



**SEPROD LIMITED**  
INTERIM REPORT

**9 MONTHS ENDED**  
**30 SEPTEMBER 2021**



## HIGHLIGHTS FOR Q3 YEAR-TO-DATE



### REVENUE

**Sep 2021 – \$31.15 billion**

Sep 2020 – \$28.66 billion



### NET PROFIT

**Sep 2021 – \$1.70 billion**

Sep 2020 – \$1.72 billion \*



### EPS

**Sep 2021 – \$2.32 per share**

Sep 2020 – \$2.35 per share \*



### STOCKHOLDERS' EQUITY

**Sep 2021 – \$18.13 billion**

Dec 2020 – \$16.89 billion

\* for the purposes of comparability, the net profit and EPS for Q3 2020 year to date reflected above exclude a one-off gain of J\$762 million from the sale of a property in the prior period that the Group was able to dispose of due to the consolidation and relocation of a distribution operation.



## INTERIM REPORT TO THE STOCKHOLDERS

### **Q3 Performance (July-September 2021)**

For the three (3) months ended 30 September 2021 (Q3), the Seprod Group achieved revenues of J\$11.32 billion, an increase of J\$1.27 billion or 13% over the corresponding period in 2020; and net profit of J\$495 million which represents a decline of J\$687 million or 58% versus the corresponding period in 2020. However, this decline must be put in context, as in Q3 2020, the Group recorded a one-off gain of J\$762 million from the sale of a property.

With the exception of this one-off gain in the prior period, the net profit for Q3 2021 represents an increase of J\$75 million or 18% versus the corresponding period in 2020.

### **Year-to-Date Performance (January-September 2021)**

For the nine (9) months ended 30 September 2021 (Q3 year-to-date), the Seprod Group achieved revenues of J\$31.15 billion, an increase of J\$2.49 billion or 9% over the corresponding period in 2020. The net profit of J\$1.70 billion represents a decrease of (J\$780 million) or 31% versus the corresponding period in 2020.

With the exception of the aforementioned one-off gain in the prior period, the net profit for Q3 2021 year to date represents a decrease of (J\$19 million) or 1% versus the corresponding period in 2020.

### **Comment on Year-to-Date Performance**

Normalizing for the one-off gain in 2020, the Q3 YTD 2021 profit performance (-1%) showed improvement compared to the Q2 YTD results (-4%) and the Q1 YTD results (-14%); the deficit at the beginning of the year has been progressively reduced through realignment of the cost structure and the partial pass through of higher commodity and logistics cost via price increases. The cost of goods has climbed considerably driven by global supply chain challenges and have remained stubbornly high.

It is important to note that, while the cost of goods has risen by approximately 20%, the company has decided to hold strain by absorbing some of the higher cost as we seek to support our consumers and customers through this challenging period.

With regard to COVID management, the company has incurred significant cost as we strive to create an environment that is safe for our employees, contractors, and other stakeholders. We have expended resources to educate, incentivize and facilitate our employees as we seek to convince them to get vaccinated. At this stage, 52% of the workforce is vaccinated, still below our target of 75%.

Management is focused on creating value; by having a robust innovation pipeline, being a good corporate citizen and reorganizing the business to not only survive but to thrive. The challenges are many but so are the opportunities, and we are committed to continue our trajectory of delivering strong results and great shareholder value.

P. B. Scott  
Chairman

R. R. Pandohie  
Chief Executive Officer

November 3, 2021



## SHAREHOLDERS PROFILE AS AT 30 SEPTEMBER 2021

### 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	9,074,455
7. ATL Group Pension Fund Trustee Nominee Limited	6,492,559
8. Sagicor Select Fund Limited ('Class C' Shares)	5,879,298
9. NCB Insurance Company Limited - A/C 109	5,648,346
10. VM Wealth Equity Fund	5,387,891

### Shareholding of Directors, along with their connected persons

1. Paul B. Scott (Chairman)	Nil
- connected persons	366,772,031
2. Peter J. Thwaites (Vice Chairman)	11,020
3. Richard R. Pandohie (Chief Executive Officer)	3,998,231
4. Byron E. Thompson	1,220,668
5. Melanie Subratie	Nil
- connected persons	366,772,031
6. Michael J. Subratie	Nil
7. Nicholas Scott	Nil
- connected persons	1,206,768
8. Christopher Gentles	Nil
9. Patrick Scott	3,000,000
10. Nicholas Jones	Nil
11. Brian Wynter	Nil



