



SEPROD LIMITED
INTERIM REPORT

12 MONTHS ENDED
31 DECEMBER 2023



HIGHLIGHTS FOR Q4 2023 YEAR-TO-DATE



REVENUE

December 2023 – \$113.04 billion

December 2022 – \$78.43 billion



NET PROFIT

December 2023 – \$5.45 billion

December 2022 – \$2.92 billion



EPS

December 2023 – \$5.14 per share

December 2022 – \$2.92 per share



STOCKHOLDERS' EQUITY

December 2023 – \$36.66 billion

December 2022 – \$32.89 billion



INTERIM REPORT TO THE STOCKHOLDERS

● **Q4 performance (October-December 2023)**

For the three (3) months ended 31 December 2023 (Q3), the Seprod Group achieved revenues of \$30.84 billion, an increase of \$2.61 billion or 9% over the corresponding period in 2022; and net profit of \$1.49 billion, an increase of \$279 million or 23% over the prior period.

● **Q4 year-to-date performance (January-December 2023)**

For the twelve (12) months ended 31 December 2023 (Q4 year-to-date), the Seprod Group achieved revenues of \$113.04 billion, an increase of \$34.61 billion or 44% over the corresponding period in 2022; and net profit of \$5.45 billion, an increase of \$2.53 billion or 87% over the prior period.

The Group acquired a majority shareholding in A.S. Bryden Holdings Limited (ASBH) in June 2022; the Group's 2023 results, therefore, include 12 months of the results of ASBH compared to 7 months for 2022.

● The explanation for the improved business performance remains consistent with the prior quarters:

- Continued growth in the business post ASBH acquisition in June 2022
- 45% increase in export sales
- Significant progress in the modernization of the margarine plant, which has led to improved availability of key shortening and margarine products.

Despite the high risk of uncertainty in the geopolitical environment and increasing credit risk in the domestic market, management is positive on the outlook and is focused on several initiatives to deliver outstanding results, which include:

- Deepening technology integration in the business to drive efficiency and to improve productivity
- Growing exports by at least 40%
- Upskilling our human capital
- Extracting synergies from the ASBH acquisition
- Continuing the build-out of our regional platform to be the partner of choice for great brands

We thank you for your support and remain confident that the Seprod Group will deliver outstanding performance in 2024.



P. B. Scott
Chairman



R. R. Pandohie
Chief Executive Officer

February 15, 2024



SHAREHOLDERS PROFILE AS AT 31 DECEMBER 2023

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 Pension Fund Custodian Limited for 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 Agency and Fund Managers 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) Manufacturing and Distribution	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	122,884
- 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 Executive Committee

1. Marilyn Anderson	25,000
2. Carol Andrade	13,000
3. Juan Baez	Nil
4. Damion Dodd	300,000
5. Fredy Graell	Nil
6. Chana Hay	1,375,500
7. Hossam Monir	Nil
8. Keshia Nelson-Brown	Nil
9. Richard Pandohie	3,998,231
10. Patrick Scott	3,000,000
11. Patrick Sterling	20,700
12. Tameka Williamson-Smart	Nil
13. Perry Wright	6,500



UNAUDITED INTERIM FINANCIAL STATEMENTS 12 MONTHS ENDED 31 DECEMBER 2023

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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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue	30,841,744	28,230,267	113,044,679	78,433,836
Direct expenses	(23,056,074)	(20,962,315)	(84,400,559)	(56,123,964)
Gross Profit	7,785,670	7,267,952	28,644,120	22,309,872
Other operating income	312,196	183,204	2,036,424	1,762,732
Other operating expenses	(5,953,264)	(5,607,830)	(21,030,151)	(18,098,065)
Operating Profit	2,144,602	1,843,326	9,650,393	5,974,539
Finance costs	(663,127)	(660,474)	(3,054,932)	(1,837,476)
Share of results of joint venture	91,355	85,659	268,687	106,552
Profit before Taxation	1,572,830	1,268,511	6,864,148	4,243,615
Taxation	(57,407)	(59,874)	(1,338,090)	(1,146,933)
Net Profit from continuing operations	1,515,423	1,208,637	5,526,058	3,096,682
Net loss from discontinued operations	(28,328)	(716)	(74,475)	(178,690)
Net Profit	1,487,095	1,207,921	5,451,583	2,917,992
Other comprehensive income, net of taxes	(288,036)	(336,021)	34,119	194,233
Total Comprehensive Income	1,199,059	871,900	5,485,702	3,112,225
Net Profit is attributable to:				
Stockholders of the Company	997,849	703,247	3,770,629	2,143,973
Non-controlling interests	489,246	504,674	1,680,954	774,019
Total	1,487,095	1,207,921	5,451,583	2,917,992
Total Comprehensive Income is attributable to:				
Stockholders of the Company	709,813	586,117	3,804,748	2,419,051
Non-controlling interests	489,246	285,783	1,680,954	693,174
Total	1,199,059	871,900	5,485,702	3,112,225
Earnings per Stock Unit attributable to Stockholders of the Company				
Continuing operations	\$1.40	\$0.96	\$5.24	\$3.17
Discontinued operations	(\$0.04)	(\$0.00)	(\$0.10)	(\$0.25)
Total	\$1.36	\$0.96	\$5.14	\$2.92



Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2023 \$'000	31 December 2022 \$'000
Non-current Assets		
Property, plant and equipment	21,196,863	20,778,802
Right of use assets	1,810,037	1,856,714
Intangible assets	12,710,593	13,205,047
Investments	1,255,553	1,221,434
Investment in joint venture	1,394,233	1,125,546
Long term receivables	1,087,793	1,180,972
Post-employment benefit asset	674,693	674,693
Biological assets	445,105	458,981
Deferred tax assets	1,982,344	1,796,354
	<u>42,557,214</u>	<u>42,298,543</u>
Current Assets		
Inventories	26,239,788	27,464,700
Biological assets	51,254	51,254
Receivables	22,744,246	19,414,777
Current portion of long term receivables	222,537	233,368
Non-current assets held for sale	285,761	285,761
Taxation recoverable	151,088	278,639
Cash and bank balances	4,743,280	4,469,995
	<u>54,437,954</u>	<u>52,198,494</u>
Current Liabilities		
Payables	20,699,511	21,244,218
Current portion of long term liabilities	10,296,805	6,031,153
Current portion of lease obligations	357,074	377,761
Taxation payable	524,745	863,207
	<u>31,878,135</u>	<u>28,516,339</u>
Net Current Assets	<u>22,559,819</u>	<u>23,682,155</u>
	<u>65,117,033</u>	<u>65,980,698</u>
Equity Attributable to Stockholders of the Company		
Share capital	5,768,558	5,768,558
Preference shares	3,191,020	3,191,020
Capital reserves	7,088,509	7,054,390
Retained earnings	14,000,434	11,535,884
	<u>30,048,521</u>	<u>27,549,852</u>
Non-controlling Interest	<u>6,607,787</u>	<u>5,344,763</u>
	<u>36,656,308</u>	<u>32,894,615</u>
Non-current Liabilities		
Post-employment benefit obligations	298,416	1,655,416
Long term liabilities	24,274,773	26,981,402
Lease obligations	1,129,692	1,720,532
Deferred tax liabilities	2,757,844	2,728,733
	<u>28,460,725</u>	<u>33,086,083</u>
	<u>65,117,033</u>	<u>65,980,698</u>

Approved for issue by the Board of Directors on 15 February 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)

	12 months ended 31 December 2023						
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital	Preference Shares	Capital Reserves	Retained Earnings	Total Equity		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2023	5,768,558	3,191,020	7,054,390	11,535,884	27,549,852	5,344,763	32,894,615
Total comprehensive income:							
Profit for the period	-	-	-	3,770,629	3,770,629	1,680,954	5,451,583
Fair value gains on investments	-	-	34,119	-	34,119	-	34,119
Transactions with owners:							
Ordinary dividends declared by the Company	-	-	-	(1,210,353)	(1,210,353)	-	(1,210,353)
Preference dividends declared by a subsidiary	-	-	-	(95,726)	(95,726)	-	(95,726)
Ordinary dividends declared by a subsidiary	-	-	-	-	-	(417,930)	(417,930)
At 31 December 2023	5,768,558	3,191,020	7,088,509	14,000,434	30,048,521	6,607,787	36,656,308



	12 months ended 31 December 2022						
	Attributable to stockholders of the Company					Non-controlling Interest	Total
	Share Capital	Preference Shares	Capital Reserves	Retained Earnings	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	-	-	-	2,143,974	2,143,974	774,019	2,917,992
Re-measurement on post-employment benefits	-	-	-	(79,148)	(79,148)	(80,845)	(159,993)
Currency translation gains and losses	-	-	(13,417)	-	(13,417)	-	(13,417)
Fair value gains on investments	-	-	367,643	-	367,643	-	367,643
Transactions with owners:							
On acquisition of subsidiary	-	3,191,020	-	(347,438)	2,843,582	4,836,739	7,680,321
Ordinary dividends declared by the Company	-	-	-	(1,100,321)	(1,100,321)	-	(1,100,321)
Preference dividends declared by a subsidiary	-	-	-	(61,364)	(61,364)	-	(61,364)
Ordinary dividends declared by a subsidiary	-	-	-	-	-	(185,150)	(185,150)
At 31 December 2022	5,768,558	3,191,020	7,054,390	11,535,884	27,549,852	5,344,763	32,894,615



Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	12 months ended 31 December	
	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities		
Net profit	5,451,583	2,917,992
Items not affecting cash resources:		
Amortization of intangible assets	494,454	367,494
Depreciation	1,710,866	1,497,238
Interest income	(76,445)	(77,708)
Interest expense –		
Lease obligations	100,072	112,851
Loans and other	2,672,787	1,830,663
Results of joint venture	(268,687)	(106,552)
Post-employment benefits	(1,357,000)	(10,389)
Taxation	1,338,090	1,146,933
	<u>10,065,720</u>	<u>7,678,522</u>
Changes in operating assets and liabilities:		
Inventories	1,224,912	(8,509,378)
Receivables	(3,329,469)	(3,087,522)
Biological assets	13,876	89,221
Payables and other	(544,707)	5,100,942
	<u>7,430,332</u>	<u>1,271,785</u>
Taxation paid	(1,705,880)	(1,391,223)
Cash provided by/(used in) operating activities	<u>5,724,452</u>	<u>(119,438)</u>
Cash Flows from Investing Activities		
Net purchase of property, plant and equipment	(1,851,608)	(2,079,087)
Encashment of investments	-	30,050
Net cash received on acquisition of subsidiary	-	6,099,991
Long term receivables	104,010	136,323
Interest received	76,445	77,708
Cash (used in)/provided by investing activities	<u>(1,671,153)</u>	<u>4,317,540</u>
Cash Flows from Financing Activities		
Long term loans	1,535,678	2,109,584
Lease obligations	(942,241)	(364,150)
Dividends paid	(1,724,009)	(1,364,835)
Interest paid	(2,649,442)	(1,773,728)
Cash used in financing activities	<u>(3,780,014)</u>	<u>(1,375,129)</u>
Change in cash and cash equivalents	273,285	2,820,243
Cash and cash equivalents at beginning of period	4,469,995	1,649,752
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,743,280</u>	<u>4,469,995</u>



Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

12 months ended 31 December 2023	Manufacturing \$'000	Distribution \$'000	Eliminations \$'000	Group \$'000
External revenue	13,028,484	100,016,195	-	113,044,679
Inter-segment revenue	19,600,894	-	(19,600,894)	-
Total revenue	32,629,378	100,016,195	(19,600,894)	113,044,679
Segment result	3,273,380	6,675,913	-	9,949,293
Unallocated income and expenses				(298,900)
Operating profit				9,650,393
Segment assets	19,041,442	57,029,930	-	76,071,372
Unallocated assets				20,923,796
Total assets				96,995,168
Segment liabilities	9,474,991	34,331,099	-	43,806,090
Unallocated liabilities				16,532,770
Total liabilities				60,338,860
Capital expenditure	753,843	1,097,765	-	1,851,608
Unallocated capital expenditure				-
Total capital expenditure				1,851,608
Depreciation	640,507	906,403	-	1,546,910
Unallocated depreciation				163,956
Total depreciation				1,710,866
12 months ended 31 December 2022	Manufacturing \$'000	Distribution \$'000	Eliminations \$'000	Group \$'000
External revenue	13,249,511	65,184,325	-	78,433,836
Inter-segment revenue	14,647,783	-	(14,647,783)	-
Total revenue	27,897,294	65,184,325	(14,647,783)	78,433,836
Segment result	1,821,321	4,173,837	-	5,995,158
Unallocated income and expenses				(20,619)
Operating profit				5,974,539
Segment assets	21,159,893	49,220,581	-	70,380,474
Unallocated assets				24,116,563
Total assets				94,497,037
Segment liabilities	8,989,500	34,090,893	-	43,080,393
Unallocated liabilities				18,522,029
Total liabilities				61,602,422
Capital expenditure	907,207	1,244,259	-	2,151,466
Unallocated capital expenditure				-
Total capital expenditure				2,151,466
Depreciation	643,107	801,277	-	1,444,384
Unallocated depreciation				52,854
Total depreciation				1,497,238

Total revenue for the period includes export sales of \$5,102,735,000 (2022 – \$3,239,754,000).



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 2022.

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 2023. Such adjustments are made during the annual audit process based on independent valuations and will be reflected in the annual audited financial statements.



SEPROD LIMITED

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