



# **SEPROD LIMITED**

INTERIM REPORT

**12 MONTHS ENDED**  
**31 DECEMBER 2021**



## HIGHLIGHTS FOR Q4 YEAR-TO-DATE



### REVENUE

**Dec 2021 – \$42.91 billion**

Dec 2020 – \$37.74 billion



### NET PROFIT

**Dec 2021 – \$2.16 billion**

Dec 2020 – \$2.87 billion



### EPS

**Dec 2021 – \$2.94 per share**

Dec 2020 – \$3.92 per share



### STOCKHOLDERS' EQUITY

**Dec 2021 – \$18.45 billion**

Dec 2020 – \$16.89 billion



## INTERIM REPORT TO THE STOCKHOLDERS

### **Q4 Performance (October-December 2021)**

For the three (3) months ended 31 December 2021 (Q4), the Seprod Group achieved revenues of \$11.76 billion, an increase of \$2.68 billion or 30% over the corresponding period in 2020. The net profit was \$455 million, an increase of \$66 million or 17% versus the corresponding period in 2020.

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

For the twelve (12) months ended 31 December 2021 (Q4 year-to-date), the Seprod Group achieved revenues of \$42.91 billion, an increase of \$5.17 billion or 14% over the corresponding period in 2020.

The net profit of \$2.16 billion for Q4 year-to-date represents a reduction of (J\$715 million) or 25% versus the corresponding period in 2020. However, this decline must be put in context as, in 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, the unaudited full year profit for 2021 increased by J\$47 million or 2% versus the corresponding period in 2020.

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

Normalizing for the one-off gain in 2020, the 2021 profit performance reflects a YTD gain of 2% which shows improvement compared to the Q3 YTD results (-1%), the Q2 YTD results (-4%) and the Q1 YTD results (-14%); the deficit at the beginning of the year was progressively reduced through realignment of the cost structure and the partial pass through of higher commodity and logistics costs via price increases. It is important to note that, while the average cost of goods has risen by approximately 20% compounded by significant increase in working capital requirement to procure the higher cost inputs and to ensure adequate stock availability to meet our customers demand, the company has absorbed some of the higher costs which resulted in margin compression.

We had a devastating fire at Facey Merchandise's distribution centre on October 9, 2021, that wiped-out over 86% of the finished goods inventory, which also included the Christmas stocks. This severely impacted the financial performance, as the well documented global supply chain challenges have limited the speed of replacement of the lost inventory. Our manufacturing entities have ramped up production, our principals in the distribution pillar did their best to supply, local stakeholders partnered with us to find and make functional alternative location for storage and our employees have simply been outstanding. While we lost billions of dollars of inventory and infrastructure (all adequately insured) we did not bow; indeed, we have started our recovery and we will emerge from this a more resilient, efficient, and committed organization with a strong growth trajectory.

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

February 7, 2022



## SHAREHOLDERS PROFILE AS AT 31 DECEMBER 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. 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	Nil
- connected persons	1,206,768
7. Christopher Gentles	Nil
8. Patrick Scott	3,000,000
9. Nicholas Jones	Nil
10. 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. Efrain Lara	Nil
9. Roger Lewis	75,300
10. Joyce Miller	35,000
11. Richard Pandohie	3,998,231
12. Patrick Scott	3,000,000
13. Patrick Sterling	20,700
14. Perry Wright	13,947

