffee Festival. It was a one-of-a-kind experience that celebrates COFFEE, CULTURE and COMMUNITY and Salada showcased its entire product range with the patrons at the event. Our featured offerings were iced coffees made with our recently launched Flavoured Coffees.



[L-R]: Minister of Industry, Investment and Commerce, Senator the Hon. Aubyn Hill, General Manager, Salada Foods, Tamii Brown & the Tourism Minister, Hon. Edmund Bartlett tasting Jamaica Mountain Peak Coffee.



A patron samples the JMP coffee drinks at the coffee festival.



Projects Manager Deshauna Wheeler, Lasco Distributors [distribution partners of Salada Foods] gifts a patron with a JMP basket.



Our younger patrons are all smiles with our flavoured coffee mixes at the Jamaica Blue Mountain Coffee Festival.

EARTH HOUR

Earth Hour is a worldwide movement organized by the World Wildlife Fund. The event is held annually, encouraging individuals, communities, and businesses to turn off non-essential electric lights, for one hour from 8:30 to 9:30 p.m., usually on the last Saturday of March, as a symbol of commitment to the planet.

The 2023 theme was *“The Biggest Hour for Earth”* and Salada Foods was proud to be associated with a festival that aligns with our thrust for clean and healthy living, sustainability and preservation. Below are highlights.



Patrons enjoying the Jamaica Mountain Peak Coffee products at Earth Hour.



Patrons enjoying the live performances while sipping on Jamaica Mountain Peak Coffee.



Conserve electricity and chill. Everyone enjoyed comfort beverages and live music at Earth Hour.

BOO AT THE ZOO

The Jamaica Mountain Peak team got into character and embraced our fun side at our first time exhibiting at Boo at the Zoo. The JMP team created spooktacular cocktails such as Ginger Pineapple Lemonade, Caramel Frappuccino & Golden Turmeric Latte and they were loved by adults and children alike. Highlights are below.



The kids loved the spooky creations we made with our Ginger Turmeric teas at the JMP booth at Boo at the Zoo.



The Jamaica Mountain Peak booth at Boo at the Zoo.



Patrons at the Jamaica Mountain Peak booth enjoying prizes galore at Boo at the Zoo.



The Jamaica Mountain Peak team understood the assignment and were all costumed out at Boo at the Zoo.

KINGSTON KITCHEN

A showcase of Jamaica’s finest culinary talent and the best food manufacturers, large, medium and small all converge at the staging of Kingston Kitchen. This year’s staging was Salada’s first participation at the event and we enjoyed it with our patrons.

Our mixologist crafted a unique and versatile way to consume our Ginger Turmeric Tea as a Ginger Turmeric Mojito. We also showcased carrot cake made with our JMP Ginger Tea showcasing the Ver-Sa-Ti-Li-TEA of Jamaica Mountain Peak instant teas.



A patron sampling our Ginger Turmeric Mojito at Kingston Kitchen.



Patrons posing after winning JMP goodies at Kingston Kitchen.



Our dedicated team representing Team Salada/JMP at Kingston Kitchen.

GLAM HUB

Jamaica Mountain Peak has been a long standing sponsor of Carnival Glam Hub and continues to support this lively event. Carnival Glam Hub, is the ultimate destination for Carnival makeup, hair, and photoshoots in the Caribbean and Jamaica Mountain Peak ensures that patrons, artists and all involved are powered up with coffee treats from 3 a.m. on Carnival morning. Talk about dedication - We love to engage with our consumers!



Our JMP Coffee shooters were just the wake-up call that our patrons needed to go on the Carnival Road March.



All smiles and fun with a burst of energy from our flavoured coffees at Glam Hub 2023.



As bright and cheerful as our caramel flavoured coffee at Glam Hub 2023.

OUR STRATEGIC PARTNERSHIPS

COURTS ROAD SHOWS

Salada Foods partnered with Courts Jamaica Limited to do a series of road shows across Jamaica. Patrons were able to benefit from deals and specials by both Salada and Courts and sample amazing products. Salada joined Courts on the road for the entire 2023 calendar year.



“Fancy Cat” of “Ity & Fancy Cat” presents a Jamaica Mountain Peak gift basket to a lucky customer at the Courts Road Show.



Marketing Coordinator, Salada Foods, Kerrine Tulloch greets Hon. Audley Shaw CD, MP, Minister of Transport and Mining at the Courts Road Show.



Marketing Coordinator, Salada Foods, Kerrine Tulloch presents a gift basket to a lucky customer at the Courts Road Show.



“Ity” of “Ity & Fancy Cat” presents a Jamaica Mountain Peak gift basket to a lucky customer at the Courts Road Show.

Grounds for Growth

Salada Foods is committed to driving innovation and sustainability within Jamaica's coffee industry. Through our partnership with the Jamaica Coffee Growers Association (JCGA), the Grounds for Growth Initiative focused on repurposing manufacturing by-products into optimal organic fertilising material was established.

As one of Jamaica's largest coffee processing plants, Salada Foods recognises the importance of supporting coffee farmers in overcoming obstacles. By way of innovation, collaboration, and action, Salada has explored approaches to optimise coffee cultivation and enrich the entire coffee value chain.



Organic Farmer and Jamaica Coffee Growers Association (JCGA) Vice President Dorienne Rowan-Campbell and Tamii Brown carefully inspect coffee plants in Cedar Valley, St Thomas during the Workshop.

In March 2023, Salada Foods and the JCGA, creatively and successfully launched the initiative with a series of hands-on workshops on coffee farms. The group of local small farmers participated in interactive demonstrations on sustainable farming practices such as composting with spent coffee grounds and uncovered ways in which it harmonises with nature, fosters resilience and positively impacts yields.



Dorienne Rowan-Campbell and Coffee Farmer Claudine Walker examine a branch at the Workshop in Cedar Valley, St Thomas.

By leveraging the symbiotic relationship between growing, harvesting and processing coffee, Salada Foods and its partners in the initiative are strategically navigating the challenges of low supply of the beloved agricultural product and crafted a greener more sustainable coffee industry.

To facilitate the Grounds for Growth initiative Salada engages in additional activities including drying, bagging and delivery of the organic fertiliser which farmers can ethically and cost-effectively substitute imported chemical fertilisers.



Small farmer Kemar O'Connor adds spent coffee grounds donated by Salada Foods to an organic compost on a farm in Cedar Valley, St Thomas during the Grounds for Growth Workshop.

Ladies' EXPO



Patrons enjoy our Ginger Tea during our Ginger in the Tropics Promotions at the annual Ladies' Expo.



THE FITTEST TEAM IN MANUFACTURING!

Team Salada has a long tradition of participating in running events. Team Salada is known for showing up in our colours and numbers ready to run or walk in quarterly 5K events as a wellness initiative within the Company. The camaraderie among our team members facilitates a healthy working environment. Highlights are below.

BEST DRESSED 5K RUN



Salada Team Members pose for the camera.



Salada's Management Team always support and show up at the team 5Ks. L-R: Tamii Brown (General Manager), Stephen Lloyd (Operations Manager), Nadine Francis (Quality Assurance Manager) and Kerrian Johnson (Commercial & Corporate Affairs Manager).



Patrons celebrating their photo finish with a Jamaica Mountain Peak Coffee.



ICWI PINK RUN



Team Salada out in their numbers for the ICWI Pink Run.



JAMAICA MOUNTAIN PEAK IN THE DIASPORA

Our efforts to build a loved and trusted Jamaican brand within the Diaspora continues. With the addition of 3 new distributors in St. Lucia, Antigua and Barbados and renewed focus in our North American and Canadian markets, the Jamaica Mountain Peak brand is poised for substantial growth in 2024 and beyond. Below are highlights from the markets.



Patrons at the Golf Classic in Antigua were introduced to the Jamaica Mountain Peak portfolio of products.



Patrons at the PINK PARTY in Antigua were treated to the Jamaica Mountain Peak portfolio of products.

Resilience

Annual Report 2022-23



ST. LUCIA



Promotions at Carnival Party in St. Lucia.



