



SEPROD LIMITED
INTERIM REPORT

12 MONTHS ENDED
31 DECEMBER 2022



HIGHLIGHTS FOR 2022



REVENUE

2022 – \$79.67 billion

2021 – \$43.88 billion



NET PROFIT

2022 – \$3.84 billion

2021 – \$1.99 billion



EPS

2022 – \$5.23 per share

2021 – \$2.72 per share



STOCKHOLDERS' EQUITY

2022 – \$33.00 billion

2021 – \$23.45 billion



INTERIM REPORT TO THE STOCKHOLDERS

- The financial performance must be taken in the context of the acquisition of A.S. Bryden & Sons Holdings Limited (the Bryden Group) in June 2022. The Q4 2022 results for the Seprod Group include Seprod's share of the Bryden Group's results, where no such results would have been in the comparative periods of 2021.
- **Q4 performance (October-December 2022)**
For the three (3) months ended 31 December 2022 (Q4), the Seprod Group (inclusive of the Bryden Group) achieved revenues of \$28.23 billion, an increase of \$15.50 billion or 122% over the corresponding period in 2021. The net profit was \$1.21 billion, an increase of \$916 million or 314% over the prior period.
- **Q4 Year-To-Date (YTD) performance (January-December 2022)**
For the year ended 31 December 2022 (Q4 year-to-date), the Seprod Group (inclusive of the Bryden Group) achieved revenues of \$79.67 billion, an increase of \$35.79 billion or 82% over the corresponding period in 2021. The net profit was \$3.84 billion, an increase of \$1.85 billion or 93% over the prior period.
- The increase in revenue was driven by the acquisition of the Bryden Group, 25% increase in export sales and addition of new product lines. For the full year, there was also the effect of pandemic-induced price increases, which the company has begun to reverse as lower price commodities, shipping cost etc. begin to work their way into our inventory replacement cost. During Q4, the company reduced prices of certain products, inclusive of cooking oil, shortening and flour.

The Group has begun unwinding the extraordinary warehousing and logistics cost from the use of third-party warehouses due to the destruction of our main logistics centre in 2021 as we transition to our new distribution campus at Marcus Garvey Drive.



P. B. Scott
Chairman



R. R. Pandohie
Chief Executive Officer

February 20, 2023



SHAREHOLDERS PROFILE AS AT 31 DECEMBER 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	5,387,891
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	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



Shareholding of Executive Committee

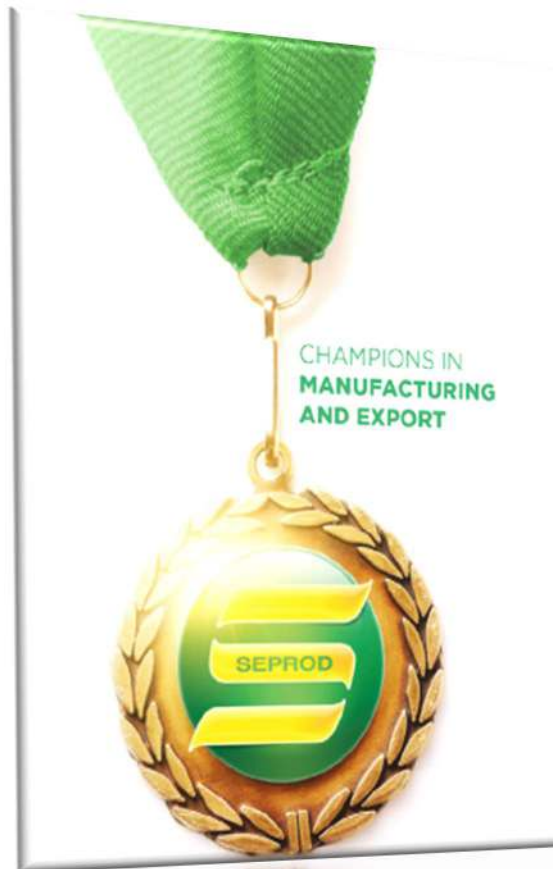
1. Marilyn Anderson	25,000
2. Carol Andrade	13,000
3. Juan Baez	Nil
4. Damion Dodd	300,000
5. Fredy Grael	Nil
6. Chana Hay	1,375,500
7. Richard Pandohie	3,998,231
8. Patrick Scott	3,000,000
9. Patrick Sterling	20,700
10. Perry Wright	6,500



