



SEPROD LIMITED
INTERIM REPORT

9 MONTHS ENDED
30 SEPTEMBER 2022



HIGHLIGHTS FOR Q3 2022 YEAR-TO-DATE



REVENUE

Sep 2022 – \$51.44 billion

Sep 2021 – \$31.15 billion



NET PROFIT

Sep 2022 – \$2.63 billion

Sep 2021 – \$1.70 billion



EPS

Sep 2022 – \$3.07 per share

Sep 2021 – \$2.32 per share



STOCKHOLDERS' EQUITY

Sep 2022 – \$27.92 billion

December 2021 – \$23.45 billion



INTERIM REPORT TO THE STOCKHOLDERS

- The results must be taken in the context of the acquisition of A.S. Bryden & Sons Holdings Limited (the Bryden Group) in June 2022. The Q3 2022 results for the Seprod Group, as well as the latter four (4) months of the Q3 2022 year-to-date results, therefore, include Seprod's share of the Bryden Group's results, where no such results would have been in the comparative periods of 2021.

- **Q3 performance (July-September 2022)**

For the three (3) months ended 30 September 2022 (Q3), the Seprod Group (inclusive of the Bryden Group) achieved revenues of \$23.64 billion, an increase of \$12.31 billion or 109% over the corresponding period in 2021. The net profit was \$1.05 billion, an increase of \$557 million or 113% over the prior period.

The Seprod results, without the effect of the acquisition, saw revenue growth of 13% and net profit growth of 5%.

- **Q3 Year-To-Date (YTD) performance (January-September 2022)**

For the nine (9) months ended 30 September 2022 (Q3 year-to-date), the Seprod Group (inclusive of the Bryden Group) achieved revenues of \$51.44 billion, an increase of \$20.29 billion or 65% over the corresponding period in 2021. The net profit was \$2.63 billion, an increase of \$930 million or 55% over the prior period.

Seprod, without the effect of the acquisition, grew revenue by 19% and profit by 10%.

- The increase in revenue was driven by the acquisition of the Bryden Group, 16% YTD export growth, launch of new snack line and price increases.

The Group has incurred extraordinary warehousing and logistics cost from the use of third party warehouses due to the destruction of our main logistics centre in 2021. We have started reducing these expenses as we transition to our new distribution campus at Marcus Garvey Drive.

There have been some positive developments in the global supply chain space with regards to lowering of some key commodity process and shipping cost. Despite having significant higher priced inventory (which had been acquired to minimize supply shortages to our market), we have begun lowering prices to the distribution and retail trade as lower cost inventory comes into the system.

- We are hopeful that with the full reopening of the economies within which we operate and with the Christmas season approaching, Q4 will produce robust results for the Group.


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



SHAREHOLDERS PROFILE AS AT 30 SEPTEMBER 2022

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	10,261,583
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	4,207,849
10. Sagicor Select Fund Limited ('Class C' Shares)	4,189,298

Shareholding of Directors

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
11. Mark Suomi	Nil



Shareholding of Executive Committee

1. Marilyn Anderson	25,000
2. Carol Andrade	13,000
3. Juan Baez	Nil
4. Damion Dodd	300,000
5. Fredy Graef	Nil
6. Chana Hay	1,375,500
7. Richard Pandohie	3,998,231
8. Patrick Scott	3,000,000
9. Patrick Sterling	20,700
10. Perry Wright	6,500