Patrons at CPJ St. Lucia sample the wide product range from Jamaica Mountain Peak.



NEW YORK



Visitors at the Bellevue Hospital Annual Cultural Diversity Event in New York were delighted with teas and coffees from Jamaica Mountain Peak.



Our customers received an immune-boosting treat with our Jamaica Mountain Peak Ginger Turmeric teas. Promotions were held across Miami at all major retail chains and independents. The promotion not only highlighted the JMP line of teas but promoted its versatility in being able to make smoothies, iced teas pastries, soups and even to spice up ice cream! Highlights are below.





Patrons enjoy our JMP Ginger Turmeric teas during our “Flu Shot” promotions all across the greater Toronto area (GTA). The promotion was aimed at increasing brand awareness and the immunity boosting benefits of our JMP Ginger Turmeric Teas.

STAFF ENGAGEMENT

At Salada, we love theme days! Throughout the year, Team Salada celebrated as a team fostering camaraderie, fellowship and workplace harmony.

VALENTINE'S DAY



It was all about love during our Valentines' Day celebrations!



TWIN DAY



They say great minds think alike.

**PINK DAY:
BREAST CANCER AWARENESS**



In celebration of Breast Cancer Awareness Month, Team Salada showed up in their colours in support of the very worthy cause.

JAMAICA DAY



A proudly Jamaican company brimmed with patriotism and National pride in August.

Resilience

CHAMPS DAY



Team Salada in full Champs mode.

SALADA STAFF PARTY



Our team members showcased their talents and celebrated the end of a successful fiscal year.





Resilience



**TAKE
A PEAK**



**A CUP
FOR
EVERYONE!**



Corporate

Social Responsibility

COMMUNITY OUTREACH

This year we continued our mandate to be exemplary not only in manufacturing but also in our community through our various community-building outreach programmes. Below are highlights of our community engagements over the year.

Reading “*When the Sun and the Moon Ran Away*” by Maizle Goulbourne, Salada Foods General Manager Tamii Brown captured the full attention of the students of Jebb Memorial Basic School.



FROM WASTE TO PLAY

Playing our part in teaching the young ones about recycling.



Along with our digital partners at Esirom, we were thrilled to donate and unveil an amazing upcycled plastic bowling alley to Jebb Memorial Basic School. Discarded plastic was transformed into a fun-filled, eco-friendly gaming experience for the children.

Integrating sustainability into play opens the conversation and makes it easier for children, at such an impressionable age, to learn about how they play a pivotal role in conservation.



TEACHERS' DAY AT JEBB BASIC SCHOOL

The teachers and children at Jebb Basic school have been a special part of the Salada family for many years and we celebrated them at our Teachers' Day celebrations. See some highlights below.



Resilience

OUR PARTNERSHIP WITH OUR JCF NEIGHBOURS CONTINUES...



Salada Foods and the JCF Hunt's Bay Division continue to build from strength to strength and Salada partners with their community initiatives. Salada was recognized by the JCF team for our outstanding contribution to their community programs.

JAMAICA REACH TO RECOVERY



Salada Foods continues its ongoing support to the Jamaica Reach to Recovery in its efforts to fight Breast Cancer in Jamaica. Salada donated \$250,000 to the cause in addition to support of their annual Pink Run, for an overall total donation of \$500,000.

Crafted to Perfection

Jamaica
Mountain Peak
Coffee Beans
Roasted to
Perfection.



  [myjamaicamountainpeak](https://www.instagram.com/myjamaicamountainpeak)



Training &

Development

Earthquake Awareness

We took the opportunity to combat natural disasters in the best way, via education. Through a series of Salada Sip & Learn sessions, the team revisited disaster drills which helped increase awareness, improved our disaster response times and reduced anxiety levels.



Crafted to Perfection

What can you expect when you sip on a cup from Salada Foods?

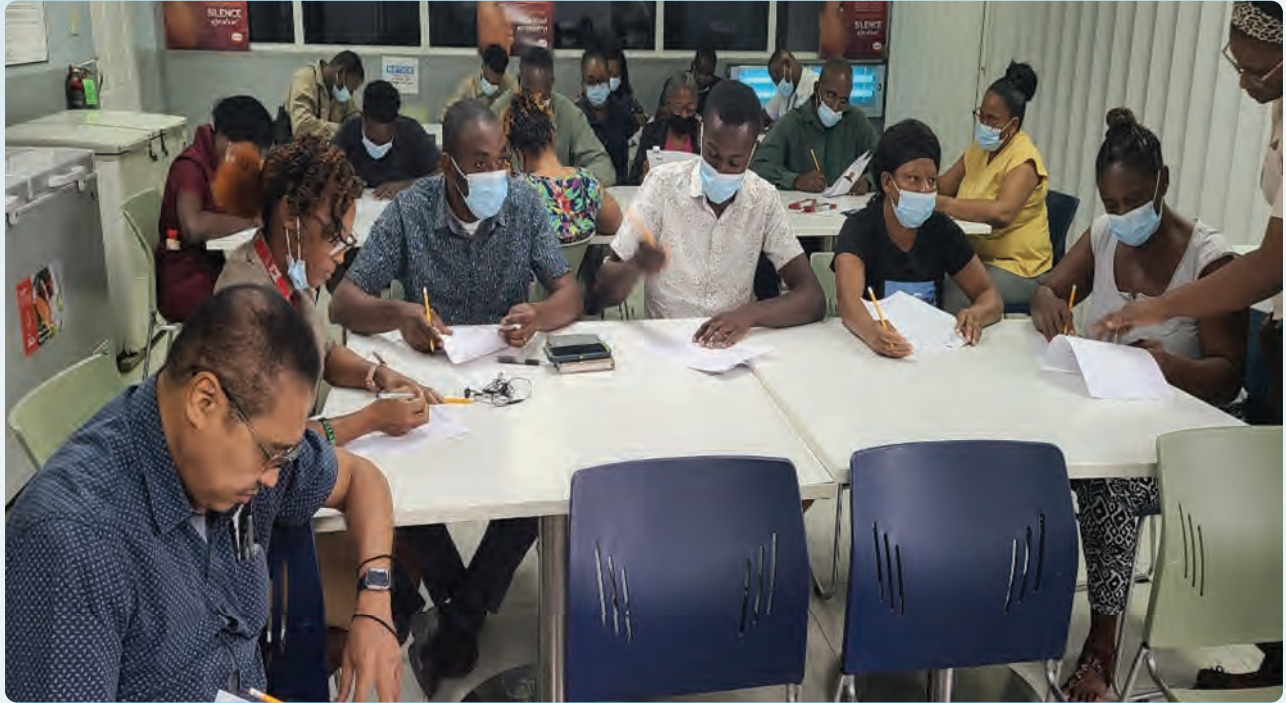
Pure Delight!

In 2023, Salada fortified its team with the addition of eight (8) certified cuppers. In the coffee industry, cupping is a critical exercise to maintain the quality and flavour profile of each cup of coffee. Undergoing a rigorous eight-week programme, curated by industry regulators at Jamaica Agricultural Commodities Regulatory Authority (JACRA), Salada remains resolute in its objective to delight the tastebuds of our consumers.



Food Handlers' Clinic

At Salada, safety is everyone's business! All team members are required to maintain a valid food handlers' permit. Participants listened keenly to instructions from Ministry of Health & Wellness representatives prior to being assessed.



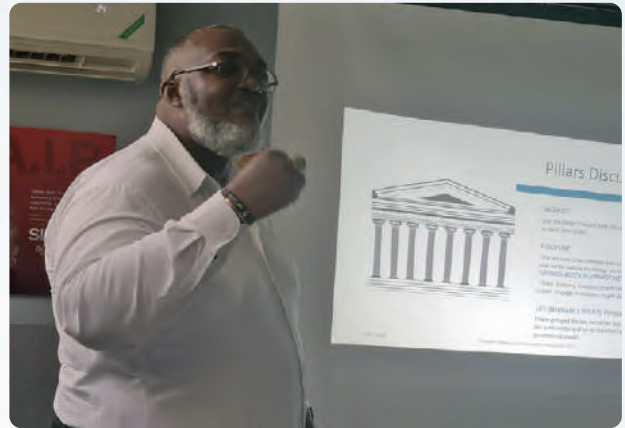
Risk Management Training

Operating in a dynamic industry requires strategic thinking and resourceful problem-solving. Members of Salada's supervisory and management teams enjoy a light moment as they strategize on solutions to navigate the scenarios presented by the Risk Management facilitator.



