



Supreme Ventures Group shows strong recovery from COVID19 impact with 26% increase in quarterly profits

FINANCIAL PERFORMANCE

The Group's unaudited financial statements are presented for the Nine months ending September 30, 2020.

Supreme Ventures Limited is pleased to report a net profit for the nine months ended September 30, 2020 of \$1.6 billion.

It is important to note that the Group's performance, like other companies both locally and overseas has been negatively affected by the impact of COVID-19. Due to Government orders and requirements, a number of our retailers were closed for majority of the period between April and June. The Group understands and is mindful of the unforeseeable length of time that the virus will continue to impact the way we do business and as such have been working very closely with all key stakeholders to ensure our operations remain open for all segments. Overall, our Group with its diversified product offerings has been able to withstand the impact of the risks associated with COVID-19 on the performance while we continue to bolster and adjust aspects of the operations to be agile.

We have rolled out more innovative approaches in how we do business and to a great extent this will positively impact the way our customers interact with our games through the new channels. We also remain committed to working with our key stakeholders and partners to ensure the continuity of our businesses whilst supporting the communities in which we operate.

QUARTER RESULTS

The improved performance in Q3, 2020 resulted in profits of \$622.8 million for the quarter representing an improvement over prior year by \$96.3 million.

Total gross ticket sales for the quarter amounted to \$19.9 billion, representing an increase of 12.6% over the corresponding period in 2019. Total Gaming income of \$10.4 billion represents an increase of \$409.9 million or 2.5% when compared to the corresponding period in 2019, while direct expenses amounting to \$8.2 billion was \$613.1 million or 2.7%, higher than the prior year same period. Direct expenses excluded prizes paid for fixed odds wagering games as these are included in gaming income.

Total prizes paid for the quarter amounted to \$14.9 billion representing an increase of 16.28% compared to Q2, 2019. Additionally, payments to Government agencies and regulatory bodies was \$1.71 billion, 5.2% higher than prior year.

Gross profit for the quarter amounted to \$2.2 billion, representing an increase of 6.2% or \$354.3 million in comparison to the quarter ending September 2019. The increase is attributed to improved performance of the segments as well as the addition of Supreme Route Limited and PosttoPost Betting Limited to the group results.

The Group's unaudited financial statements are presented for the nine months ending September 30, 2020. The net profit for the period of \$1.6 billion was a decline of \$210.8 million or 12% when compared to the same period in 2019. The reduced profitability for the nine-month period continues to be as a result of the second quarter performance which was significantly impacted by COVID-19.

STRATEGIC FOCUS

The Group's performance for the period is attributed mainly to the continued focus on its strategic priorities, which include:

- 1. Revenue Growth** – The Group's performance was impacted by COVID-19 measures such as curfews and social distancing, which affected revenue for some segments for the quarter. The focus is on providing alternative methods to access our products to boost revenues. Overall, year to date gross ticket sales have improved by \$2 billion or 3.8% over 2019.
- 2. Optimizing Cost Efficiencies** – The increase in the Group's operating expenses of \$531 million year over year is attributed to the consolidation of PosttoPost Betting and Supreme Route Limited, which were not included in the Group's results in Q3 2019. There was also a one-time strategic expenditure to support the current business objectives and activities associated with our planned acquisitions and expenses that support the increased revenues. We continue to exercise due care in the management of the operating expenses.
- 3. Business Expansion** – In addition to the expansion of Sports Betting and VLTs, SVL is in the final stages to export the lottery signal to South Africa which will expand our earnings potential for our lottery products. The subsidiaries are expected to make a positive contribution to the Group's results despite the impact of COVID-19 on the operations.

Earnings per share for Q3, 2020 is 22.60 cents (2019: 19.44 cents). The Board of Directors has declared a dividend of 20.00 cents per share payable on December 4, 2020.

2019 Total Assets \$9.4 Billion

2020 Total Assets \$12.3 Billion

The Group's assets at the end of the quarter amounted to \$12.3 billion, representing an increase of \$2.9 billion or 30.6% when compared to the position as at December 31, 2019. The major additions are due to the acquisition of Champion Gaming Limited assets.



YEAR TO DATE SEGMENT RESULTS

Revenue for the nine-month period amounted to \$27.9 billion, representing a slight reduction of \$122.7 million or 0.4% over prior year. The Group's operation has reported significant improvements in Q3 and rebounded from the impacts of the closures and curtailment of operations in Q2.

Overall segment results for the period contributed \$2.4 billion, a reduction of \$169.3 million or 6.7% lower than the corresponding period in prior year.

Lotteries performed creditably during the period achieving gaming revenue of \$14 billion which represents an increase of 3% or \$409M compared to the corresponding period in the previous year. The reported segment results of \$2.9 billion, represents a 17.8% or \$439 million increase over 2019. The Group continues to focus on key initiatives and terminal expansion. This has contributed to the positive performance for the segment.