## Shareholding of Management

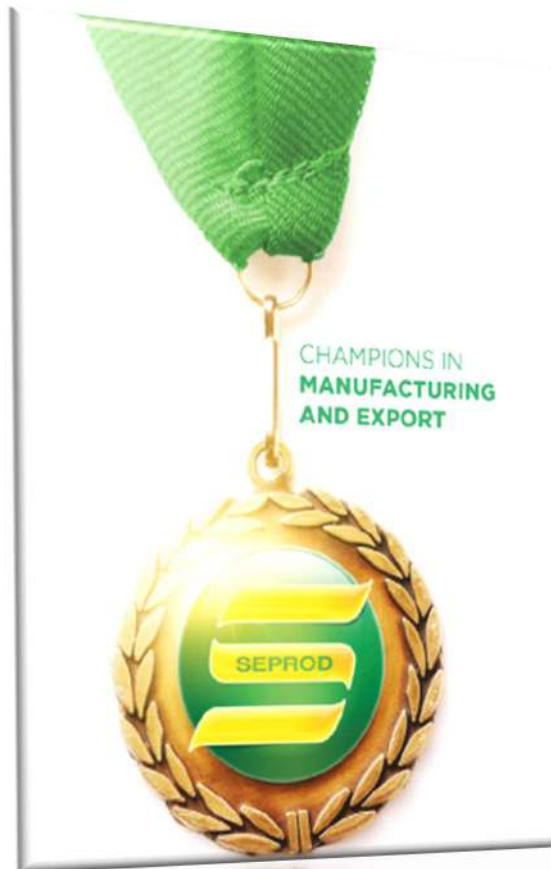
1. Marilyn Anderson	25,000
2. Carol Andrade	13,000
3. Ralston Bent	Nil
4. Damion Dodd	300,000
5. Fredy Grael	Nil
6. Chana Hay	1,375,500
7. Tricia Hill	Nil
8. Alerie Hull-Duhaney	15,000
9. Kerrian Johnson	25,000
10. Efrain Lara	Nil
11. Roger Lewis	75,300
12. Joyce Miller	35,000
13. Richard Pandohie	3,998,231
14. Patrick Scott	3,000,000
15. Patrick Sterling	20,700
16. Perry Wright	13,947



## UNAUDITED INTERIM FINANCIAL STATEMENTS 9 MONTHS ENDED 30 SEPTEMBER 2021

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## Consolidated Statement of Comprehensive Income (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	3 months ended 30 September		9 months ended 30 September	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Revenue</b>	11,322,276	10,051,231	31,151,885	28,658,946
Direct expenses	(8,647,093)	(5,966,901)	(23,033,106)	(18,061,916)
<b>Gross Profit</b>	2,675,183	4,084,330	8,118,779	10,597,030
Gain on sale of distribution facility	-	762,271	-	762,271
Other operating income	(22,476)	18,095	155,782	235,425
Other operating expenses	(1,848,254)	(3,276,493)	(5,469,861)	(7,783,284)
<b>Operating Profit</b>	804,453	1,588,203	2,804,700	3,811,442
Finance costs	(231,854)	(270,868)	(732,874)	(866,090)
Share of results of joint venture	52,880	(19,225)	85,107	(14,258)
<b>Profit before Taxation</b>	625,479	1,298,110	2,156,933	2,931,094
Taxation	(108,797)	(85,120)	(395,321)	(401,166)
<b>Net Profit from continuing operations</b>	516,682	1,212,990	1,761,612	2,529,928
Net loss from discontinued operations	(22,160)	(31,173)	(59,763)	(47,299)
<b>Net Profit</b>	494,522	1,181,817	1,701,849	2,482,629
Other comprehensive income, net of taxes	45,527	32,235	124,209	130,693
<b>Total Comprehensive Income</b>	540,049	1,214,052	1,826,058	2,613,322
<b>Earnings per Stock Unit attributable to Stockholders of the Company</b>				
Continuing operations	\$0.70	\$1.65	\$2.40	\$3.44
Discontinued operations	(\$0.03)	(\$0.04)	(\$0.08)	(\$0.06)
<b>Total</b>	<b>\$0.67</b>	<b>\$1.61</b>	<b>\$2.32</b>	<b>\$3.38</b>