Financial & Retirement Planning

It is never too early or late to start financial prudence and retirement planning. During a Salada Sip & Learn session, our Financial Controller shared fundamental techniques to saving, budgeting and preparing for the years ahead.



First Aid Training

Knowing what to do in the event of an emergency can be game-changing. Our team of first aiders were retrained with critical and practical information courtesy of the qualified trainers at Red Cross Jamaica.





ARE YOU GOAL ORIENTED AND A
CREATIVE SPIRIT?

YOU'RE THE
COCONUT
CAPPUCCINO
LOVER



Coffee, Creamer
& Sugar Contient
du Café, de la crème
et du sucre



Net Wt. 24g (0.85oz)



Audited

Financial Statements

September 30, 2023

82-89

Independent Auditor's Report to the Shareholders

Financial Statements

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- 94-128** Notes to the Financial Statements

Leary Mullings
FCA, CPA, MBA
Senior Partner

Rohan Crichton
FCA, CPA MActg
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INDEPENDENT AUDITOR'S REPORT

To the Members of

SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the consolidated financial statements and the separate financial statements give a true and fair view of the consolidated financial position of Salada Foods Jamaica Limited (the "Company") and its subsidiaries (together the "Group") and the separate financial position of the Company as at September 30, 2023 and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

What we have audited

The Group's consolidated and separate financial statement comprise:

- the consolidated and separate statements of financial position as at September 30, 2023;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected Credit Losses on Trade Receivables

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group is required to recognise expected credit losses (ECL) on trade receivables, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information.</p> <p>The risk of material misstatement increases as significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations.</p>	<p>Our audit procedures in response to this matter included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the model used by management for the calculation of expected credit losses on trade receivables. • Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records on a sample basis. • Reviewing the ECL model to assess appropriateness of the group's impairment methodology, management's assumptions and compliance with the requirements of <i>IFRS 9, Financial Instruments</i>. • Evaluating the appropriateness of The economic parameters including the use of forward looking information. • Testing the accuracy of the ECL calculation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (Continued)

1. Expected Credit Losses on Trade Receivables (continued)

<i>Key Audit Matter (continued)</i>	<i>How the matter was addressed in our audit (continued)</i>
	<p>Our audit procedures in response to this matter included (continued):</p> <ul style="list-style-type: none"> • Testing the recording and ageing of trade receivables. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9 <i>Financial Instruments</i>.

2. Inventory costing

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group's inventory includes finished goods and work-in-progress, which consist of raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. The determination of other direct costs and proportion of related production overheads allocated to finished goods and work-in-progress requires significant judgements.</p> <p>Due to the materiality of inventory and the judgement involved in allocating overheads, we considered this to be a key audit matter.</p>	<p>In this area, our audit procedures included:</p> <ul style="list-style-type: none"> • Testing controls over management review and recording of inventory costing. • Testing a sample of inventory items to assess whether all elements of costs have been accurately input into the costing calculations including testing the basis and calculation of labour and overheads absorbed; and agreeing the cost of raw materials and packaging inventories to supporting records e.g. suppliers invoices.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (Continued)

3. *Inventory valuation*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group holds an inventory of green beans purchased under a project in 2019. There is a risk that if not properly stored and a market is not available for sale/usage, then the product may be impaired.</p>	<p>In this area, our audit procedures included:</p> <ul style="list-style-type: none"> • Obtained an understanding of management’s inventory provisioning policy. • Attended and observed the annual inventory count at year end. Assessed the identification of obsolete and damaged items. Also, selected a sample of items for testing and agreeing count quantities to supporting records and assessed the conditions under which inventory including processed green beans are stored. • Review management impairment assessment of inventories by comparing the recent sale price to carrying cost and assessed management’s assumptions with respect to the type and age of inventory items based on both historical and current sales records to estimate utilisation of green beans in current production and proposed future production.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7 to 8, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Leary Mullings.

Crichton Mullings & Assoc.
CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
November 29, 2023

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Appendix to the Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Appendix to the Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SALADA FOODS JAMAICA LIMITED

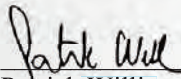
Consolidated and Separate Statements of Financial Position

September 30, 2023

(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	115,708	112,054	111,851	108,223
Intangible asset	5	1,300	1,300	1,300	1,300
Investment in subsidiary companies	6(a)	-	-	881	881
Investments	7	67,507	82,804	67,507	82,804
Deferred tax asset	8	16,261	17,576	16,261	17,576
		<u>200,776</u>	<u>213,734</u>	<u>197,800</u>	<u>210,784</u>
CURRENT ASSETS					
Cash and cash equivalents	9	81,819	166,876	81,819	166,876
Investments	7	286,156	242,585	286,156	242,585
Trade and other receivables, net	10	397,823	254,740	397,823	254,585
Inventories, net	11	374,461	475,021	374,461	475,021
		<u>1,140,259</u>	<u>1,139,222</u>	<u>1,140,259</u>	<u>1,139,067</u>
TOTAL ASSETS		<u>1,341,035</u>	<u>1,352,956</u>	<u>1,338,059</u>	<u>1,349,851</u>
STOCKHOLDERS' EQUITY					
Share capital	12	73,216	73,216	73,216	73,216
Capital reserves	13	16,275	16,275	6,543	6,543
Retained earnings		1,003,792	960,862	1,010,419	967,489
		<u>1,093,283</u>	<u>1,050,353</u>	<u>1,090,178</u>	<u>1,047,248</u>
CURRENT LIABILITIES					
Trade and other payables	14	237,227	272,043	237,356	272,043
Taxation payable		10,525	30,560	10,525	30,560
		<u>247,752</u>	<u>302,603</u>	<u>247,881</u>	<u>302,603</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		<u>1,341,035</u>	<u>1,352,956</u>	<u>1,338,059</u>	<u>1,349,851</u>

The financial statements on pages 9 to 47 were approved for issue by the Board of Directors on November 29, 2023 and signed on its behalf by:


Patrick Williams Chairman


Kathryn Lewis-Green Director

The accompanying notes form an integral part of the financial statements.

SALADA FOODS JAMAICA LIMITED

Consolidated and Separate Statements of Comprehensive Income
Year ended September 30, 2023

(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue	15	1,400,888	1,336,438	1,400,888	1,336,438
Cost of sales	16(a)	(975,931)	(924,435)	(975,931)	(924,435)
Gross profit		424,957	412,003	424,957	412,003
Other income		2,070	746	2,070	746
Selling and promotion expenses	16(b)	(67,219)	(51,864)	(67,219)	(51,864)
Administrative expenses	16(c)	(150,768)	(133,005)	(150,768)	(133,005)
Impairment losses on trade receivables, net		-	(3,921)	-	(3,921)
Operating profit		209,040	223,959	209,040	223,959
Finance income	17	21,444	7,981	21,444	7,981
Finance costs	17	(733)	(1,229)	(733)	(1,229)
Net finance income	17	20,711	6,752	20,711	6,752
Profit before taxation		229,751	230,711	229,751	230,711
Taxation	18	(49,981)	(55,295)	(49,981)	(55,295)
Profit for the year		179,770	175,416	179,770	175,416
Other comprehensive loss:					
Items that will not be reclassified to profit or loss:					
Equity investments at FVOCI - net change in fair value		(15,297)	(15,323)	(15,297)	(15,323)
Total comprehensive income for the year		164,473	160,093	164,473	160,093
Earnings per share:					
Earnings per ordinary stock unit	20	0.17	0.17	0.17	0.17

The accompanying notes form an integral part of the financial statements.

