



SEPROD LIMITED
INTERIM REPORT

6 MONTHS ENDED
30 JUNE 2023



HIGHLIGHTS FOR Q2 2023



REVENUE

June 2023 – \$54.46 billion

June 2022 – \$27.81 billion



NET PROFIT

June 2023 – \$2.54 billion

June 2022 – \$1.58 billion



EPS

June 2023 – \$2.57 per share

June 2022 – \$2.02 per share



STOCKHOLDERS' EQUITY

June 2023 – \$35.04 billion

December 2022 – \$33.00 billion



INTERIM REPORT TO THE STOCKHOLDERS

● **Quarter 2 performance (April to June 2023)**

For the three (3) months ended June 30, 2023 (Q2), the Seprod Group achieved revenues of \$27.39 billion, an increase of \$11.40 billion or 71% over the corresponding period in 2022; and net profit of \$1.19 billion, an increase of \$202 million or 20% over the prior period.

● **Year-to-date performance (January to June 2023)**

For the six (6) months ended June 30, 2023, the Seprod Group achieved revenues of \$54.46 billion, an increase of \$26.65 billion or 96% over the corresponding period in 2022; and net profit of \$2.54 billion, an increase of \$963 million or 61% over the prior period.

● The explanation for the improved business performance remains consistent with the prior quarter:

- Continued growth in the business post A.S. Bryden Group (ASB) acquisition in June 2022
- 45% increase in export sales
- Elimination of third party warehousing costs following the activation of the new logistics centre
- Significant progress in the modernization of the margarine plant, which has led to improved availability of key skus, such as Goldseal.

There have been material price increases in security, insurance, interest expense, wage-related expenses and distribution costs, which have partially offset the benefits of reductions in global shipping costs and in price reductions of key commodities, such as wheat and oil. In spite of this, the Group continues to pass on price reductions to retail and business customers as the opportunity arises, particularly from its manufacturing facilities.

There has been a delay in the filing of the audited financial statements for the year ended December 31, 2022 due to issues arising entirely from:

- a change in the financial year end of ASB from March 31 to December 31 to align with that of the rest of the Seprod Group; and
- a change of auditors of ASB to be consistent with the rest of the Seprod Group.

We are confident we are now at the end of the audit process and will publish Seprod's audited results on or before August 31, 2023.

We thank you for your support and remain confident that the Seprod Group will deliver an outstanding year.



P. B. Scott
Chairman

R. R. Pandohie
Chief Executive Officer

August 11, 2023



SHAREHOLDERS PROFILE AS AT 30 JUNE 2023

Ten Largest Shareholders

1. Musson (Jamaica) Limited	233,747,988
2. Coconut Industry Board	163,420,345
3. JCSD Trustee Services Limited – Facey Group Limited	125,234,043
4. Grace Kennedy Limited Pension Scheme	21,955,904
5. National Insurance Fund	15,443,045
6. Scotia Jamaica Investment Management - A/C 3119	12,162,075
7. ATL Group Pension Fund Trustee Nominee Limited	6,492,559
8. NCB Insurance Company Limited - A/C 109	5,648,346
9. JCSD Trustee Services Limited – Barita Unit Trust Capital Growth Fund	4,420,489
10. Sagicor Select Fund Limited ('Class C' Shares)	4,189,298

Shareholding of Directors, along with their connected persons

1. Paul B. Scott (Chairman)	Nil
- connected persons	366,772,031
2. Richard R. Pandohie (Chief Executive Officer)	3,998,231
3. Byron E. Thompson	1,220,668
4. Melanie Subratie	Nil
- connected persons	366,772,031
5. Michael J. Subratie	Nil
6. Nicholas Scott	122,884
- connected persons	961,000
7. Christopher Gentles	Nil
8. Patrick Scott	3,000,000
9. Nicholas Jones	Nil
10. Brian Wynter	Nil
11. Mark Suomi	Nil
12. Ron Schindler	Nil