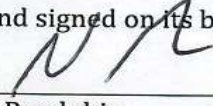
## Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	30 September 2021 \$'000	30 September 2020 \$'000	31 December 2020 \$'000
<b>Non-current Assets</b>			
Property, plant and equipment	7,546,697	6,857,741	6,958,333
Right of use assets	302,235	661,630	397,489
Intangible assets	8,992,029	9,233,483	9,172,622
Investments	1,787,036	1,618,744	1,703,260
Investment in joint venture	533,938	439,812	448,831
Long term receivables	674,351	762,972	720,862
Post-employment benefit asset	25,100	35,100	25,100
Biological assets	437,332	381,338	411,220
Deferred tax assets	1,282,497	1,326,933	1,202,975
	<u>21,581,215</u>	<u>21,317,753</u>	<u>21,040,692</u>
<b>Current Assets</b>			
Inventories	7,431,645	6,199,991	7,563,688
Biological assets	272,104	286,549	276,185
Receivables	6,124,858	6,827,205	5,926,413
Non-current assets held for sale	285,761	289,241	285,761
Taxation recoverable	228,421	13,725	201,239
Cash and bank balances	1,506,816	3,122,979	2,785,996
	<u>15,849,605</u>	<u>16,739,690</u>	<u>17,039,282</u>
<b>Current Liabilities</b>			
Payables	3,708,663	5,930,147	5,733,019
Current portion of long term liabilities	2,478,875	3,632,778	3,664,323
Current portion of lease obligations	81,177	69,087	168,399
Taxation payable	384,337	-	313,545
	<u>6,653,052</u>	<u>9,632,012</u>	<u>9,879,286</u>
<b>Net Current Assets</b>			
	<u>9,196,553</u>	<u>7,107,678</u>	<u>7,159,996</u>
	<u>30,777,768</u>	<u>28,425,431</u>	<u>28,200,688</u>
Share capital	5,768,558	5,768,558	5,768,558
Capital reserves	1,310,480	1,227,893	1,186,271
Retained earnings	11,053,210	9,542,236	9,938,198
	<u>18,132,248</u>	<u>16,538,687</u>	<u>16,893,027</u>
<b>Non-current Liabilities</b>			
Post-employment benefit obligations	134,300	148,300	134,300
Long term liabilities	10,589,542	9,640,909	9,399,959
Lease obligations	241,713	660,310	239,901
Deferred tax liabilities	1,679,965	1,437,225	1,533,501
	<u>12,645,520</u>	<u>11,886,744</u>	<u>11,307,661</u>
	<u>30,777,768</u>	<u>28,425,431</u>	<u>28,200,688</u>

Approved for issue by the Board of Directors on 3 November 2021 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)

	9 months ended 30 September 2021			
	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
At 1 January 2021	5,768,558	1,186,271	9,938,198	16,893,027
Total comprehensive income:				
Profit for the period	-	-	1,701,849	1,701,849
Currency translation gains and losses	-	40,433	-	40,433
Fair value gains on investments	-	83,776	-	83,776
	-	124,209	1,701,849	1,826,058
Dividends paid	-	-	(586,837)	(586,837)
<b>At 30 September 2021</b>	<b>5,768,558</b>	<b>1,310,480</b>	<b>11,053,210</b>	<b>18,132,248</b>

	9 months ended 30 September 2020			
	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
At 1 January 2020	5,768,558	1,097,200	8,104,479	14,970,237
Total comprehensive income:				
Profit for the period	-	-	2,482,629	2,482,629
Currency translation gains and losses	-	12,159	-	12,159
Fair value gains on investments	-	118,534	-	118,534
	-	130,693	2,482,629	2,613,322
Dividends paid	-	-	(1,044,872)	(1,044,872)
<b>At 30 September 2020</b>	<b>5,768,558</b>	<b>1,227,893</b>	<b>9,542,236</b>	<b>16,538,687</b>



## Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	<b>9 months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows from Operating Activities</b>		
Net profit	1,701,849	2,482,629
Items not affecting cash resources:		
Amortization of intangible assets	180,593	181,254
Depreciation	684,797	622,761
Gain on lease modification	-	(53,368)
Interest income	(53,211)	(45,883)
Interest expense –		
Lease obligations	32,139	91,154
Loans and other	700,735	727,132
Results of joint venture	(85,107)	14,258
Taxation	395,321	401,166
	<u>3,557,116</u>	<u>4,421,103</u>
Changes in operating assets and liabilities:		
Inventories	132,043	714,321
Receivables	(599,771)	(1,587,985)
Biological assets	(22,031)	28,032
Payables	(1,983,923)	(1,057,008)
	<u>1,083,434</u>	<u>2,518,463</u>
Taxation paid	(284,769)	(456,948)
Cash provided by operating activities	<u>798,665</u>	<u>2,061,515</u>
<b>Cash Flows from Investing Activities</b>		
Net purchase of property, plant and equipment	(1,273,161)	(188,803)
Long term receivables	447,837	(49,157)
Interest received	53,211	63,383
Cash used in investing activities	<u>(772,113)</u>	<u>(174,577)</u>
<b>Cash Flows from Financing Activities</b>		
Long term loans	9,170	1,070,052
Lease obligations	(22,295)	(105,498)
Dividends paid	(586,837)	(366,778)
Interest paid	(705,770)	(838,027)
Cash used in financing activities	<u>(1,305,732)</u>	<u>(240,251)</u>
Change in cash and cash equivalents	(1,279,180)	1,646,687
Cash and cash equivalents at beginning of period	<u>2,785,996</u>	<u>1,476,292</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>1,506,816</u></u>	<u><u>3,122,979</u></u>