SALADA FOODS JAMAICA LIMITED

Consolidated and Separate Statements of Changes in Equity
Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

	Group			
	Share capital (note 12) \$'000	Capital reserves (note 13) \$'000	Retained earnings \$'000	Total \$'000
Balances at September 30, 2021	73,216	16,275	915,041	1,004,532
Profit for the year	-		175,416	175,416
Other comprehensive loss for the year	-	-	(15,323)	(15,323)
Total comprehensive income	-	-	160,093	160,093
Transactions with owners of the company:				
Dividends (note 12)	-	-	(114,272)	(114,272)
Balances at September 30, 2022	73,216	16,275	960,862	1,050,353
Profit for the year	-	-	179,770	179,770
Other comprehensive loss for the year	-	-	(15,297)	(15,297)
Total comprehensive income	-	-	164,473	164,473
Transactions with owners of the company:	-	-	(121,543)	(121,543)
Dividends (note 12)	-	-	-	-
Balances at September 30, 2023	73,216	16,275	1,003,792	1,093,283
Retained in the financial statements of:				
The company	73,216	6,543	1,003,792	1,083,551
The subsidiaries	-	9,732	-	9,732
Balances at September 30, 2023	73,216	16,275	1,003,792	1,093,283
	Company			
	Share capital (note 12) \$'000	Capital reserves (note 13) \$'000	Retained earnings \$'000	Total \$'000
Balances at September 30, 2021	73,216	6,543	868,177	947,936
Profit for the year	-	-	175,416	175,416
Other comprehensive loss for the year	-	-	(15,323)	(15,323)
Transactions with owners of the company:	73,216	6,543	1,028,270	1,108,029
Dividend (note 12)	-	-	(114,272)	(114,272)
Surplus on closure of subsidiaries	-	-	53,491	53,491
Total transactions with owners of the company	-	-	(60,781)	(60,781)
Balances at September 30, 2022	73,216	6,543	967,489	1,047,248
Profit for the year	-	-	179,770	179,770
Other comprehensive loss for the year	-	-	(15,297)	(15,297)
Dividend (note 12)	-	-	(121,543)	(121,543)
Balances at September 30, 2023	73,216	6,543	1,010,419	1,090,178

The accompanying notes form an integral part of the financial statements.

SALADA FOODS JAMAICA LIMITED

Consolidated and Separate Statements of Cash Flows

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
		179,770	175,416	179,770	175,416
Adjustments for:					
Depreciation	4	26,027	26,030	26,027	26,030
Tax expense	18(a)	49,981	55,295	49,981	55,295
Foreign exchange gains		(7,529)	(4,200)	(7,529)	(4,200)
Interest income	17	<u>(13,654)</u>	<u>(3,781)</u>	<u>(13,654)</u>	<u>(3,781)</u>
		234,595	248,760	234,595	248,760
Changes in:					
Inventories, net		100,561	53,846	100,561	47,870
Trade and other receivables		(143,795)	(25,461)	(143,795)	(120,717)
Trade and other payables		(34,959)	25,237	(34,959)	41,238
Due (to)/from subsidiary		<u>-</u>	<u>-</u>	<u>-</u>	<u>38,074</u>
Cash guaranteed from operations		156,402	302,382	156,402	255,225
Taxation paid or deducted at source		<u>(68,699)</u>	<u>(43,675)</u>	<u>(68,699)</u>	<u>(38,112)</u>
Net cash provided by operating activities		<u>87,703</u>	<u>258,707</u>	<u>87,703</u>	<u>217,113</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		14,220	1,990	14,220	1,990
Purchase of property, plant and equipment	4	(29,656)	(16,414)	(29,656)	(16,414)
Net assets transferred from subsidiaries	6 (b)	-	-	-	53,491
Acquisition of investments		<u>(43,310)</u>	<u>(83,783)</u>	<u>(43,310)</u>	<u>(83,784)</u>
Net cash used in investing activities		<u>(58,746)</u>	<u>(98,207)</u>	<u>(58,746)</u>	<u>(44,717)</u>
Dividends paid, being net cash used in financing activities	12	<u>(121,543)</u>	<u>(114,272)</u>	<u>(121,543)</u>	<u>(114,272)</u>
Net (decrease) / increase in cash and cash equivalents		(92,586)	46,228	(92,586)	58,124
Cash and cash equivalents at beginning of year		166,876	116,448	166,876	104,552
Effect of movement in exchange rates on cash held		<u>7,529</u>	<u>4,200</u>	<u>7,529</u>	<u>4,200</u>
Cash and cash equivalents at end of year	9	<u>81,819</u>	<u>166,876</u>	<u>81,819</u>	<u>166,876</u>

The statements of cash flows include non-cash transaction of \$53,491,000, as set out in note 6(b), which has been adjusted.

The accompanying notes form an integral part of the financial statements.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

1. Reporting entity

Salada Foods Jamaica Limited (“the company”) is incorporated and domiciled in Jamaica. Its principal activity is the manufacture and sale of instant coffee and roasted and ground coffee beans and other consumer products. The company and its subsidiaries are collectively referred to as “the group” [see note 2(c)]. The company’s registered office is located at 20 Bell Road, Kingston 11, Jamaica West Indies. Effective October 1, 2021, the company closed the operations of its subsidiary Mountain Peak Food Processors Limited that was the distribution arm of the group and reverted this function solely to the parent company. The operations of the other subsidiaries were discontinued in previous years [see also note 2(c)(i)].

The company is listed on the Jamaica Stock Exchange.

Resource in Motion, incorporated in St. Lucia, controls 65% of the voting rights in the company.

2. Basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

Amended standards that came into effect during the current financial year

Certain amended standards came into effect during the current financial year. The adoption of the amended standards did not result in any changes to amounts recognized or disclosed in the financial statements.

Amended standards that are not yet effective

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the group has not early-adopted. The group has assessed them with respect to its operations and has determined that the following may be relevant to the group:

- Amendments to IAS 12 *Income Taxes* is effective for annual reporting periods beginning on or after January 1, 2023 and addresses the potential issues of inconsistency and interpretation by users in respect of the initial recognition exemption.

The amendments introduce an exception to the initial recognition exemption in IAS 12. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. The amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

Amended standards that are not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of generalpurpose financial statements make on the basis of those financial statements”.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

Amended standards that are not yet effective (continued):

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The group does not expect the amendments to have a significant impact on its financial statements when they become effective.

(b) Basis of measurement and function currency:

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars (\$), which is the functional currency of the company. All financial information presented in Jamaica dollars have been rounded to the nearest thousand, except when otherwise indicated.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

(c) Basis of consolidation:

- (i) A “subsidiary” is an entity controlled by the company. The company controls an entity when it is exposed, or has rights, to the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Kindy note that Mountain Peak Food Processors Limited and Pimora Company Limited were dissolved in the year ended September 2022.

(ii)

The consolidated financial statements include the financial statements of the company and its subsidiaries:

<u>Entity</u>	<u>Holding</u>	<u>Main activity</u>	<u>Territory of incorporation</u>
Coffee Company of Jamaica Limited	100%	Dormant entity	Jamaica
Shirriff's (Jamaica) Limited	100%	Dormant entity	Jamaica

(ii) Loss of control:

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is recognized in profit or loss. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions within the group are eliminated to the extent of the group's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

(d) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years, if the revision affects both current and future years.

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are discussed below:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual cash flows from a financial asset are solely payments of principal and interest (SPPI) on the principal amount requires management to make certain judgements on its business operations.

Impairment of financial assets:

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(ii) Key assumptions concerning the future and other sources of estimation uncertainty (continued):

Allowance for impairment losses on financial assets (continued):

Measurement of the expected credit loss allowance (continued)

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(t), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(iii) Inventories:

(a) Net realisable value:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(b) Costing

Inventory includes finished goods and work-in-progress, which consist of raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. The determination of other direct costs and proportion of related production overheads allocated to finished goods and work-in-progress requires significant judgements.