UNAUDITED INTERIM FINANCIAL STATEMENTS 12 MONTHS ENDED 31 DECEMBER 2022

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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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue	28,230,267	12,731,520	79,671,363	43,883,405
Direct expenses	(20,962,315)	(9,938,992)	(58,980,314)	(32,972,098)
Gross Profit	7,267,952	2,792,528	20,691,049	10,911,307
Other operating income	183,204	1,367,839	721,889	1,523,621
Other operating expenses	(5,607,830)	(3,365,584)	(14,759,391)	(8,835,445)
Operating Profit	1,843,326	794,783	6,653,547	3,599,483
Finance costs	(660,474)	(466,600)	(1,961,485)	(1,199,474)
Share of results of joint venture	85,659	(5,963)	121,295	79,144
Losses as a result of fire	-	(168,183)	-	(168,183)
Profit before Taxation	1,268,511	154,037	4,813,357	2,310,970
Taxation	(59,874)	223,597	(894,792)	(171,724)
Net Profit from continuing operations	1,208,637	377,634	3,918,565	2,139,246
Net loss from discontinued operations	(716)	(86,062)	(79,133)	(145,825)
Net Profit	1,207,921	291,572	3,839,432	1,993,421
Other comprehensive income, net of taxes	(336,021)	5,391,859	(453,050)	5,516,068
Total Comprehensive Income	871,900	5,683,431	3,386,382	7,509,489
Net Profit is attributable to:				
Stockholders of the Company	703,247	291,572	2,953,685	1,993,421
Non-controlling interests	504,674	-	885,747	-
Total	1,207,921	291,572	3,839,432	1,993,421
Total Comprehensive Income is attributable to:				
Stockholders of the Company	586,117	5,683,431	2,719,526	7,509,489
Non-controlling interests	285,783	-	666,856	-
Total	871,900	5,683,431	3,386,382	7,509,489
Earnings per Stock Unit attributable to Stockholders of the Company				
Continuing operations	\$1.65	\$0.52	\$5.34	\$2.92
Discontinued operations	(\$0.00)	(\$0.12)	(\$0.11)	(\$0.20)
Total	\$1.65	\$0.40	\$5.23	\$2.72



Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2022 \$'000	31 December 2021 \$'000
Non-current Assets		
Property, plant and equipment	20,442,689	13,928,077
Right of use assets	1,710,924	143,478
Intangible assets	12,123,533	8,931,168
Investments	1,238,035	883,791
Investment in joint venture	818,358	697,063
Long term receivables	1,440,469	1,383,940
Post-employment benefit asset	669,197	25,100
Biological assets	458,981	444,773
Deferred tax assets	1,539,181	1,297,889
	<u>40,441,367</u>	<u>27,735,279</u>
Current Assets		
Inventories	24,072,093	10,209,503
Biological assets	154,683	154,683
Receivables	18,259,103	6,649,259
Non-current assets held for sale	285,761	285,761
Taxation recoverable	194,796	227,407
Cash and bank balances	4,088,873	1,649,752
	<u>47,055,309</u>	<u>19,176,365</u>
Current Liabilities		
Payables	16,611,427	8,448,371
Current portion of long term liabilities	6,084,612	3,215,872
Current portion of lease obligations	268,815	65,633
Taxation payable	668,247	147,309
	<u>23,633,101</u>	<u>11,877,185</u>
Net Current Assets	<u>23,422,208</u>	<u>7,299,180</u>
	<u>63,863,575</u>	<u>35,034,459</u>
Equity Attributable to Stockholders of the Company		
Share capital	5,768,558	5,768,558
Preference shares	3,071,786	-
Capital reserves	6,466,005	6,700,164
Retained earnings	12,833,635	10,980,182
	<u>28,139,984</u>	<u>23,448,904</u>
Non-controlling Interest	4,860,016	-
	<u>33,000,000</u>	<u>23,448,904</u>
Non-current Liabilities		
Post-employment benefit obligations	134,600	134,600
Long term liabilities	26,413,778	9,281,196
Lease obligations	1,510,647	94,176
Deferred tax liabilities	2,804,550	2,075,583
	<u>30,863,575</u>	<u>11,585,555</u>
	<u>63,863,575</u>	<u>35,034,459</u>