Significant non-cash transactions: During the quarter ended 30 September 2020, the Group disposed of property valued at \$800 million, which was paid by way of shares issued to the Group by the purchaser. The Group then declared these shares as a non-cash dividend.



## Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

9 months ended 30 September 2021	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	8,034,544	23,117,341	-	31,151,885
Inter-segment revenue	10,482,310	-	(10,482,310)	-
<b>Total revenue</b>	<b>18,516,854</b>	<b>23,117,341</b>	<b>(10,482,310)</b>	<b>31,151,885</b>
Segment result	2,189,910	1,377,566	-	3,567,475
Unallocated income and expenses				(762,775)
<b>Operating profit</b>				<b>2,804,700</b>
Segment assets	12,007,399	10,322,370	-	22,329,769
Unallocated assets				15,101,051
<b>Total assets</b>				<b>37,430,820</b>
Segment liabilities	6,231,404	5,018,019	-	11,249,423
Unallocated liabilities				8,049,149
<b>Total liabilities</b>				<b>19,298,572</b>
Capital expenditure	357,737	197,201	-	554,938
Unallocated capital expenditure				718,223
<b>Total capital expenditure</b>				<b>1,273,161</b>
Depreciation	353,470	177,764	-	531,234
Unallocated depreciation				153,563
<b>Total depreciation</b>				<b>684,797</b>
<b>9 months ended 30 September 2020</b>				
	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	7,260,965	21,397,981	-	28,658,946
Inter-segment revenue	8,998,565	-	(8,998,565)	-
<b>Total revenue</b>	<b>16,259,530</b>	<b>21,397,981</b>	<b>(8,998,565)</b>	<b>28,658,946</b>
Segment result	2,466,747	1,357,542	-	3,824,289
Unallocated income and expenses				(12,847)
<b>Operating profit</b>				<b>3,811,442</b>
Segment assets	20,982,842	9,740,279	-	30,723,121
Unallocated assets				7,334,322
<b>Total assets</b>				<b>38,057,443</b>
Segment liabilities	7,206,499	5,787,258	-	12,993,757
Unallocated liabilities				8,524,999
<b>Total liabilities</b>				<b>21,518,756</b>
Capital expenditure	302,344	43,544	-	345,888
Unallocated capital expenditure				(157,085)
<b>Total capital expenditure</b>				<b>188,803</b>
Depreciation	349,935	122,925	-	472,860
Unallocated depreciation				149,901
<b>Total depreciation</b>				<b>622,761</b>

Total revenue for the period includes export sales of \$1,895,662,000 (2020 – \$1,507,712,000)



## 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 investments at fair value, assets held for sale and biological assets measured at fair value less costs to sell, and defined benefit pension plan assets measured at fair value.

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 2020.

These interim financial statements do not reflect adjustments 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 September 2021. Such adjustments are made during our annual audit process based on independent valuations and will be reflected in our annual audited financial statements.

### **Post balance sheet event**

Fire at a Facey Commodity Company Limited Food Distribution Facility

Facey Commodity Company Limited (FCCL) is a subsidiary of the Seprod Group. On the evening of Saturday October 9, 2021, there was a fire at one of Facey Commodity Company Limited's four food distribution facilities. The cause of the fire is being investigated. The property and its contents are adequately insured and discussions regarding settlement of insurance claims are underway.

The response by the entire workforce was extraordinary, and on the morning of Monday October 11, 2021, FCCL distribution vehicles rolled out of the other distribution facilities to deliver to our customers. We are pleased to advise that the company has signed a lease for a 100,000 square foot warehouse in a great location which adequately replaces the destroyed warehouse. The leased warehouse is now operational, and this will ensure that there is no interruption in our ability to receive, store and distribute goods. Orders are being expedited by our valued partners and the manufacturing entities within the Seprod Group have ramped up production to refill the supply pipeline.

While the loss in goods and property is significant, the real value in the business is our people, the great brands we represent, our partners and our customers; we will rise above this challenge and we fully expect to continue our trajectory of growth.



**SEPROD LIMITED**

3 Felix Fox Boulevard, Kingston, Jamaica