3. Significant accounting policies

(a) Investment in subsidiary companies:

Investments in subsidiary companies are measured at cost less impairment losses, if any.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(b) Employee benefits:

Employee entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date

(c) Inventories:

Inventories are measured 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.

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.

Fuel, spares and consumables comprise items used in the regular maintenance and servicing of plant and machinery, and normally consumed in less than one period.

(d) Accounts receivable:

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

(e) 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. Cash and cash equivalents are measured at amortised cost.

(f) Investments:

Investments are classified as amortised cost or fair value through other comprehensive income. Amortised cost are those that have a fixed or determinable payment and which are not quoted in an active market. Amortised cost is calculated on the effective interest rate method, less impairment losses.

Items classified at fair value other comprehensive income are initially recognised at cost and subsequently at fair value. Fair value is determined by reference to quoted market price is available in an active market. Any resultant gain or loss is recognised in investment revaluation reserve through other comprehensive income. Fair value gains recognised in other comprehensive income cannot be recycled through the profit or loss account.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(h) Provisions:

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(i) Property, plant and equipment:

(i) Property, plant and 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 costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(ii) Depreciation:

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

(j) Revenue:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer and the customer has accepted the good or services.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(j) Revenue (continued):

Performance obligations and revenue recognition policies (continued):

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

<i>Type of product</i>	Its principal activity is the manufacture and sale of instant coffee and roasted and ground coffee beans and other consumer products.
<i>Nature and timing of satisfaction of performance obligations, including significant payment terms.</i>	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognised at that point in time. Invoices are usually payable within 45 days.
<i>Revenue recognition under IFRS 15</i>	Revenue is recognised at a point in time when the goods are delivered and have been accepted by the customers.

(k) Net finance income:

Net finance income, calculated using the effective interest rate method, comprises interest income on funds invested, material bank charges and foreign exchange gains and losses recognised in profit or loss.

Interest income is recognised in profit or loss as it accrues, taking into account the yield on the asset.

(l) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in 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 reporting 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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(l) Income tax (continued):

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference, will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised

(m) Dividends:

Dividends are recognised in the period in which they are declared.

(n) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

(o) Intangible assets - brands:

Salada Group has three main brands that its sales revenue is derived from. Two of these brands are through acquisition, namely Roberts and Mountain Bliss. The other brand is Mountain Peak which is a developed brand.

There has been no impairment of the brands as the products continue to generate revenue as a part of the Salada product portfolio.

Intangibles are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate cost over five years.

(p) 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 group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses its performance; and for which discrete financial information is available.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(p) Segment reporting (continued):

Based on the information presented to and reviewed by the CODM, management has determined that there two geographical segments.

(q) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
 - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(r) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents, accounts receivable, and due from subsidiary. Financial liabilities comprise accounts payable and due to subsidiary.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(r) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets

In making this assessment, the group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Short-term investments
- Cash and cash equivalents
- Accounts receivable

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The group's financial liabilities, which includes accounts payable are recognised initially at fair value.

Financial assets and liabilities – Subsequent measurement and gains and losses:

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(r) Financial instruments (continued):

(iii) Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Financial liabilities

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(s) Impairment:

Financial assets

Measurement of ECLs

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and at fair value through OCI.

The group measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(s) Impairment (continued):

Financial assets (continued)

Measurement of ECLs (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward looking information.

The group assumes that the credit risk on financial assets has increased significantly if it is more than 180 days past due.

The group recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to action such as realising security if any is held; or
- the financial asset is more than 180 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(s) Impairment (continued):

Financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group’s procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the group’s non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4. Property, plant and equipment

Group:

	<u>Freehold land</u> \$'000	<u>Freehold buildings and infrastructure</u> \$'000	<u>Machinery equipment & vehicles</u> \$'000	<u>Work-in- progress</u> \$'000	<u>Total</u> \$'000
At cost or deemed cost:					
September 30, 2021	9,975	90,983	418,906	6,905	526,769
Additions	-	-	9,854	6,560	16,414
Transfers	-	-	7,180	(7,180)	-
September 30, 2022	9,975	90,983	435,940	6,285	543,183
Additions	-	9,435	17,652	2,569	29,656
Transfers	-	-	-	-	-
September 30, 2023	<u>9,975</u>	<u>100,418</u>	<u>453,592</u>	<u>8,853</u>	<u>572,838</u>
Depreciation:					
September 30, 2021	-	49,652	355,447	-	405,099
Charge for the year	-	1,833	24,197	-	26,030
September 30, 2022	-	51,485	379,644	-	431,129
Charge for the year	-	4,490	21,537	-	26,027
September 30, 2023	-	<u>55,975</u>	<u>401,181</u>	-	<u>457,156</u>
Net book values:					
September 30, 2023	<u>9,975</u>	<u>44,443</u>	<u>52,411</u>	<u>8,853</u>	<u>115,708</u>
September 30, 2022	<u>9,975</u>	<u>39,498</u>	<u>56,296</u>	<u>6,285</u>	<u>112,054</u>

Company:

	<u>Freehold land</u> \$'000	<u>Freehold buildings and infrastructure</u> \$'000	<u>Machinery equipment & vehicles</u> \$'000	<u>Work-in- progress</u> \$'000	<u>Total</u> \$'000
At cost or deemed cost:					
September 30, 2021	6,144	73,418	364,329	6,905	450,796
Additions	-	-	9,854	6,560	16,414
Transfers	-	-	7,180	(7,180)	-
September 30, 2022	6,144	73,418	381,363	6,285	467,210
Additions	-	9,435	17,652	2,569	29,656
Transfers	-	-	-	(-)	-
September 30, 2023	<u>6,144</u>	<u>82,853</u>	<u>399,015</u>	<u>8,853</u>	<u>496,866</u>
Depreciation:					
September 30, 2021	-	33,173	299,784	-	332,957
Charge for the year	-	1,833	24,197	-	26,030
September 30, 2022	-	35,006	323,981	-	358,987
Charge for the year	-	4,490	21,537	-	26,027
September 30, 2023	-	<u>39,496</u>	<u>345,518</u>	-	<u>385,014</u>
Net book values:					
September 30, 2023	<u>6,144</u>	<u>43,357</u>	<u>53,497</u>	<u>8,853</u>	<u>111,851</u>
September 30, 2022	<u>6,144</u>	<u>38,412</u>	<u>57,382</u>	<u>6,285</u>	<u>108,223</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4. Property, plant and equipment (continued)

Work-In-Progress includes a fire alarm system, spray dryer and image printer which will be fully commissioned within the next financial year.

5. Intangible asset

This represents costs of the Mountain Bliss Brand for group and company.

6. Investment in subsidiary companies and due from/to subsidiary companies

(a) Investment in subsidiary companies comprises:

	<u>Company</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Shares at cost:		
Coffee Company of Jamaica Limited	790	790
Shirriff's (Jamaica) Limited	<u>91</u>	<u>91</u>
	<u>881</u>	<u>881</u>

(b) Effective October 1, 2021, as part of the reorganization of its operations, the company absorbed the assets and liabilities of Mountain Peak Food Processors Limited and Pimora Company at the following carrying amounts.

