



**PRESIDENT & CEO'S REPORT
TO
AUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2018



President & CEO's Report

RECORD PROFITS FOR 2018

2018 has been a year of strong growth and change for Supreme Ventures Limited. Our financial performance which shows growth of approximately 50% in our Total Comprehensive Income of approximately \$2.1 Billion, reflects our drive, focus and execution of core strategic initiatives such as our channel expansion into the mobile gaming arena and the kick-off of our regional expansion plans. This performance enabled the Group to pay approximately a record \$6.9 Billion in total fees and taxes to the government, representing an increase of approximately \$ 800 Million or over 12% higher than 2017, and \$4.8 Billion or 229% greater than profits. Our year of embracing change and changing the game has resulted in a record performance in 2018 for the group of companies, showing significant growth in profits and Gross Ticket Sales. It was the year in which we fully adopted IFRS 9 and 15 (Financial Instruments and Revenue from Contracts with Customers), which resulted in additional disclosures and changes in how revenues and financial instruments are accounted for especially in providing for credit losses. The presentation of our Statement of Comprehensive Income was revised to ensure full compliance with the standards.

When compared to 2017, the Group achieved record Gross Ticket Sales of approximately \$62 Billion in 2018, representing a 12.3% increase. We focussed on managing costs, successfully implementing cost savings initiatives, whilst at the same time investing in the buildout of the Group's infrastructure. This resulted in the Group maintaining the operating expense efficiency ratio at 5.64%. The combined effect was a 50.3% increase in "Total Comprehensive Income for the year", surpassing the \$2 Billion mark for the first time in the history of the Group.

Total profits attributable to shareholders increased by \$703 Million. Earnings per share increased to 79.57 cents from 53.03 cents. The Group continues to show its commitment to rewarding shareholders' confidence with sustained business growth and strong returns on their investments. We were pleased to have paid out dividends of \$0.52 per share, including a special dividend of \$0.09 per share paid on June 1, 2018 to shareholders on record as at March 9, 2018, and additionally in February 2019 the Directors proposed a final dividend of 17 cents per share.

2018 was the first full year of operations for Supreme Ventures Racing and Entertainment Limited (SVREL) at the iconic Caymanas Park race track. Operational improvements, the expansion of the Off-Track Betting network, and the utilization of a shared services model were key in the reduction in the loss by approximately 29%, from \$355.6 Million over 9 months to \$252.1 Million over a full 12 months. As we continue to implement systematic, strategic changes to the operations of Caymanas Park, we remain confident about its future viability for key stakeholders.

Our flagship Lottery segment continues to perform per our strategies and provided a segment growth result of approximately 17% over prior year. Sports Betting through the JustBet brand also showed its potential with significant growth in 2018, with Gross Ticket Sales growing by 60.3% increasing from \$738.4 Million in 2019 to \$1.183 Billion.

The Supreme Ventures Group of Companies continue to give back to the communities we serve. Our record contribution of \$1.7 Billion in fees to the Consolidated Fund this year, has put our total contribution at over \$18 Billion since inception. Additionally, the Group contributed over \$45 Billion to our various stakeholders including prizes paid to our customers, regulator fees, our retailers and others, all together providing significant contributions to the country's economy.

Our management team and staff have worked tirelessly to ensure optimization of the company and its resources; without their contribution we could not have achieved another record performance. I thank them sincerely for the commitment they continue to show.

The Supreme Ventures shareholder base has expanded significantly over the last 12 months by 22.13% over 2017, a reflection of our shareholders faith and the demonstrated success of the Group. We appreciate your commitment to the company, and we will continue to work tirelessly on your behalf.

As an organization that takes our reputation for transparency and our commitment to responsible, informed gaming, very seriously, we recognize the importance of our regulatory partners, without whom we could not be where we are today. We appreciate their guidance and support.

The Group's future is indeed bright as we stand on the threshold of a tipping point in the company's history. Our plan for the future of the business is aggressive, and we are confident that as we expand and grow from the solid foundation on which our company is built, we will do so with the support of all our strategic partners. We will do so with a team that is experienced and passionate about our business, we will do so with regulators that show vision and recognition of the potential of the industry, and we will do so with stakeholders that share our vision and excitement about the future of the Supreme Ventures Group.

Here's to another game changing, record-breaking year!



Ann-Dawn Young Sang (Mrs.)
President & CEO
Supreme Ventures Limited



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