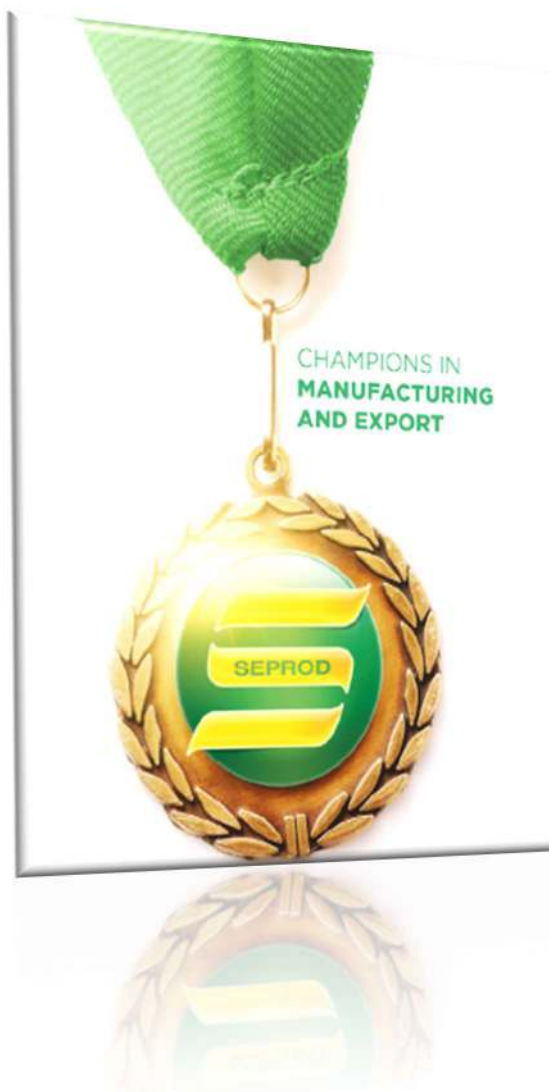


## UNAUDITED INTERIM FINANCIAL STATEMENTS

### 12 MONTHS ENDED 31 DECEMBER 2021

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## Consolidated Statement of Comprehensive Income (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	3 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	11,757,629	9,078,134	42,909,514	37,737,080
Direct expenses	(8,862,886)	(6,648,663)	(31,895,992)	(27,252,457)
<b>Gross Profit</b>	2,894,743	2,429,471	11,013,522	10,484,623
Gain on sale of distribution facility	-	-	-	762,271
Other operating income	1,091,352	1,497,987	1,247,134	1,733,412
Other operating expenses	(3,097,519)	(3,057,757)	(8,567,380)	(8,299,163)
<b>Operating Profit</b>	888,576	869,701	3,693,276	4,681,143
Finance costs	(442,922)	(399,948)	(1,175,796)	(1,266,038)
Share of results of joint venture	24,360	9,019	109,467	(5,239)
<b>Profit before Taxation</b>	470,014	478,772	2,626,947	3,409,866
Taxation	(96,397)	(159,810)	(491,718)	(560,976)
<b>Net Profit from continuing operations</b>	373,617	318,962	2,135,229	2,848,890
Net loss from discontinued operations	81,640	70,325	21,877	23,026
<b>Net Profit</b>	455,257	389,287	2,157,106	2,871,916
Other comprehensive income, net of taxes	227,717	(34,947)	351,926	95,746
<b>Total Comprehensive Income</b>	682,974	354,340	2,509,032	2,967,662
<b>Earnings per Stock Unit attributable to Stockholders of the Company</b>				
Continuing operations	\$0.51	\$0.43	\$2.91	\$3.89
Discontinued operations	\$0.11	\$0.10	\$0.03	\$0.03
<b>Total</b>	<b>\$0.62</b>	<b>\$0.53</b>	<b>\$2.94</b>	<b>\$3.92</b>





## Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2021 \$'000	31 December 2020 \$'000
<b>Non-current Assets</b>		
Property, plant and equipment	7,855,652	6,958,333
Right of use assets	143,478	397,489
Intangible assets	8,931,169	9,172,622
Investments	904,229	1,703,260
Investment in joint venture	558,298	448,831
Long term receivables	1,387,462	720,862
Post-employment benefit asset	25,100	25,100
Biological assets	440,343	411,220
Deferred tax assets	1,282,498	1,202,975
	<u>21,528,229</u>	<u>21,040,692</u>
<b>Current Assets</b>		
Inventories	8,968,709	7,563,688
Biological assets	272,104	276,185
Receivables	6,959,633	5,926,413
Non-current assets held for sale	285,761	285,761
Taxation recoverable	201,354	201,239
Cash and bank balances	1,435,027	2,785,996
	<u>18,122,588</u>	<u>17,039,282</u>
<b>Current Liabilities</b>		
Payables	6,132,080	5,733,019
Current portion of long term liabilities	3,203,835	3,664,323
Current portion of lease obligations	69,087	168,399
Taxation payable	464,381	313,545
	<u>9,869,383</u>	<u>9,879,286</u>
<b>Net Current Assets</b>	<u>8,253,205</u>	<u>7,159,996</u>
	<u>29,781,434</u>	<u>28,200,688</u>
Share capital	5,768,558	5,768,558
Capital reserves	1,538,197	1,186,271
Retained earnings	11,141,693	9,938,198
	<u>18,448,448</u>	<u>16,893,027</u>
<b>Non-current Liabilities</b>		
Post-employment benefit obligations	134,300	134,300
Long term liabilities	9,427,998	9,399,959
Lease obligations	90,723	239,901
Deferred tax liabilities	1,679,965	1,533,501
	<u>11,332,986</u>	<u>11,307,661</u>
	<u>29,781,434</u>	<u>28,200,688</u>

Approved for issue by the Board of Directors on

7 February 2022

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)

	12 months ended 31 December 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	-	-	2,157,106	2,157,106
Currency translation gains and losses	-	262,477	-	262,477
Fair value gains on investments	-	89,449	-	89,449
	-	351,926	2,157,106	2,509,032
Dividends declared	-	-	(953,611)	(953,611)
<b>At 31 December 2021</b>	<b>5,768,558</b>	<b>1,538,197</b>	<b>11,141,693</b>	<b>18,448,448</b>