	\$'000
Assets:	
Cash and bank balances	11,896
Accounts receivables	95,411
Inventories	5,975
Due from parent	65,019
Taxation recoverable	6
Deferred tax asset	238
Liabilities:	
Accounts payable	(15,817)
Taxation Payable	(6,111)
Total net assets	156,617
Less investment in subsidiaries	(103,126)
Net gains recognized in equity	<u>53,491</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

7. Investments

	<u>2023</u>		
	<u>Group and Company</u>		
	(Non-Current) Fair value through other <u>comprehensive income</u> \$'000	(Current) Amortised <u>cost</u> \$'000	<u>Total</u> \$'000
Resale agreements	-	175,661	175,661
Deposits	-	111,479	111,479
Quoted Jamaican equities	<u>67,507</u>	<u>-</u>	<u>67,507</u>
	67,507	287,140	354,647
Less: expected credit loss	<u>-</u>	<u>(984)</u>	<u>(984)</u>
	<u>67,507</u>	<u>286,156</u>	<u>353,663</u>

	<u>2022</u>		
	<u>Group and Company</u>		
	(Non-Current) Fair value through other <u>comprehensive income</u> \$'000	(Current) Amortised <u>cost</u> \$'000	<u>Total</u> \$'000
Resale agreements	-	175,426	175,426
Deposits	-	68,404	68,404
Quoted Jamaican equities	<u>82,804</u>	<u>-</u>	<u>82,804</u>
	82,804	243,830	326,634
Less: expected credit loss	<u>-</u>	<u>(1,245)</u>	<u>(1,245)</u>
	<u>82,804</u>	<u>242,585</u>	<u>325,389</u>

The fair value of the securities under resale agreements approximates the carrying value of the agreements. The resale agreements include US\$933,280 (2022: US\$961,691) which earn interest at a rate 3.85% to 5.0% (2022: 2.70% to 4.2%) per annum. Deposits include J\$111,479 (2022: J\$68,404) which earn interest at 6.30% to 8.0% (2022: 1.75% to 6.75%).

Movement in expected credit loss for investments is as follows:

	<u>Group and Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Balance at beginning of year	1,245	1,785
Expected credit loss recovered recognised	<u>(261)</u>	<u>(540)</u>
Balance at end of year	<u>984</u>	<u>1,245</u>

At the reporting date, the group and the company had investments of \$93,398,000 (2022: \$107,568,055) with companies owned by a Director.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

8. Deferred taxation

Deferred income tax is calculated on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes, using an effective tax rate of 25%.

Deferred tax assets are attributable to the following:

	2023		
	Group		
October 1, 2022	Recognised in income	September 30, 2023	
\$'000	\$'000 (note 18)	\$'000	
Vacation pay accrual	1,008	(9)	999
Property, plant and equipment	14,333	(1,631)	12,702
Unrealised gain on foreign exchange	(36)	125	89
Accrued interest receivable	(448)	(353)	(801)
Inventory obsolescence provision	300	57	357
Expected credit loss on investments	312	(247)	65
Expected credit loss on trade receivables	<u>2,107</u>	<u>743</u>	<u>2,850</u>
	<u>17,576</u>	<u>(1,315)</u>	<u>16,261</u>

	2022			
	Group			
October 1, 2022	Recognised in income	Recognised in equity	September 30, 2023	
\$'000	\$'000 (note 18)	\$'000 [note 6(b)]	\$'000	
Vacation pay accrual	1,994	(586)	(134)	1,274
Property, plant and equipment	14,446	126	-	14,572
Unrealised gain on foreign exchange	(728)	242	(57)	(543)
Accrued interest receivable	(1,252)	804	-	(448)
Inventory obsolescence provision	-	300	-	300
Expected credit loss on investments	447	(135)	-	312
Expected credit loss on trade receivables	<u>1,174</u>	<u>982</u>	<u>(47)</u>	<u>2,109</u>
	<u>16,081</u>	<u>1,733</u>	<u>(238)</u>	<u>17,576</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

8. Deferred taxation (continued)

Deferred tax assets are attributable to the following (continued):

	<u>2023</u>		
	<u>Company</u>		
	October 1, <u>2022</u> \$'000	Recognised in <u>income</u> \$'000 (note 18)	September 30, <u>2023</u> \$'000
Vacation pay accrual	1,008	(9)	999
Property, plant and equipment	14,333	(1,631)	12,702
Unrealised gain on foreign exchange	(36)	125	89
Accrued interest receivable	(448)	(353)	(801)
Inventory obsolescence provision	300	57	357
Expected credit loss on investments	312	(247)	65
Expected credit loss on trade receivables	<u>2,107</u>	<u>743</u>	<u>2,850</u>
	<u>17,576</u>	<u>(1,315)</u>	<u>16,261</u>
	<u>2022</u>		
	<u>The Company</u>		
	October 1, <u>2021</u> \$'000	Recognised in <u>income</u> \$'000 (note 18)	September 30, <u>2022</u> \$'000
Vacation pay accrual	1,594	(586)	1,008
Property, plant and equipment	14,207	126	14,333
Unrealised gain on foreign exchange	(278)	242	(36)
Accrued interest receivable	(1,252)	804	(448)
Inventory obsolescence provision	-	300	300
Expected credit loss on investments	447	(135)	312
Expected credit loss on trade receivables	<u>1,125</u>	<u>982</u>	<u>2,107</u>
	<u>15,843</u>	<u>1,733</u>	<u>17,576</u>

9. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Cash in hand and bank	79,064	164,165	79,064	164,165
Short-term deposits	<u>2,755</u>	<u>2,711</u>	<u>2,755</u>	<u>2,711</u>
	<u>81,819</u>	<u>166,876</u>	<u>81,819</u>	<u>166,876</u>

At the reporting date, cash in hand and bank includes US\$78,965 (2022: US\$466,037).

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

10. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Trade receivables	354,886	200,533	354,886	200,533
Prepayments	40,365	23,765	40,365	23,765
Other receivables	<u>13,970</u>	<u>38,868</u>	<u>13,970</u>	<u>38,713</u>
	409,221	263,166	409,221	263,011
Less: expected credit loss	(11,398)	(8,426)	(11,398)	(8,426)
	<u>397,823</u>	<u>254,740</u>	<u>397,823</u>	<u>254,585</u>

(i) Expected credit loss

Expected credit loss was established based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Expected credit loss is determined upon origination of the trade accounts receivable based on a model that calculates the expected credit losses (“ECL”) of the trade accounts receivable and are recognized over their term.

Information on expected credit losses for trade receivables is included in note 21(a)(i).

Movement in expected credit losses for trade receivables is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	8,426	4,831	8,426	4,505
Movement on transfer of subsidiary	-	(326)	-	-
Impairment loss recognized net of recoveries	<u>2,972</u>	<u>3,921</u>	<u>2,972</u>	<u>3,921</u>
Balance at end of year	<u>11,398</u>	<u>8,426</u>	<u>11,398</u>	<u>8,426</u>

11. Inventories

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Raw and packaging materials	220,852	243,559	220,852	243,559
Finished goods held for sale	23,408	62,132	23,408	62,132
Work-in-progress	70,286	95,406	70,286	95,406
Fuel, spares and consumables	<u>61,345</u>	<u>81,752</u>	<u>61,345</u>	<u>81,752</u>
	375,891	482,849	375,891	482,849
Provision for obsolescence	(1,430)	(7,828)	(1,430)	(7,828)
	<u>374,461</u>	<u>475,021</u>	<u>374,461</u>	<u>475,021</u>

During the year, inventory write-offs aggregating \$759,053 (2022: \$4,704,047) for the group and company were recognized in profit or loss.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

12. Share capital

	<u>Group and Company</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Authorized:		
500,000,000 ordinary units of no par value		
Issued and fully paid:		
1,038,832,900 (2022: 1,038,832,900)		
Ordinary stock units of no par value	<u>73,216</u>	<u>73,216</u>

In a meeting of the Board of Directors held on November 17, 2022 and May 18, 2023 a dividend of \$0.06c/share and \$0.057c/share respectively per stock unit was declared (on November 18, 2021 and May 19, 2022: a dividend of \$0.055c /share and \$0.055c/share, respectively per stock unit was declared).

Holders of the ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote but upon a poll being taken at general meetings of the company, have one vote for every stock unit held.

13. Capital reserves

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Revaluation surplus on assets carried at deemed cost	14,528	14,528	4,838	4,838
Realised gains	<u>1,747</u>	<u>1,747</u>	<u>1,705</u>	<u>1,705</u>
	<u>16,275</u>	<u>16,275</u>	<u>6,543</u>	<u>6,543</u>

14. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Trade payables	62,033	100,861	62,033	100,861
Accrued charges	135,487	123,647	135,616	123,647
Dividends payable	32,012	33,283	32,012	33,283
Other payables	<u>7,695</u>	<u>14,252</u>	<u>7,695</u>	<u>14,252</u>
	<u>237,227</u>	<u>272,043</u>	<u>237,356</u>	<u>272,043</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

15. Revenue

Revenue is comprised of the invoiced value of goods sold, net of general consumption tax, rebates and discounts.