Approved for issue by the Board of Directors on February 20, 2023 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 2022						
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital	Preference Shares	Capital Reserves	Retained Earnings	Sub-total Equity		
\$'000	\$'000	\$'000	\$'000	\$'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	-	-	-	2,953,685	2,953,685	885,747	3,839,432
Currency translation gains and losses	-	-	(278,500)	-	(278,500)	(218,891)	(497,391)
Fair value gains on investments	-	-	44,341	-	44,341	-	44,341
	-	-	(234,159)	2,953,685	2,500,635	666,856	3,386,382
Dividends declared	-	-	-	(1,100,232)	(1,100,232)	(59,167)	(1,159,399)
Issue of preference shares by a subsidiary	-	3,071,786	-	-	3,071,786	-	3,071,786
On acquisition of subsidiary	-	-	-	-	-	4,252,327	2,572,848
At 31 December 2022	5,768,558	3,071,786	6,466,005	12,833,635	28,139,984	4,860,016	33,000,000

	12 months ended 31 December 2021						
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital	Preference Shares	Capital Reserves	Retained Earnings	Sub-total Equity		
\$'000	\$'000	\$'000	\$'000	\$'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	-	-	-	1,993,421	1,993,421	-	1,993,421
Re-measurement of post-employment benefits	-	-	-	2,175	2,175	-	2,175
Currency translation gains and losses	-	-	34,984	-	34,984	-	34,984
Fair value gains on investments	-	-	19,018	-	19,018	-	19,018
Fair value gains on property	-	-	5,459,891	-	5,459,891	-	5,459,891
	-	-	5,513,893	1,993,421	7,509,489	-	7,509,489
Dividends declared	-	-	-	(953,612)	(953,612)	-	(953,612)
At 31 December 2021	5,768,558	-	6,700,164	11,053,210	23,448,904	-	23,448,904



Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	12 months ended 31 December	
	2022 \$'000	2021 \$'000
Cash Flows from Operating Activities		
Net profit	3,839,432	1,993,421
Items not affecting cash resources:		
Amortization of intangible assets	237,056	241,454
Depreciation	1,452,835	1,064,259
Interest income	(39,071)	(80,121)
Interest expense –		
Lease obligations	54,569	37,271
Loans and other	1,743,761	997,783
Results of joint venture	(121,295)	(79,144)
Dividend income	-	(1,436)
Foreign exchange gains and losses and other	163,155	(200,222)
Taxation	894,792	171,724
	<u>8,277,281</u>	<u>4,144,989</u>
Changes in operating assets and liabilities:		
Inventories	(5,403,013)	(2,645,815)
Receivables	(2,222,984)	(956,589)
Biological assets	(14,208)	87,949
Payables and other	2,071,396	2,750,336
	<u>2,708,472</u>	<u>3,380,870</u>
Taxation paid	(1,396,261)	(705,354)
Cash provided by operating activities	<u>1,312,211</u>	<u>2,675,516</u>
Cash Flows from Investing Activities		
Net purchase of property, plant and equipment	(1,790,981)	(1,625,853)
On acquisition of subsidiary	5,987,084	-
Long term receivables	73,289	506,067
Interest received	39,071	80,121
Dividends received	-	1,436
Cash provided by/(used in) investing activities	<u>4,308,463</u>	<u>(1,068,229)</u>
Cash Flows from Financing Activities		
Long term loans	337,579	(721,583)
Lease obligations	(623,623)	(215,338)
Dividends paid	(1,159,399)	(953,612)
Interest paid	(1,736,110)	(994,603)
Cash used in financing activities	<u>(3,181,553)</u>	<u>(2,885,136)</u>
Change in cash and cash equivalents	2,439,121	(1,277,849)
Net effect of foreign currency translation on cash	-	141,605
Cash and cash equivalents at beginning of period	1,649,752	2,785,996
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>4,088,873</u></u>	<u><u>1,649,752</u></u>



Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

12 months ended 31 December 2022	Manufacturing \$'000	Distribution \$'000	Eliminations \$'000	Group \$'000
External revenue	14,132,004	65,539,359	-	79,671,363
Inter-segment revenue	16,866,833	-	(16,866,833)	-
Total revenue	30,998,837	65,539,359	(16,866,833)	79,671,363
Segment result	3,061,190	4,506,291	-	7,567,481
Unallocated income and expenses				(913,934)
Operating profit				6,653,547
Segment assets	16,850,199	50,108,398	-	66,958,597
Unallocated assets				20,538,079
Total assets				87,496,676
Segment liabilities	8,658,799	30,995,656	-	39,654,455
Unallocated liabilities				14,842,221
Total liabilities				54,496,676
Capital expenditure	1,378,903	412,078	-	1,790,981
Unallocated capital expenditure				-
Total capital expenditure				1,790,981
Depreciation	628,285	771,691	-	1,399,976
Unallocated depreciation				52,859
Total depreciation				1,452,835

12 months ended 31 December 2021	Manufacturing \$'000	Distribution \$'000	Eliminations \$'000	Group \$'000
External revenue	12,351,264	31,532,141	-	43,883,405
Inter-segment revenue	10,857,163	-	(10,857,163)	-
Total revenue	23,208,427	31,532,141	(10,857,163)	43,883,405
Segment result	1,318,875	1,697,176	-	3,016,051
Unallocated income and expenses				583,432
Operating profit				3,599,483
Segment assets	18,465,513	9,591,055	-	28,056,568
Unallocated assets				18,855,076
Total assets				46,911,644
Segment liabilities	6,294,581	5,905,651	-	12,200,232
Unallocated liabilities				11,262,508
Total liabilities				23,462,740
Capital expenditure	564,522	1,090,434	-	1,654,956
Unallocated capital expenditure				-
Total capital expenditure				1,654,956
Depreciation	621,645	389,415	-	1,011,060
Unallocated depreciation				53,199
Total depreciation				1,064,259

Total revenue for the period includes export sales of \$3,239,754,000 (2021 – \$2,601,768,000).



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 31 December 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 consumer products distributors resident in Trinidad

Effective June 1, 2022, the company acquired a 60% ordinary shareholding 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 ("ASBTT" which is wholly owned), Bryden pi Limited ("Bryden pi" which is 90% owned) and F.T. Farfan Limited ("FT Farfan" which is wholly owned):

- (i) ASBTT 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).

Effective November 1, 2022, A.S. Bryden acquired the entire shareholding of Micon Holdings Limited, a company that is resident in Trinidad. Consideration for the acquisition was the issue of shares by A.S. Bryden (this issue of shares by A.S. Bryden reduced Seprod Limited's ordinary shareholding in A.S. Bryden to 54%). Micon Holdings Limited has two operating subsidiaries:

- (i) Micon Marketing Limited which is wholly owned, resident in and primarily operates from Trinidad, and distributes food, grocery and other consumer products; and
- (ii) Facey Trading Limited which is 75% owned, resident in and primarily operates from St. Vincent, and distributes food and grocery products.

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



SEPROD LIMITED

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