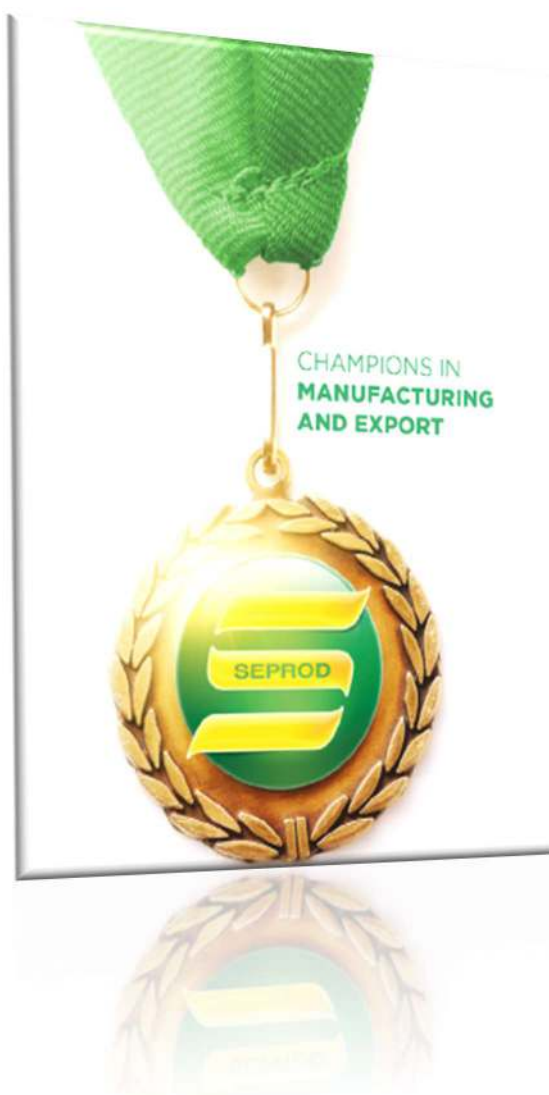


UNAUDITED INTERIM FINANCIAL STATEMENTS

9 MONTHS ENDED 30 SEPTEMBER 2022

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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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue	23,635,590	11,322,276	51,441,096	31,151,885
Direct expenses	(17,239,320)	(8,647,093)	(38,017,999)	(23,033,106)
Gross Profit	6,396,270	2,675,183	13,423,097	8,118,779
Other operating income	19,995	(22,476)	538,685	155,782
Other operating expenses	(4,436,203)	(1,848,254)	(9,151,561)	(5,469,861)
Operating Profit	1,980,062	804,453	4,810,221	2,804,700
Finance costs	(481,156)	(231,854)	(1,301,011)	(732,874)
Share of results of joint venture	(19,627)	52,880	35,636	85,107
Profit before Taxation	1,479,279	625,479	3,544,846	2,156,933
Taxation	(401,545)	(108,797)	(834,918)	(395,321)
Net Profit from continuing operations	1,077,734	516,682	2,709,928	1,761,612
Net loss from discontinued operations	(25,805)	(22,160)	(78,417)	(59,763)
Net Profit	1,051,929	494,522	2,631,511	1,701,849
Other comprehensive income, net of taxes	5,584	45,527	(117,029)	124,209
Total Comprehensive Income	1,057,513	540,049	2,514,482	1,826,058
Net Profit is attributable to:				
Stockholders of the Company	771,605	494,522	2,250,438	1,701,849
Non-controlling interests	280,324	-	381,073	-
Total	1,051,929	494,522	2,631,511	1,701,849
Total Comprehensive Income is attributable to:				
Stockholders of the Company	1,337,837	540,049	2,133,409	1,826,058
Non-controlling interests	280,324	-	381,073	-
Total	1,057,513	540,049	2,514,482	1,826,058
Earnings per Stock Unit attributable to Stockholders of the Company				
Continuing operations	\$1.09	\$0.70	\$3.18	\$2.40
Discontinued operations	(\$0.04)	(\$0.03)	(\$0.11)	(\$0.08)
Total	\$1.05	\$0.67	\$3.07	\$2.32



Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	30 September 2022 \$'000	30 September 2021 \$'000	31 December 2021 \$'000
Non-current Assets			
Property, plant and equipment	20,356,541	7,546,697	13,928,077
Right of use assets	1,740,554	302,235	143,478
Intangible assets	11,309,463	8,992,029	8,931,168
Investments	1,236,806	1,787,036	883,791
Investment in joint venture	732,699	533,938	697,063
Long term receivables	1,542,343	674,351	1,383,940
Post-employment benefit asset	803,718	25,100	25,100
Biological assets	404,310	437,332	444,773
Deferred tax assets	1,412,751	1,282,497	1,297,889
	<u>39,539,185</u>	<u>21,581,215</u>	<u>27,735,279</u>
Current Assets			
Inventories	20,270,982	7,431,645	10,209,503
Biological assets	154,683	272,104	154,683
Receivables	15,672,706	6,124,858	6,649,259
Non-current assets held for sale	285,761	285,761	285,761
Taxation recoverable	207,728	228,421	227,407
Cash and bank balances	4,681,646	1,506,816	1,649,752
	<u>41,273,506</u>	<u>15,849,605</u>	<u>19,176,365</u>
Current Liabilities			
Payables	12,444,245	3,708,663	8,448,371
Current portion of long term liabilities	9,964,184	2,478,875	3,215,872
Current portion of lease obligations	214,550	81,177	65,633
Taxation payable	945,159	384,337	147,309
	<u>23,568,138</u>	<u>6,653,052</u>	<u>11,877,185</u>
Net Current Assets	<u>17,705,368</u>	<u>9,196,553</u>	<u>7,299,180</u>
	<u>57,244,553</u>	<u>30,777,768</u>	<u>35,034,459</u>
Equity Attributable to Stockholders of the Company			
Share capital	5,768,558	5,768,558	5,768,558
Preference shares	3,071,786	-	-
Capital reserves	6,583,135	1,310,480	6,700,164
Retained earnings	12,497,073	11,053,210	10,980,182
	<u>27,920,552</u>	<u>18,132,248</u>	<u>23,448,904</u>
Non-controlling Interest	<u>2,953,921</u>	<u>-</u>	<u>-</u>
	<u>30,874,473</u>	<u>18,132,248</u>	<u>23,448,904</u>
Non-current Liabilities			
Post-employment benefit obligations	134,600	134,300	134,600
Long term liabilities	21,770,035	10,589,542	9,281,196
Lease obligations	1,715,681	241,713	94,176
Deferred tax liabilities	2,749,764	1,679,965	2,075,583
	<u>26,370,080</u>	<u>12,645,520</u>	<u>11,585,555</u>
	<u>57,244,553</u>	<u>30,777,768</u>	<u>35,034,459</u>

Approved for issue by the Board of Directors on 14 November 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)

9 months ended 30 September 2022							
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital \$'000	Preference Shares \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Sub-total Equity \$'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	-	-	-	2,250,438	2,250,438	381,073	2,631,511
Currency translation gains and losses	-	-	(160,141)	-	(160,141)	-	(160,141)
Fair value gains on investments	-	-	43,112	-	43,112	-	43,112
	-		(117,029)	2,250,438	2,133,409	381,073	2,514,482
Dividends declared	-	-	-	(733,547)	(733,547)	-	(733,547)
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 September 2022	5,768,558	3,071,786	6,583,135	12,497,073	27,920,552	2,953,921	30,874,473

9 months ended 30 September 2021							
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital \$'000	Preference Shares \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Sub-total Equity \$'000	\$'000	\$'000
At 1 January 2021	5,768,558	-	1,186,271	9,938,198	16,893,027	-	16,893,027
Total comprehensive income:							
Profit for the period	-	-	-	1,701,849	1,701,849	-	1,701,849
Currency translation gains and losses	-	-	40,433	-	40,433	-	40,433
Fair value gains on investments	-	-	83,776	-	83,776	-	83,776
	-	-	124,209	1,701,849	1,826,058	-	1,826,058
Dividends declared	-	-	-	(586,837)	(586,837)	-	(586,837)
At 30 September 2021	5,768,558	-	1,310,480	11,053,210	18,132,248	-	18,132,248



Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	9 months ended 30 September	
	2022 \$'000	2021 \$'000
Cash Flows from Operating Activities		
Net profit	2,631,511	1,701,849
Items not affecting cash resources:		
Amortization of intangible assets	179,815	180,593
Depreciation	736,549	684,797
Interest income	(23,157)	(53,211)
Interest expense –		
Lease obligations	7,771	32,139
Loans and other	1,159,917	700,735
Results of joint venture	(35,636)	(85,107)
Taxation	834,918	395,321
	<u>5,491,688</u>	<u>3,557,116</u>
Changes in operating assets and liabilities:		
Inventories	(2,687,445)	132,043
Receivables	(689,429)	(599,771)
Biological assets	40,463	(22,031)
Payables and other	(946,597)	(1,983,923)
	<u>1,208,680</u>	<u>1,083,434</u>
Taxation paid	(984,404)	(284,769)
Cash provided by operating activities	<u>224,276</u>	<u>798,665</u>
Cash Flows from Investing Activities		
Net purchase of property, plant and equipment	(1,544,925)	(1,273,161)
On acquisition of subsidiary	5,659,640	-
Long term receivables	(34,961)	447,837
Interest received	23,157	53,211
Cash provided by/(used in) investing activities	<u>4,102,911</u>	<u>(772,113)</u>
Cash Flows from Financing Activities		
Long term loans	110,310	9,170
Lease obligations	(45,058)	(22,295)
Dividends paid	(366,773)	(586,837)
Interest paid	(993,772)	(705,770)
Cash used in financing activities	<u>(1,295,293)</u>	<u>(1,305,732)</u>
Change in cash and cash equivalents	3,031,894	(1,279,180)
Cash and cash equivalents at beginning of period	<u>1,649,752</u>	<u>2,785,996</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,681,646</u>	<u>1,506,816</u>



Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

9 months ended 30 September 2022	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	10,426,398	41,014,698	-	51,441,096
Inter-segment revenue	12,453,184	-	(12,453,184)	-
Total revenue	22,879,582	41,014,698	(12,453,184)	51,441,096
Segment result	2,631,432	2,934,405	-	5,565,837
Unallocated income and expenses				(755,616)
Operating profit				4,810,221
Segment assets	17,931,040	42,642,094	-	60,573,134
Unallocated assets				20,239,557
Total assets				80,812,691
Segment liabilities	8,430,021	26,920,568	-	35,350,589
Unallocated liabilities				14,587,629
Total liabilities				49,938,218
Capital expenditure	745,171	799,754	-	1,544,925
Unallocated capital expenditure				-
Total capital expenditure				1,544,925
Depreciation	461,172	239,056	-	700,228
Unallocated depreciation				36,321
Total depreciation				736,549

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)	-
Total revenue	18,516,854	23,117,341	(10,482,310)	31,151,885
Segment result	2,189,910	1,377,566	-	3,567,475
Unallocated income and expenses				(762,775)
Operating profit				2,804,700
Segment assets	12,007,399	10,322,370	-	22,329,769
Unallocated assets				15,101,051
Total assets				37,430,820
Segment liabilities	6,231,404	5,018,019	-	11,249,423
Unallocated liabilities				8,049,149
Total liabilities				19,298,572
Capital expenditure	357,737	197,201	-	554,938
Unallocated capital expenditure				718,223
Total capital expenditure				1,273,161
Depreciation	353,470	177,764	-	531,234
Unallocated depreciation				153,563
Total depreciation				684,797

Total revenue for the period includes export sales of \$2,324,612,000 (2021 – \$1,895,662,000).

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 September 2022. 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 a consumer products distributor resident in Trinidad

On June 6, 2022, the company announced that it has reached an agreement to acquire a majority holding in A.S. Bryden & Sons Holdings Limited ("A.S. Bryden"), a company that is resident in, and primarily operates from, Trinidad. A.S. Bryden distributes food, pharmaceuticals, hardware, houseware and industrial equipment. A.S. Bryden operates through three principal operating subsidiaries – A.S. Bryden & Sons (Trinidad) Limited ("ASBT"), Bryden pi Limited ("Bryden pi") and F.T. Farfan Limited ("FT Farfan"):

- (i) ASBT distributes food, hardware and housewares and premium beverages for international brands. ASBT also owns the Eve brand of products.
- (ii) Bryden pi distributes healthcare, personal care and food and grocery products for international brands. Bryden pi also manufactures a line of over the counter products through its wholly-owned subsidiary, Genethics Limited, and operates in Guyana through its subsidiary, BPI Guyana Limited, as well as in Barbados through its joint venture, Armstrong Healthcare Inc. Limited.
- (iii) FT Farfan is an industrial supply and service company that serves leading international brands. FT Farfan operates in Trinidad as well as in Guyana through its subsidiary, Ibis Construction Equipment Sales & Rentals Inc. (ICON).

Finalization of the accounting for the acquisition is subject to the completion of valuation reports of intangible assets and other matters.



SEPROD LIMITED

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