Shareholding of Management

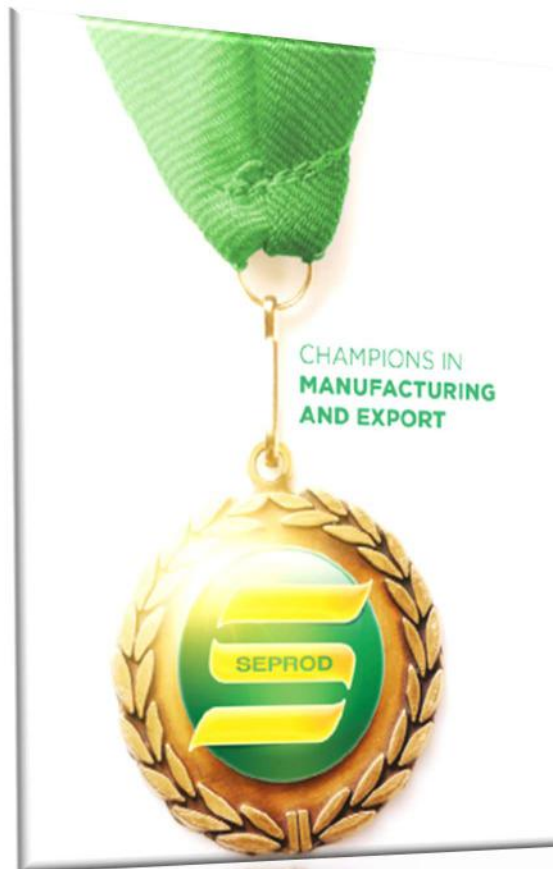
1. Marilyn Anderson	25,000
2. Carol Andrade	13,000
3. Juan Baez	Nil
4. Damion Dodd	300,000
5. Fredy Graell	Nil
6. Chana Hay	1,375,500
7. Hossam Monir	Nil
8. Keshia Nelson-Brown	Nil
9. Richard Pandohie	3,998,231
10. Patrick Scott	3,000,000
11. Patrick Sterling	20,700
12. Tameka Williamson-Smart	Nil
13. Perry Wright	6,500



UNAUDITED INTERIM FINANCIAL STATEMENTS 6 MONTHS ENDED 30 JUNE 2023

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Consolidated Statement of Comprehensive Income (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	3 months ended 30 June		6 months ended 30 June	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue	27,392,488	15,997,124	54,455,062	27,805,506
Direct expenses	(20,486,616)	(11,906,370)	(40,636,882)	(20,778,679)
Gross Profit	6,905,872	4,090,754	13,818,180	7,026,827
Other operating income	231,643	413,938	453,833	518,690
Other operating expenses	(4,877,699)	(2,671,364)	(9,737,907)	(4,715,358)
Operating Profit	2,259,816	1,833,328	4,534,106	2,830,159
Finance costs	(825,199)	(556,732)	(1,444,643)	(819,855)
Share of results of associate & joint venture	30,323	49,343	136,404	55,263
Profit before Taxation	1,464,940	1,325,939	3,225,867	2,065,567
Taxation	(264,591)	(323,178)	(660,641)	(433,373)
Net Profit from continuing operations	1,200,349	1,002,761	2,565,226	1,632,194
Net loss from discontinued operations	(14,276)	(18,387)	(23,033)	(52,612)
Net Profit	1,186,073	984,374	2,542,193	1,579,582
Other comprehensive income, net of taxes	213,336	(141,684)	185,257	(122,613)
Total Comprehensive Income	1,399,409	842,690	2,727,450	1,456,969
Net Profit is attributable to:				
Stockholders of the Company	904,790	883,625	1,886,113	1,478,833
Non-controlling interests	281,283	100,749	656,080	100,749
Total	1,186,073	984,374	2,542,193	1,579,582
Total Comprehensive Income is attributable to:				
Stockholders of the Company	1,256,048	741,941	2,209,292	1,356,220
Non-controlling interests	143,361	100,749	518,158	100,749
Total	1,399,409	842,690	2,727,450	1,456,969
Earnings per Stock Unit attributable to Stockholders of the Company				
Continuing operations	\$1.25	\$1.23	\$2.60	\$2.09
Discontinued operations	(\$0.02)	(\$0.03)	(\$0.03)	(\$0.07)
Total	\$1.23	\$1.20	\$2.57	\$2.02



Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	30 June 2023 \$'000	30 June 2022 \$'000	31 December 2022 \$'000
Non-current Assets			
Property, plant and equipment	20,887,093	20,117,623	20,442,689
Right of use assets	1,700,712	1,625,034	1,710,924
Intangible assets	11,979,334	11,369,544	12,123,533
Investments	1,601,677	1,213,072	1,238,035
Investment in associate & joint venture	954,762	752,326	818,358
Long term receivables	1,397,801	1,527,340	1,440,469
Post-employment benefit asset	649,697	803,718	669,197
Biological assets	472,211	416,595	458,981
Deferred tax assets	1,512,180	1,412,508	1,539,181
	<u>41,155,467</u>	<u>39,237,760</u>	<u>40,441,367</u>
Current Assets			
Inventories	24,390,233	17,851,880	24,072,093
Biological assets	51,254	154,683	154,683
Receivables	19,401,938	15,837,224	18,259,103
Non-current assets held for sale	285,761	285,761	285,761
Taxation recoverable	190,428	206,468	194,796
Cash and bank balances	5,796,040	4,491,858	4,088,873
	<u>50,115,654</u>	<u>38,827,874</u>	<u>47,055,309</u>
Current Liabilities			
Payables	17,111,501	10,833,252	16,611,427
Current portion of long term liabilities	9,794,075	7,728,158	6,084,612
Current portion of lease obligations	304,555	215,613	268,815
Taxation payable	335,663	909,640	668,247
	<u>27,545,794</u>	<u>19,686,663</u>	<u>23,633,101</u>
Net Current Assets	<u>22,569,860</u>	<u>19,141,211</u>	<u>23,422,208</u>
	<u>63,725,327</u>	<u>58,378,971</u>	<u>63,863,575</u>
Equity Attributable to Stockholders of the Company			
Share capital	5,768,558	5,768,558	5,768,558
Preference shares	3,071,786	3,071,786	3,071,786
Capital reserves	6,789,184	6,577,551	6,466,005
Retained earnings	14,316,297	12,092,242	12,833,635
	<u>29,945,825</u>	<u>27,510,137</u>	<u>28,139,984</u>
Non-controlling Interest	<u>5,094,836</u>	<u>2,673,597</u>	<u>4,860,016</u>
	<u>35,040,661</u>	<u>30,183,734</u>	<u>33,000,000</u>
Non-current Liabilities			
Post-employment benefit obligations	98,500	217,074	134,600
Long term liabilities	24,271,307	23,627,665	26,413,778
Lease obligations	1,407,714	1,600,756	1,510,647
Deferred tax liabilities	2,907,145	2,749,742	2,804,550
	<u>28,684,666</u>	<u>28,195,237</u>	<u>30,863,575</u>
	<u>63,725,327</u>	<u>58,378,971</u>	<u>63,863,575</u>

Approved for issue by the Board of Directors on August 11, 2023 and signed on its behalf by:

Paul B. Scott

Chairman

Richard R. Pandohie

Director



Consolidated Statement of Changes in Equity (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	6 months ended 30 June 2023						
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital	Preference Shares	Capital Reserves	Retained Earnings	Sub-total Equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2023	5,768,558	3,071,786	6,466,005	12,833,635	28,139,984	4,860,016	33,000,000
Total comprehensive income:							
Profit for the period	-	-	-	1,886,113	1,886,113	656,080	2,542,193
Currency translation gains and losses	-	-	(40,463)	-	-	(137,922)	(178,385)
Fair value gains on investments	-	-	363,642	-	363,642	-	363,642
	-	-	323,179	1,886,113	2,071,370	518,158	2,727,450
Dividends declared	-	-	-	(403,451)	(403,451)	(283,338)	(686,789)
At 30 June 2023	5,768,558	3,071,786	6,789,184	14,316,297	29,945,825	5,094,836	35,040,661
	6 months ended 30 June 2022						
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital	Preference Shares	Capital Reserves	Retained Earnings	Sub-total Equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2022	5,768,558	-	6,700,164	10,980,182	23,448,904	-	23,448,904
Total comprehensive income:							
Profit for the period	-	-	-	1,478,833	1,478,833	100,749	1,579,582
Currency translation gains and losses	-	-	(141,991)	-	(141,991)	-	(141,991)
Fair value gains on investments	-	-	19,378	-	19,378	-	19,378
	-	-	(122,613)	1,478,833	1,356,220	100,749	1,456,969
Dividends declared	-	-	-	(366,773)	(366,773)	-	(366,773)
Issue of preference shares by a subsidiary	-	3,071,786	-	-	3,071,786	-	3,071,786
On acquisition of subsidiary	-	-	-	-	-	2,572,848	2,572,848
At 30 June 2022	5,768,558	3,071,786	6,577,551	12,092,242	27,510,137	2,673,597	30,183,734



Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	6 months ended 30 June	
	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities		
Net profit	2,542,193	1,579,582
Items not affecting cash resources:		
Amortization of intangible assets	144,199	119,734
Depreciation	718,088	423,584
Interest income	(39,195)	(15,236)
Interest expense –		
Lease obligations	3,430	4,061
Loans and other	1,284,810	633,547
Results of associate & joint venture	(136,404)	(55,263)
Taxation	660,641	433,373
	<u>5,177,762</u>	<u>3,123,382</u>
Changes in operating assets and liabilities:		
Inventories	(318,140)	(268,343)
Receivables	(1,142,602)	(855,806)
Biological assets	90,199	28,178
Payables and other	305,089	(2,090,192)
	<u>4,112,308</u>	<u>(62,781)</u>
Taxation paid	(859,261)	(616,897)
Cash provided by/(used in) operating activities	<u>3,253,047</u>	<u>(679,678)</u>
Cash Flows from Investing Activities		
Net purchase of property, plant and equipment	(1,111,400)	(1,012,380)
On acquisition of subsidiary	-	5,659,640
Long term receivables	42,435	(18,099)
Interest received	39,195	15,236
Cash (used in)/provided by investing activities	<u>(1,029,770)</u>	<u>4,644,397</u>
Cash Flows from Financing Activities		
Long term loans	1,539,509	(181,238)
Lease obligations	(111,503)	(27,772)
Dividends paid	(686,789)	(366,773)
Interest paid	(1,257,327)	(546,830)
Cash used in financing activities	<u>(516,110)</u>	<u>(1,122,613)</u>
Change in cash and cash equivalents	1,707,167	2,842,106
Cash and cash equivalents at beginning of period	4,088,873	1,649,752
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>5,796,040</u>	<u>4,491,858</u>



Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

6 months ended 30 June 2023	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	6,784,806	47,670,256	-	54,455,062
Inter-segment revenue	9,991,916	-	(9,991,916)	-
Total revenue	16,776,722	47,670,256	(9,991,916)	54,455,062
Segment result	1,794,396	3,373,186	-	5,167,582
Unallocated income and expenses				(633,476)
Operating profit				4,534,106
Segment assets	18,774,072	51,055,866	-	69,829,938
Unallocated assets				21,441,183
Total assets				91,271,121
Segment liabilities	11,216,998	29,584,300	-	40,846,298
Unallocated liabilities				15,384,162
Total liabilities				56,230,460
Capital expenditure	442,456	668,944	-	1,111,400
Unallocated capital expenditure				-
Total capital expenditure				1,111,400
Depreciation	316,154	348,224	-	664,378
Unallocated depreciation				53,710
Total depreciation				718,088
6 months ended 30 June 2022	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	7,003,388	20,802,118	-	27,805,506
Inter-segment revenue	7,872,581	-	(7,872,581)	-
Total revenue	14,875,969	20,802,118	(7,872,581)	27,805,506
Segment result	1,748,362	1,350,685	-	3,099,047
Unallocated income and expenses				(268,888)
Operating profit				2,830,159
Segment assets	17,858,496	40,522,096	-	58,380,592
Unallocated assets				19,686,042
Total assets				78,065,634
Segment liabilities	11,526,730	25,810,606	-	37,337,336
Unallocated liabilities				10,544,564
Total liabilities				47,881,900
Capital expenditure	440,383	571,997	-	1,012,380
Unallocated capital expenditure				-
Total capital expenditure				1,012,380
Depreciation	306,796	92,221	-	399,017
Unallocated depreciation				24,567
Total depreciation				423,584

Total revenue for the period includes export sales of \$2,444,233,000 (2022 – \$1,518,301,000).



Notes to the Interim Financial Statements

(expressed in Jamaican dollars unless otherwise indicated)

Basis of preparation

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the measurement of: land and buildings, investments and defined benefit pension plan assets at fair value; and assets held for sale and biological assets at fair value less costs to sell.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2021.

These interim financial statements do not reflect adjustments for the fair value of intangibles assets on the acquisition of subsidiaries, for the re-measurement of post-employment benefits or for the fair value of investments (other than those resulting from changes in foreign exchange rates) as at 30 June 2023. Such adjustments are made during the annual audit process based on independent valuations and will be reflected in the annual audited financial statements.



SEPROD LIMITED

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