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Local sales	1,110,149	1,053,393	1,110,149	1,053,393
Export sales	<u>290,739</u>	<u>283,045</u>	<u>290,739</u>	<u>283,045</u>
	<u>1,400,888</u>	<u>1,336,438</u>	<u>1,400,888</u>	<u>1,336,438</u>

16. Nature of expenses

(a) Cost of goods sold:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Gas and fuel	16,638	35,273	16,638	35,273
Depreciation	18,948	18,773	18,948	18,773
Insurance	15,620	9,569	15,620	9,569
Outsourcing	73,095	77,980	73,095	77,980
Coffee cess	(2,859)	501	(2,859)	501
Travel and subsistence	6,728	7,897	6,728	7,897
Plant management technical services	10,739	13,028	10,739	13,028
Other	10,330	8,744	10,330	8,744
Repairs and maintenance	25,898	24,202	25,898	24,202
Security	11,519	8,238	11,519	8,238
Utilities	42,483	64,581	42,483	64,581
Salaries and other related costs	49,554	42,506	49,554	42,506
Raw material and consumables	<u>697,238</u>	<u>613,143</u>	<u>697,238</u>	<u>613,143</u>
	<u>975,931</u>	<u>924,435</u>	<u>975,931</u>	<u>924,435</u>

(b) Selling and promotion expenses:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Advertising and promotions	38,899	31,004	38,899	31,004
Other	5,799	4,623	5,799	4,623
Delivery and handling charges	5,660	1,949	5,660	1,949
Salaries and other related costs	<u>16,861</u>	<u>14,288</u>	<u>16,861</u>	<u>14,288</u>
	<u>67,219</u>	<u>51,864</u>	<u>67,219</u>	<u>51,864</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

16. Nature of expenses (continued)

(c) Administrative expenses:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Audit fees	5,850	9,643	5,850	9,643
Audit fees -prior year	1,989	-	1,989	-
Computer expenses	2,977	3,017	2,977	3,017
Depreciation	7,078	7,257	7,078	7,257
Director fees	11,680	11,680	11,680	11,680
Outsourcing	10,366	18,160	10,366	18,160
Other *	28,314	25,703	28,314	25,703
Legal and professional fees	10,033	6,094	10,033	6,094
Registrar and AGM expenses	7,689	3,151	7,689	3,151
Salaries and other related costs	63,448	46,956	63,448	46,956
Utilities	<u>1,344</u>	<u>1,344</u>	<u>1,344</u>	<u>1,344</u>
	<u>150,768</u>	<u>133,005</u>	<u>150,768</u>	<u>133,005</u>

* Other administrative expenses represent amounts for office supplies, consultancy services, telephone, internet, training and entertainment

(d) Salaries and other related costs included in costs of sales, selling and distribution and administrative expenses:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	104,302	84,942	104,302	84,942
Statutory deductions	12,136	8,086	12,136	8,086
Staff welfare	6,591	5,842	6,591	5,842
Pension contributions	<u>4,975</u>	<u>3,710</u>	<u>4,975</u>	<u>3,710</u>
	<u>128,004</u>	<u>102,580</u>	<u>128,004</u>	<u>102,580</u>

17. Net finance income

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Finance income:				
Interest income	13,654	3,781	13,654	3,781
Gain on Investment (ECL)	261	-	261	-
Foreign exchange gain	<u>7,529</u>	<u>4,200</u>	<u>7,529</u>	<u>4,200</u>
	21,444	7,981	21,444	7,981
Finance costs:				
Bank charges	<u>(733)</u>	<u>(1,229)</u>	<u>(733)</u>	<u>(1,229)</u>
	<u>20,711</u>	<u>6,752</u>	<u>20,711</u>	<u>6,752</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18. Taxation

Taxation is comprised of current and deferred tax charges.

- (a) Taxation is based on net profit for the year adjusted for taxation purposes and represents income tax charged at 25%.

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Current tax expense:				
Income tax	57,066	59,942	57,066	59,942
Prior year under provision	-	751	-	751
Employment tax credit	(8,400)	(7,131)	(8,400)	(7,131)
	<u>48,666</u>	<u>53,562</u>	<u>48,666</u>	<u>53,562</u>
Deferred taxation:				
Originating and reversal of other timing differences, net	<u>1,315</u>	<u>1,733</u>	<u>1,315</u>	<u>1,733</u>
	<u>49,981</u>	<u>55,295</u>	<u>49,981</u>	<u>55,295</u>

- (b) Reconciliation of effective tax rate:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Profit before tax	<u>229,752</u>	<u>230,712</u>	<u>229,752</u>	<u>230,712</u>
Computed "expected" tax expense @ 25%	57,438	57,678	57,438	57,678
Difference between profits for financial statements and tax reporting purposes on:				
Employment tax credit	(8,400)	(7,131)	(8,400)	(7,131)
Prior year under provision	-	751	-	751
Disallowed expenses, impairment and capital items	943	3,760	943	3,760
Foreign exchange differences and other capital items	-	237	-	237
Actual expense	<u>49,981</u>	<u>55,295</u>	<u>49,981</u>	<u>55,295</u>

19. Transactions with related parties

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
(i) Directors emoluments:				
Fees	<u>11,680</u>	<u>11,680</u>	<u>11,680</u>	<u>11,680</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

19. Transactions with related parties (continued)

(i) Directors emoluments (continued):

Key management personnel compensation is as follows:

	<u>Group and Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	27,754	24,645
Staff welfare	1,170	1,170
Pension contributions	<u>1,233</u>	<u>1,105</u>
	<u>30,157</u>	<u>26,920</u>

(ii) Key management personnel transactions:

During the prior year, a director and relatives purchased shares totaling 170,000 units.

See note 7 for investments held with related parties.

20. Earnings per ordinary stock unit

Basic earnings per share is calculated by dividing the net profit attributable to members by the number of stock units in issue during the year.

	<u>2023</u>	<u>2022</u>
Net profit attributable to shareholders (\$'000)	<u>179,770</u>	<u>175,416</u>
Number of stock units in issue (see note 12)	<u>1,038,832,900</u>	<u>1,038,832,900</u>
Basic earnings per stock unit (\$)	<u>0.17</u>	<u>0.17</u>

21. Financial instruments

(a) Financial risk management:

The group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group's activities.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

21. Financial instruments (continued)

(a) Financial risk management:

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises principally from receivables arising from credit given to customers and deposits and investments with financial institutions. The maximum credit exposure is represented by the carrying amount of the financial assets in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are maintained with substantial counter-parties deemed to have low risk of default. The ECL on cash and cash equivalents was assessed to be insignificant.

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The group does not require collateral in respect of trade and other receivables.

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. The company has concentration of credit risk, with two (2) [2022: four (4)] of its customers, accounting for 88 % (2022:91%) of trade receivables.

Expected credit loss assessment

The group uses a provision matrix to measure ECLs on trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following tables provides information about the exposure to credit risk and ECL for trade receivables as at September 30, 2023 (see also note 10).

