



SEPROD LIMITED

INTERIM REPORT

6 MONTHS ENDED
30 JUNE 2024



HIGHLIGHTS FOR Q2 2024



REVENUE

June 2024 – \$58.33 billion

June 2023 – \$54.46 billion



NET PROFIT

June 2024 – \$2.15 billion

June 2023 – \$2.54 million



EPS

June 2024 – \$2.40 per share

June 2023 – \$2.57 per share



STOCKHOLDERS' EQUITY

June 2024 – \$41.30 billion

December 2023 – \$38.83 billion



INTERIM REPORT TO THE STOCKHOLDERS

Q2 performance (April-June 2024)

For the three (3) months ended 30 June 2024 (Q2), the Seprod Group achieved revenues of \$29.74 billion, an increase of \$2.35 billion (9%) over the corresponding period in 2023. Gross profit closed at \$7.43 billion, an increase of \$529 million (8%) above the corresponding period in 2023.

The net profit was \$941 million, a decrease of \$245 million (21%) versus the corresponding period in 2023.

Q2 year-to-date performance (January-June 2024)

For the six (6) months ended 30 June 2024 (Q2 year-to-date), the Seprod Group achieved revenues of \$58.33 billion, an increase of \$3.88 billion (7%) over the corresponding period in 2023. Gross profit closed at \$14.93 billion, an increase of \$1.11 billion (8%) above the corresponding period in 2023.

The net profit was \$2.15 billion, a decrease of \$396 million or 16% versus the corresponding period in 2023.

Comments on Performance

- The Group is now regaining lost margarine market share (in the domestic and export markets), which occurred during 2023 when the company embarked on a massive plant upgrade.
- The juice and dairy beverage demand continues to show robust growth. Based on the organic growth trajectory plus the innovation pipeline, the company triggered *circa* \$700 million investment to increase capacity enhancement in the processing and packaging areas. These investments are happening in a staggered phase but the overall project will go live by Q1 2025.
- Export sales grew by 27% and is meeting expectations.
- The major contributor to the Group shortfall was due to its Trinidad subsidiary performance. The Bryden Group's revenues increased by 11% over the comparative period; however, its net profit declined by 44% (*circa* \$245 million) primarily due to expiration of one-off benefits which the company had in 2023 and to higher than planned finance costs to acquire foreign exchange.

Outlook

- The Group anticipates a stronger second half of the year performance from the Bryden Group.
- The Group made significant up-front investments in people and infrastructure in the first half of the year to secure new business partnerships and to expand our regional footprint. This upfront cost will start to generate revenue in Q4 2024.
- Export growth will continue to be robust, and we are particularly excited about Guyana's growth realization.
- The Group continues to onboard talent to ensure that we have the people capacity to deliver on the business potential.
- Innovation pipeline and brand investment will continue, and we have a couple of exciting launches in the second half of the year.

As we look to the second half of the year we remain optimistic that we will achieve our 2024 goals.


P. B. Scott
Chairman

August 12, 2024


R. R. Pandohie
Chief Executive Officer



SHAREHOLDERS PROFILE AS AT 30 JUNE 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. Richard Pandohie	3,998,231
10. Patrick Scott	3,000,000
11. Ferron Senior	Nil
12. Debbian Spence-Minott	Nil
13. Tameka Williamson-Smart	Nil
14. Perry Wright	6,500



