



SEPROD LIMITED
INTERIM REPORT

3 MONTHS ENDED
31 MARCH 2024



HIGHLIGHTS FOR Q1 2024



REVENUE

March 2024 – \$28.59 billion

March 2023 – \$27.06 billion



NET PROFIT

March 2024 – \$1.20 billion

March 2023 – \$1.36 million



EPS

March 2024 – \$1.30 per share

March 2023 – \$1.34 per share



STOCKHOLDERS' EQUITY

March 2024 – \$40.34 billion

December 2023 – \$38.83 billion



INTERIM REPORT TO THE STOCKHOLDERS

Year and Quarter-to-Date Performance (January-March 2024)

For the three (3) months ended 31 March 2024 (Q1), the Seprod Group earned Revenues of \$28.59 billion, an increase of \$1.53 billion (6%) over the corresponding period in 2023. Gross Profit closed at \$9.48 billion, an increase of \$1.14 billion (13%) above the corresponding period in 2023. Net Profit was \$1.20 billion, a decrease of \$152 million (11%) versus the corresponding period in 2023.

Comments on Performance

Revenue

- The margarine production has normalized following the substantial completion of the margarine plant upgrade. The company is now moving aggressively to regain lost market share.
- The juice and dairy beverage demand continues to grow, exceeding current installed capacity. This is a good problem to have and the company will be installing additional production capacity in the latter part of this year to eliminate this constraint.
- Export sales grew by 27%.
- The Bryden Group's revenue from premium beverage was affected negatively by the very short carnival season in Trinidad and Tobago.

Net Profit

- Increase in interest expense in line with the increase in interest rates.
- Higher effective tax rate in the Bryden Group due to the business mix and expiration of benefits enjoyed in 2023.
- Drought in Jamaica has affected the dairy farm operation, significantly increasing costs.
- Supply chain challenges from some of our principals affected the pharmaceutical business.
- Cost increases from insurance, interest rates, security, transportation, etc. continue to erode the profit margin.

We continue to execute on our strategy to create sustainable shareholder value by building out a regional platform, underpinned by talented and motivated people.

We remain confident that, despite geopolitical and local headwinds, the Seprod Group will deliver an outstanding performance in 2024.


P. B. Scott
Chairman
R. R. Pandohie
Chief Executive Officer

May 20, 2024



SHAREHOLDERS PROFILE AS AT 31 MARCH 2024

Ten Largest Shareholders

1. Musson (Jamaica) Limited	233,749,618
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	4,708,662
9. JCSD Trustee Services Limited – Barita Unit Trust Capital Growth Fund	4,423,174
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	366,773,661
2. Richard R. Pandohie (Chief Executive Officer)	3,998,231
3. Byron E. Thompson	1,220,668
4. Melanie Subratie	Nil
- connected persons	366,773,661
5. Michael J. Subratie	Nil
6. Nicholas Scott	245,768
- 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. Euton Cummings	Nil
5. Damion Dodd	300,000
6. Fredy Graell	Nil
7. Chana Hay	1,375,500
8. Hossam Monir	Nil
9. Keshia Nelson-Brown	Nil
10. Richard Pandohie	3,998,231
11. Patrick Scott	3,000,000
12. Ferron Senior	Nil
13. Debbian Spence-Minott	Nil
14. Tameka Williamson-Smart	Nil
15. Perry Wright	6,500



UNAUDITED INTERIM FINANCIAL STATEMENTS

3 MONTHS ENDED 31 MARCH 2024

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Consolidated Statement of Comprehensive Income (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	3 months ended 31 March	
	2024	2023
	\$'000	\$'000
Revenue	28,588,928	27,062,574
Direct expenses	(21,097,772)	(20,150,266)
Gross Profit	7,491,156	6,912,308
Other operating income	219,185	222,190
Other operating expenses	(5,313,773)	(4,860,208)
Operating Profit	2,396,568	2,274,290
Finance costs	(795,063)	(619,444)
Share of results of associate & joint venture	141,248	106,081
Profit before Taxation	1,742,753	1,760,927
Taxation	(514,098)	(396,050)
Net Profit from continuing operations	1,228,655	1,364,877
Net loss from discontinued operations	(24,387)	(8,757)
Net Profit	1,204,268	1,356,120
Other comprehensive income, net of taxes	(6,524)	(28,079)
Total Comprehensive Income	1,197,744	1,328,041
Net Profit is attributable to:		
Stockholders of the Company	964,730	981,323
Non-controlling interests	239,538	374,797
Total	1,204,268	1,356,120
Total Comprehensive Income is attributable to:		
Stockholders of the Company	958,206	953,244
Non-controlling interests	239,538	374,797
Total	1,197,744	1,328,041
Earnings per Stock Unit attributable to Stockholders of the Company		
Continuing operations	\$1.32	\$1.35
Discontinued operations	(\$0.02)	(\$0.01)
Total	\$1.30	\$1.34



Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2024 \$'000	31 March 2023 \$'000	31 December 2023 \$'000
Non-current Assets			
Property, plant and equipment	23,522,318	20,405,422	23,119,352
Right of use assets	1,971,946	1,691,499	1,741,370
Intangible assets	13,819,726	13,645,472	13,294,758
Investments	1,760,638	1,204,601	1,767,162
Investment in associate & joint venture	1,623,539	1,231,627	1,482,291
Long term receivables	1,088,785	1,180,972	1,045,959
Post-employment benefit asset	634,464	674,693	634,464
Biological assets	432,183	477,486	447,922
Deferred tax assets	2,675,884	1,796,354	2,675,884
	<u>47,529,483</u>	<u>42,308,126</u>	<u>46,209,162</u>
Current Assets			
Inventories	25,287,233	23,787,273	28,938,437
Biological assets	34,218	51,254	34,218
Receivables	23,573,749	19,236,671	22,844,042
Non-current assets held for sale	285,761	285,761	285,761
Taxation recoverable	548,437	206,399	579,645
Cash and bank balances	5,888,388	3,791,175	5,673,878
	<u>55,617,786</u>	<u>47,358,533</u>	<u>58,355,981</u>
Current Liabilities			
Payables	19,411,603	15,975,982	24,777,868
Current portion of long term liabilities	11,647,436	6,603,323	11,185,213
Current portion of lease obligations	338,634	222,737	393,370
Taxation payable	162,937	438,325	212,387
	<u>31,560,610</u>	<u>23,240,367</u>	<u>36,568,838</u>
Net Current Assets	<u>24,057,176</u>	<u>24,118,166</u>	<u>21,787,143</u>
	<u>71,586,659</u>	<u>66,426,292</u>	<u>67,996,305</u>
Equity Attributable to Stockholders of the Company			
Share capital	5,768,558	5,768,558	5,768,558
Capital reserves	8,902,633	7,026,311	8,909,157
Retained earnings	14,010,084	12,175,120	13,536,070
	<u>28,681,275</u>	<u>24,969,989</u>	<u>28,213,785</u>
Non-controlling Interest	<u>11,658,177</u>	<u>9,277,773</u>	<u>10,620,102</u>
	<u>40,339,452</u>	<u>34,247,762</u>	<u>38,833,887</u>
Non-current Liabilities			
Post-employment benefit obligations	304,619	1,655,416	304,619
Long term liabilities	25,303,271	26,234,789	23,387,397
Lease obligations	1,635,911	1,559,592	1,466,996
Deferred tax liabilities	4,003,406	2,728,733	4,003,406
	<u>31,247,207</u>	<u>32,178,530</u>	<u>29,162,418</u>
	<u>71,586,659</u>	<u>66,426,292</u>	<u>67,996,305</u>

Approved for issue by the Board of Directors on

20 May 2024

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)

3 months ended 31 March 2024						
	Attributable to stockholders of the Company				Non-controlling Interest	Total
	Share Capital	Capital Reserves	Retained Earnings	Sub-total Equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2024	5,768,558	8,909,157	13,536,070	28,213,785	10,620,102	38,833,887
Total comprehensive income:						
Profit for the period	-	-	964,730	964,730	239,538	1,204,268
Fair value losses on investments	-	(6,524)	-	(6,524)	-	(6,524)
	-	(6,524)	964,730	958,206	239,538	1,197,744
Acquisition of shareholding of non-controlling interest	-	-	(46,920)	(46,920)	(891,388)	(938,308)
Issue of preference shares by subsidiary as part of consideration	-	-	-	-	907,120	907,120
Acquisition of subsidiary	-	-	-	-	173,788	173,788
Issue of preference shares by subsidiary as part of consideration	-	-	-	-	656,880	656,880
Dividends declared	-	-	(443,796)	(443,796)	(47,863)	(491,659)
At 31 March 2024	5,768,558	8,902,633	14,010,084	28,681,275	11,658,177	40,339,452

3 months ended 31 March 2023						
	Attributable to stockholders of the Company				Non-controlling Interest	Total
	Share Capital	Capital Reserves	Retained Earnings	Sub-total Equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2023	5,768,558	7,054,390	11,597,248	24,420,196	8,995,125	33,415,321
Total comprehensive income:						
Profit for the period	-	-	981,323	981,323	374,797	1,356,120
Currency translation gains	-	5,355	-	5,355	-	5,355
Fair value losses on investments	-	(33,434)	-	(33,434)	-	(33,434)
	-	(28,079)	981,323	953,244	374,797	1,328,041
Dividends declared	-	-	(403,451)	(403,451)	(92,149)	(495,600)
At 31 March 2023	5,768,558	7,026,311	12,175,120	24,969,989	9,277,773	34,247,762



Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	3 months ended 31 March	
	2024	2023
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	1,204,268	1,356,120
Items not affecting cash resources:		
Amortization of intangible assets	123,126	80,281
Depreciation	499,769	416,716
Interest income	(14,644)	(25,088)
Interest expense –		
Lease obligations	7,215	1,656
Loans and other	799,536	667,406
Results of associate & joint venture	(141,248)	(106,081)
Taxation	514,098	396,050
	2,992,120	2,787,060
Changes in operating assets and liabilities:		
Inventories	4,262,337	3,677,427
Receivables	(385,087)	299,682
Biological assets	15,739	(18,505)
Payables and other	(6,063,015)	(5,682,933)
	822,094	1,062,731
Taxation paid	(532,340)	(748,692)
Cash provided by operating activities	289,754	314,039
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(440,504)	(43,336)
Net cash outflow on acquisition of shareholding of non-controlling interest	(31,188)	-
Net cash inflow on acquisition of subsidiary	225,745	-
Long term receivables	94,013	111,792
Interest received	14,644	25,088
Cash (used in)/provided by investing activities	(137,290)	93,544
Cash Flows from Financing Activities		
Long term loans	1,000,813	(287,234)
Lease obligations	(116,397)	(152,405)
Dividends paid	(47,863)	(92,149)
Interest paid	(774,507)	(554,615)
Cash provided by/(used in) financing activities	62,046	(1,086,403)
Change in cash and cash equivalents	214,510	(678,820)
Cash and cash equivalents at beginning of period	5,673,878	4,469,995
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,888,388	3,791,175



Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

3 months ended 31 March 2024	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	3,416,868	25,172,060	-	28,588,928
Inter-segment revenue	5,018,904	-	(5,018,904)	-
Total revenue	8,435,772	25,172,060	(5,018,904)	28,588,928
Segment result	1,304,859	1,592,430	-	2,897,289
Unallocated income and expenses				(500,721)
Operating profit				2,396,568
Segment assets	16,392,610	62,007,563	-	78,400,173
Unallocated assets				24,747,096
Total assets				103,147,269
Segment liabilities	7,696,210	37,552,823	-	45,249,033
Unallocated liabilities				17,558,784
Total liabilities				62,807,817
Capital expenditure	310,452	130,052	-	440,504
Unallocated capital expenditure				-
Total capital expenditure				440,504
Depreciation	160,153	300,310	-	460,463
Unallocated depreciation				39,306
Total depreciation				499,769

3 months ended 31 March 2023	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	3,558,454	23,504,120	-	27,062,574
Inter-segment revenue	4,477,638	-	(4,477,638)	-
Total revenue	8,036,092	23,504,120	(4,477,638)	27,062,574
Segment result	868,494	1,804,091	-	2,672,585
Unallocated income and expenses				(398,295)
Operating profit				2,274,290
Segment assets	17,456,476	49,571,734	-	67,028,210
Unallocated assets				22,638,449
Total assets				89,666,659
Segment liabilities	8,917,160	28,969,039	-	37,886,199
Unallocated liabilities				17,532,698
Total liabilities				55,418,897
Capital expenditure	150,525	147,407	-	297,932
Unallocated capital expenditure				(254,596)
Total capital expenditure				43,336
Depreciation	157,736	232,591	-	390,327
Unallocated depreciation				26,389
Total depreciation				416,716

Total revenue for the period includes export sales of \$1,383,601,000 (2023 – \$1,090,766,000).



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 2023.

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 31 March 2024. Such adjustments are made during the annual audit process based on independent valuations and will be reflected in the annual audited financial statements.

Acquisition of non-controlling interest in subsidiary

During the quarter ended 31 March 2024, A.S. Bryden & Sons Holdings Limited acquired the ordinary shares of the 10% non-controlling interest in Bryden pi Limited. The Group will continue to build on the legacy of innovation and service excellence of this subsidiary in furtherance of its health care business objectives.

Acquisition of subsidiary

Effective 1 March 2024, A.S. Bryden & Sons Holdings Limited acquired 55% of the share capital of Stansfeld Scott (Barbados) Limited, a company incorporated and domiciled in Barbados. This acquisition will allow the Group to expand and diversify its premium beverage and consumer retail business units.



SEPROD LIMITED

3 Felix Fox Boulevard, Kingston, Jamaica