	<u>Group</u>			
	<u>2023</u>			
	<u>Weighted</u>	<u>Adjusted</u>	<u>Loss</u>	<u>Credit</u>
	<u>average</u>	<u>Exposure</u>	<u>allowance</u>	<u>impaired</u>
	<u>loss rate</u>	<u>amount</u>	<u>\$'000</u>	
		<u>\$'000</u>	<u>\$'000</u>	
Current (not past due)	3.1%	18,788	616	No
31-60 days past due	9.6%	12,256	1,234	No
61-90 days past due	16.7%	3,678	645	No
91-180 days past due	100%	<u>8,903</u>	<u>8,903</u>	Yes
		<u>43,625</u>	<u>11,398</u>	

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

21. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Expected credit loss assessment (continued)

	<u>Group</u>			
	<u>2022</u>			
	<u>Weighted</u> average <u>loss rate</u>	<u>Gross</u> carrying <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	2.51%	145,041	4,152	No
31-60 days past due	3.77%	40,054	1,720	No
61-90 days past due	13.21%	<u>15,438</u>	<u>2,554</u>	No
		<u>200,533</u>	<u>8,426</u>	

	<u>Company</u>			
	<u>2023</u>			
	<u>Weighted</u> average <u>loss rate</u>	<u>Gross</u> carrying <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	3.1%	18,788	616	No
31-60 days past due	9.6%	12,256	1,234	No
61-90 days past due	16.7%	3,678	645	No
91-180 days past due	100%	<u>8,903</u>	<u>8,903</u>	Yes
		<u>43,625</u>	<u>11,398</u>	

	<u>Company</u>			
	<u>2022</u>			
	<u>Weighted</u> average <u>loss rate</u>	<u>Gross</u> carrying <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	2.51%	145,041	4,152	No
31-60 days past due	3.77%	40,054	1,720	No
61-90 days past due	13.21%	<u>15,438</u>	<u>2,554</u>	No
		<u>200,533</u>	<u>8,426</u>	

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

21. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Investments

The group limits its exposure to credit risk associated with investment securities by investing mainly in liquid securities with counterparties that have high credit quality.

Credit quality

The group identifies changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the group supplements this by reviewing changes in bond yields together with available press and regulatory information on issuers.

Twelve (12)-month and lifetime probabilities of default are based on historical data supplied by each credit rating and are recalibrated based on current bond yields. Loss given default (LGD) parameters generally reflect an assumed recovery rate of percent except when the security is credit-impaired, in which case the estimate of loss based on the instrument's current market price and original effective interest rate.

The following table sets out the credit quality of debt investment securities based on Standard and Poor's and Moody's ratings as follows:

	<u>Group and Company</u>	
	<u>2023</u>	<u>2022</u>
	Stage 1	Stage 1
	<u>12-month ECL</u>	<u>12-month ECL</u>
	\$'000	\$'000
Debt investment securities at amortised cost,		
being total gross carrying amount	287,140	243,830
Loss allowance	(984)	(1,245)
	<u>286,156</u>	<u>242,585</u>

(ii) Liquidity risk:

Liquidity risk is the risk that the group will not meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

21. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

Management aims at maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities. The management of the group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

The contractual outflows as at September 2023 and 2022 for trade and other payables and due to subsidiary are represented by their carrying amounts in the statement of financial position, and require settlements within 12 months of the reporting date. Based on the liquid assets held and the positive operating cashflows, the group's has adequate available funding to settle these commitments when due.

There is no change from the prior year in the nature of the group's exposure to liquidity risk or the manner in which it manages and measures the risk.

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The group materially contracts financial liabilities at fixed interest rates for the duration of the term. At September 30, 2023 and 2022, there were no financial liabilities subject to variable interest rate risk.

Interest-bearing financial assets mainly comprise monetary instruments, bank deposits and short-term investments, which have been contracted at fixed interest rates for the duration of their terms.

At the reporting date the interest profile of the group's interest-bearing financial instruments was:

	<u>Group and Company</u>	
	<u>Carrying amount</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Variable rate:		
Financial assets	<u>287,140</u>	<u>243,830</u>

Fair value sensitivity analysis for fixed rate instruments

The group does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or equity.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

21. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

- Interest rate risk (continued):

Cash flow sensitivity analysis for variable rate instruments

An increase in interest rate of 0.5% (2022: 2%) at the reporting date would have increased profit or loss by \$1,435,700 (2022: \$4,903,800), while a 0.25% (2022: 0.50%) decline in interest rate at reporting date would have decreased profit by \$717,850 (2022: \$1,232,700).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

- Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group is exposed to foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaica dollar. The main foreign currency risks of the group are denominated in United States dollars (US\$), which is the principal intervening currency for the group.

The group jointly manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

The table below shows the group's main foreign currency exposure at the reporting date.

	<u>Group and Company</u>			
	<u>2023</u>		<u>2022</u>	
	<u>US\$</u>	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>
Cash and cash equivalents	78,965	12,180,867	466,037	71,122,373
Investments	933,280	143,964,502	961,690	146,764,442
Trade and other receivables	761,538	117,472,195	848,515	129,492,787
Trade and other payables	(276,550)	(42,659,607)	(499,688)	(76,257,885)
Net exposure	<u>1,497,233</u>	<u>230,957,957</u>	<u>1,776,554</u>	<u>271,121,717</u>

Exchange rates for the US dollar, in terms of Jamaica dollars, were as follows:

September 30, 2023	154.256
September 30, 2022	152.611

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

21. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

- Foreign currency risk (continued):

Sensitivity analysis

A 1% (2022: 1%) strengthening of the Jamaica dollar against the US\$ would have decreased profit for the year by \$2,309,572 (2022: \$5,242,239).

A 4% (2022: 4%) weakening of the Jamaica dollar against the US\$ would have increased profits for the year by \$9,238,288 (2022: \$20,968,956).

This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2022.

There is no change from the prior year in the nature of the group's exposure to market risk or the manner in which it manages and measures the risk.

(iv) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors, other than financial risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(b) Capital management:

The Board's policy is to maintain a strong capital base to maintain customer, creditor and other stakeholders' confidence, and to sustain future development of the business. The Board monitors the return on capital, which is defined as total shareholders' equity and the level of dividends to shareholders. The group is not subject to any externally imposed capital requirements and there was no change in how the group measures and manages capital.

(c) Fair value disclosure:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument. The group's equities are the only financial instrument that is carried at fair value. Where fair value of financial instruments approximates carrying value, no fair value computation is done and disclosed. The fair value of cash and cash equivalents, investments, accounts receivable, due to subsidiary/due from subsidiary and accounts payable approximates their carrying value due to their short-term nature.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

21. Financial instruments (continued)

(c) Fair value disclosure (continued):

The group had no other financial instruments which were carried at fair value.

The fair values quoted equities is based on the mid and closing prices published by the Jamaican Stock Exchanges.

Determination of fair value and fair values hierarchy

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. These types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The group considers relevant and observable market prices in its valuations where possible.

Equity investments are classified as Level 1.

22. Segment Reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment information below represents segment revenue based on the market receiving the benefit of the products/services.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

22. Segment Reporting (continued)

Geographical information:

	2023		
	<u>Local</u>	<u>Export</u>	<u>Total</u>
Revenue from external customers	<u>1,110,149</u>	<u>290,739</u>	<u>1,400,888</u>
Segment non-current assets	200,776	-	200,776
Segment current assets	<u>1,140,259</u>	<u>-</u>	<u>1,140,259</u>
Segment total assets	<u>1,341,035</u>	<u>-</u>	<u>1,341,035</u>
	2022		
	<u>Local</u>	<u>Export</u>	<u>Total</u>
Revenue from external customers	<u>1,053,393</u>	<u>283,045</u>	<u>1,336,438</u>
Segment non-current assets	213,734	-	213,734
Segment current assets	<u>1,139,222</u>	<u>-</u>	<u>1,139,222</u>
Segment total assets	<u>1,352,956</u>	<u>-</u>	<u>1,352,956</u>

Management does not assess profits per segment, neither do they allocate for current or non-current assets.

23. Ukraine/Russia and Israel/Palestine wars

Management continues to monitor the ongoing situation in relation to the Ukraine conflict. Eastern Europe and Israel and Palestine in the Middle East, both are not key markets for the sale of the group's products or sourcing of raw materials. Nonetheless, related increases in energy and food prices may negatively impact disposable income. Whilst there is still uncertainty of the implications of these events and conditions over the global economy's recovery from COVID-19, management believes that the group is in a position to withstand such economic shocks.



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Direct investments of \$100 million to improve our manufacturing facilities.
Successfully acquired global industry-standard *Safe Quality Food (SQF) Level 2* certification.

We never compromise on our national commitment to produce
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