UNAUDITED INTERIM FINANCIAL STATEMENTS

6 MONTHS ENDED 30 JUNE 2024

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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	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Revenue	29,739,834	27,392,488	58,328,762	54,455,062
Direct expenses	(22,304,875)	(20,486,616)	(43,402,647)	(40,636,882)
Gross Profit	7,434,959	6,905,872	14,926,115	13,818,180
Other operating income	178,173	231,643	397,358	453,833
Other operating expenses	(5,314,516)	(4,877,699)	(10,628,289)	(9,737,907)
Operating Profit	2,298,616	2,259,816	4,695,184	4,534,106
Finance costs	(964,680)	(825,199)	(1,759,743)	(1,444,643)
Share of results of associate & joint venture	78,797	30,323	220,045	136,404
Profit before Taxation	1,412,733	1,464,940	3,155,486	3,225,867
Taxation	(454,487)	(264,591)	(968,585)	(660,641)
Net Profit from continuing operations	958,246	1,200,349	2,186,901	2,565,226
Net loss from discontinued operations	(16,763)	(14,276)	(41,150)	(23,033)
Net Profit	941,483	1,186,073	2,145,751	2,542,193
Other comprehensive income, net of taxes	20,025	213,336	13,501	185,257
Total Comprehensive Income	961,508	1,399,409	2,159,252	2,727,450
Net Profit is attributable to:				
Stockholders of the Company	797,417	904,790	1,762,147	1,886,113
Non-controlling interests	144,066	281,283	383,604	656,080
Total	941,483	1,186,073	2,145,751	2,542,193
Total Comprehensive Income is attributable to:				
Stockholders of the Company	817,442	1,256,048	1,775,648	2,209,292
Non-controlling interests	144,066	143,361	383,604	518,158
Total	961,508	1,399,409	2,159,252	2,727,450
Earnings per Stock Unit attributable to Stockholders of the Company				
Continuing operations	\$1.11	\$1.25	\$2.46	\$2.60
Discontinued operations	(\$0.02)	(\$0.02)	(\$0.06)	(\$0.03)
Total	\$1.09	\$1.23	\$2.40	\$2.57



Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	30 June 2024 \$'000	30 June 2023 \$'000	31 December 2023 \$'000
Non-current Assets			
Property, plant and equipment	23,469,595	20,887,093	23,119,352
Right of use assets	1,914,997	1,700,712	1,741,370
Intangible assets	13,696,553	13,528,994	13,294,758
Investments	1,953,164	1,245,859	1,767,162
Investment in associate & joint venture	1,702,336	954,762	1,482,291
Long term receivables	1,058,496	1,397,801	1,045,959
Post-employment benefit asset	634,464	674,693	634,464
Biological assets	449,823	472,211	447,922
Deferred tax assets	2,675,884	1,512,180	2,675,884
	<u>47,555,312</u>	<u>42,374,305</u>	<u>46,209,162</u>
Current Assets			
Inventories	24,648,085	24,390,233	28,938,437
Biological assets	34,218	51,254	34,218
Receivables	25,140,861	19,401,938	22,844,042
Non-current assets held for sale	285,761	285,761	285,761
Taxation recoverable	686,241	190,428	579,645
Cash and bank balances	6,916,473	5,796,040	5,673,878
	<u>57,711,639</u>	<u>50,115,654</u>	<u>58,355,981</u>
Current Liabilities			
Payables	17,457,662	16,358,102	24,777,868
Current portion of long term liabilities	13,762,943	9,794,075	11,185,213
Current portion of lease obligations	292,584	304,555	393,370
Taxation payable	126,810	335,663	212,387
	<u>31,639,999</u>	<u>26,792,395</u>	<u>36,568,838</u>
Net Current Assets	<u>26,071,640</u>	<u>23,323,259</u>	<u>21,787,143</u>
	<u>73,626,952</u>	<u>65,697,564</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	8,922,658	7,377,569	8,909,157
Retained earnings	14,807,501	13,079,910	13,536,070
	<u>29,498,717</u>	<u>26,226,037</u>	<u>28,213,785</u>
Non-controlling Interest	<u>11,802,243</u>	<u>9,229,945</u>	<u>10,620,102</u>
	<u>41,300,960</u>	<u>35,455,982</u>	<u>38,833,887</u>
Non-current Liabilities			
Post-employment benefit obligations	304,619	1,655,416	304,619
Long term liabilities	26,512,525	24,271,307	23,387,397
Lease obligations	1,505,442	1,407,714	1,466,996
Deferred tax liabilities	2,003,406	2,907,145	4,003,406
	<u>32,325,992</u>	<u>30,241,582</u>	<u>29,162,418</u>
	<u>73,626,952</u>	<u>65,697,564</u>	<u>67,996,305</u>