	12 months ended 31 December 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	-	-	2,871,916	2,871,916
Remeasurement of post-employment benefits	-	-	6,675	6,675
Currency translation gains and losses	-	(113,979)	-	(113,979)
Fair value gains on investments	-	203,050	-	203,050
	-	89,071	2,878,591	2,967,662
Dividends declared	-	-	(1,044,872)	(1,044,872)
<b>At 31 December 2020</b>	<b>5,768,558</b>	<b>1,186,271</b>	<b>9,938,198</b>	<b>16,893,027</b>



## Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	12 months ended 31 December	
	2021 \$'000	2020 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	2,157,106	2,871,916
Items not affecting cash resources:		
Amortization of intangible assets	241,453	242,115
Depreciation	1,062,078	863,701
Gain on lease modification	(6,457)	(172,349)
Interest income	(59,692)	(75,936)
Interest expense –		
Lease obligations	64,557	106,354
Loans and other	959,171	973,798
Results of joint venture	(109,467)	5,239
Taxation	491,718	560,976
	<u>4,800,467</u>	<u>5,375,814</u>
Changes in operating assets and liabilities:		
Inventories	(1,405,021)	(649,376)
Receivables	(1,269,320)	(279,143)
Biological assets	(25,042)	8,514
Payables and other	661,538	(996,380)
	<u>2,762,622</u>	<u>3,459,429</u>
Taxation paid	(274,056)	(272,718)
Cash provided by operating activities	<u>2,488,566</u>	<u>3,186,711</u>
<b>Cash Flows from Investing Activities</b>		
Net purchase of property, plant and equipment	(1,807,756)	(542,033)
Long term receivables	457,980	(379,570)
Interest received	59,692	93,476
Cash used in investing activities	<u>(1,290,084)</u>	<u>(828,127)</u>
<b>Cash Flows from Financing Activities</b>		
Long term loans	(436,130)	703,319
Lease obligations	(204,220)	(201,325)
Dividends paid	(953,611)	(611,650)
Interest paid	(955,490)	(1,004,049)
Cash used in financing activities	<u>(2,549,451)</u>	<u>(1,113,705)</u>
Change in cash and cash equivalents	(1,350,969)	1,244,879
Cash and cash equivalents at beginning of period	<u>2,785,996</u>	<u>1,541,117</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>1,435,027</u>	<u>2,785,996</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)

12 months ended 31 December 2021	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	11,377,018	31,532,496	-	42,909,514
Inter-segment revenue	14,343,923	-	(14,343,923)	-
<b>Total revenue</b>	<b>25,720,941</b>	<b>31,532,496</b>	<b>(14,343,923)</b>	<b>42,909,514</b>
Segment result	3,018,861	1,636,807	-	4,655,668
Unallocated income and expenses				(962,392)
<b>Operating profit</b>				<b>3,693,276</b>
Segment assets	13,233,040	11,755,434	-	24,988,474
Unallocated assets				14,676,343
<b>Total assets</b>				<b>39,664,817</b>
Segment liabilities	8,626,068	6,260,294	-	14,886,362
Unallocated liabilities				6,330,007
<b>Total liabilities</b>				<b>21,216,369</b>
Capital expenditure	602,358	229,010	-	
Unallocated capital expenditure				
<b>Total capital expenditure</b>				
Depreciation	484,666	374,177	-	858,843
Unallocated depreciation				203,235
<b>Total depreciation</b>				<b>1,062,078</b>

12 months ended 31 December 2020	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	9,104,390	28,632,690	-	37,737,080
Inter-segment revenue	12,957,886	-	(12,957,886)	-
<b>Total revenue</b>	<b>22,062,276</b>	<b>28,632,690</b>	<b>(12,957,886)</b>	<b>37,737,080</b>
Segment result	2,075,608	1,872,223	-	3,947,831
Unallocated income and expenses				733,312
<b>Operating profit</b>				<b>4,681,143</b>
Segment assets	12,815,259	9,858,190	-	22,673,449
Unallocated assets				15,406,525
<b>Total assets</b>				<b>38,079,974</b>
Segment liabilities	5,390,169	5,311,163	-	10,701,332
Unallocated liabilities				10,485,615
<b>Total liabilities</b>				<b>21,186,947</b>
Capital expenditure	311,508	60,951	-	372,459
Unallocated capital expenditure				158,964
<b>Total capital expenditure</b>				<b>531,423</b>
Depreciation	629,756	184,047	-	813,803
Unallocated depreciation				49,898
<b>Total depreciation</b>				<b>863,701</b>

Total revenue for the period includes export sales of \$2,601,768,000 (2020 – \$2,187,592,000).



## 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 31 December 2021. Such adjustments are made during our annual audit process based on independent valuations and will be reflected in our annual audited financial statements.



**SEPROD LIMITED**

3 Felix Fox Boulevard, Kingston, Jamaica