Approved for issue by the Board of Directors on

12 August 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)

6 months ended 30 June 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	-	-	1,762,147	1,762,147	383,604	2,145,751
Fair value gains on investments	-	13,501	-	13,501	-	13,501
	-	13,501	1,762,147	1,775,648	383,604	2,159,252
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 30 June 2024	5,768,558	8,922,658	14,807,501	29,498,717	11,802,243	41,300,960

6 months ended 30 June 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	-	-	1,886,113	1,886,113	656,080	2,542,193
Currency translation gains and losses	-	(40,463)	-	(40,463)	(137,922)	(178,385)
Fair value gains on investments	-	363,642	-	363,642	-	363,642
	-	323,179	1,886,113	2,209,292	518,158	2,727,450
Dividends declared	-	-	(403,451)	(403,451)	(283,338)	(686,789)
At 30 June 2023	5,768,558	7,377,569	13,079,910	26,226,037	9,229,945	35,455,982



Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	6 months ended 30 June	
	2024	2023
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	2,145,751	2,542,193
Items not affecting cash resources:		
Amortization of intangible assets	246,299	144,199
Depreciation	1,087,580	718,088
Interest income	(35,700)	(39,195)
Interest expense –		
Lease obligations	13,544	3,430
Loans and other	1,604,226	1,284,810
Results of associate & joint venture	(220,045)	(136,404)
Taxation	968,585	660,641
	5,810,240	5,177,762
Changes in operating assets and liabilities:		
Inventories	4,901,485	(318,140)
Receivables	(1,918,167)	(1,142,602)
Biological assets	(1,901)	90,199
Payables and other	(7,573,160)	305,089
	1,218,497	4,112,308
Taxation paid	(1,160,758)	(859,261)
Cash provided by operating activities	57,739	3,253,047
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(865,481)	(1,111,400)
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	90,270	42,435
Purchase of investment	(172,501)	-
Interest received	35,700	39,195
Cash used in investing activities	(717,455)	(1,029,770)
Cash Flows from Financing Activities		
Long term loans	4,297,528	1,539,509
Lease obligations	(346,078)	(111,503)
Dividends paid	(491,659)	(686,789)
Interest paid	(1,557,480)	(1,257,327)
Cash provided by/(used in) financing activities	1,902,311	(516,110)
Change in cash and cash equivalents	1,242,595	1,707,167
Cash and cash equivalents at beginning of period	5,673,878	4,088,873
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,916,473	5,796,040



Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

6 months ended 30 June 2024	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	6,798,504	51,530,257	-	58,328,762
Inter-segment revenue	10,376,045	-	(10,376,045)	-
Total revenue	17,174,549	51,530,257	(10,376,045)	58,328,762
Segment result	2,640,281	3,141,099	-	5,781,380
Unallocated income and expenses				(1,086,196)
Operating profit				4,695,184
Segment assets	19,565,952	62,459,033	-	82,024,985
Unallocated assets				23,302,157
Total assets				105,327,142
Segment liabilities	8,160,275	37,379,863	-	45,540,138
Unallocated liabilities				18,597,658
Total liabilities				64,137,796
Capital expenditure	343,218	522,263	-	865,481
Unallocated capital expenditure				-
Total capital expenditure				865,481
Depreciation	352,782	617,529	-	970,311
Unallocated depreciation				117,269
Total depreciation				1,087,580

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

Total revenue for the period includes export sales of \$2,927,555,000 (2023 – \$2,444,233,000).



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 30 June 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 (ASBH) 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 (ASBH) 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.

Subsequent event - Acquisition of subsidiary

Effective 9 July 2024, A.S. Bryden & Sons Holdings Limited (ASBH) acquired 45% of the share capital of Caribbean Producers (Jamaica) Limited (CPJ), a company incorporated and domiciled in Jamaica which is a leading food and premium beverage distributor for major global brands with a focus on serving hotels and resorts in Jamaica. ASBH intends to continue to acquire shares in CPJ in order to obtain a majority interest.



SEPROD LIMITED

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