Sports Betting reported gaming revenue of \$5.2 billion representing a negative variance of \$838.2 million or 13.8% when compared to prior year. The segment results of negative \$91 million, was \$22.1 million or 32.07% more than prior year. The performance was impacted by the government imposed curfew orders resulting in the closure of the locations, reduction of the business operating hours and physical distancing protocols. The segment was also impacted by the cancellation and postponement of various sport leagues.

PIN codes achieved gaming revenues of \$8.6 Billion, representing an increase of \$297 million or 3.6% over prior year. This increased performance contributed an uplift of \$25.7 million or 23.9% to the segment results when compared to prior year. The partnerships with our main distributors will continue as we focus on maximizing the touch points for the end consumers.

Guyana resumed operations mid-August, where our primary focus is retailer recruitment to increase the network. These activities were significantly affected by COVID-19 measures implemented by the Government; however, we have since resumed operations and are focusing on activating the target retailers by close of year.

CORPORATE SOCIAL RESPONSIBILITY

Supreme Ventures Foundation ramps up Supreme Heroes Programme

The 3rd quarter saw the Supreme Ventures Foundation (SVF), “Supreme Heroes” programme advancing several notches ahead in its implementation, following the selection of its four (4) heroes. The heroes, who have been assisting the vulnerable in their respective communities through their small businesses and social enterprises are being assisted by SVF to enhance and increase their capacity so that they may impact more persons. Working with its partners, the Mona Entrepreneurial and Commercialization Centre, MECC and Changemakers Limited, each hero was provided with resources, including a laptop with business software and training to aid them in the management of their social enterprises.

At the end of the programme, the heroes would have learnt how to register their business/non-profit company, boost their outreach programme and understand the basics of accounting & taxation while creating their five-year business plan. Given the impact of COVID19, risk management and resilience, business continuity and sustainability have also been added to the training exercise for the heroes.

The programme was paused in the first two quarters of 2020 due to the spread of COVID-19, however, the heroes were re-engaged in the third quarter with a December end date.

The Four heroes selected are:

- Jennifer Brown from Miss Jenny’s Corner Shop in Norwood, St. James
- Elma Thompson from Miss T’s Hardware in St. James
- New Horizon Christian Outreach Ministries in Spanish Town, St. Catherine
- Life Yard in Parade Gardens, Kingston

Highlights



Senior Vice President of Human Resources and Administration, Toni Spencer shows the features of the laptops donated under the Supreme Ventures Foundation Supreme Heroes Programme to the head of the Horizon Christian Outreach Ministries, Michael Barnett and Administrator Sophia Barnett. Their organization helps unattached youth in Winter’s Pen in Spanish Town get skills training and job placement.



Elma Thompson, propriety of Miss T’s Hardware in Granville, St. James, fits a uniform on a young student from her community. Miss T makes uniforms for children in her community and gives them away for free to struggling parents. Miss Thompson says the grant from the Supreme Heroes programme will enable her to purchase more equipment and sewing machines to expand her outreach.



Vice President of Information Technology, Aden Whittaker (right) shows the features of the laptops donated under the Supreme Ventures Foundation Supreme Heroes Programme to members of Life Yard, a participant in the programme. The laptops were donated to assist the four participants with their training sessions and other capacity building activities.



Montego Bay shopkeeper, Jennifer “Miss Jenny” Brown uses the proceeds from her shop to support the youth of in the community of Norwood in St. James. Miss Jenny says she provides meals to children coming home from school and also assists young persons with getting jobs. Miss Brown, who is part of the Supreme Ventures Foundation Supreme Heroes, says she will use the grant to establish a homework centre for students in the community.

OUTLOOK

The Group looks forward to the continuation of improvements, the launch of key initiatives and products through our retail channel, the continued drive to grow our mobile channels through increased registration across our gaming segments, the continued build out of our business in Guyana and the improvement in the horse racing product through technological and new product initiatives. Our Lottery portfolio continues to be a primary focus while improving and strengthening our internal infrastructure and capabilities. We are committed to maintaining our focus on the growth and sustainability of the Group.



Gary Peart
EXECUTIVE CHAIRMAN
SUPREME VENTURES LIMITED



Nine Months Ended September 30, 2020

Contents

Financial Statements	Pages
Consolidated Statement of Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Financial Statements	5

SUPREME VENTURES LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Period Ended September 30, 2020
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

	Unaudited Nine Months Ended September 30, 2020	Unaudited Nine Months Ended September 30, 2019	Unaudited Three Months Ended September 30, 2020	Unaudited Three Months Ended September 30, 2019
Revenue - Non-fixed odd wagering games, horse racing and pin codes	15,943,524	16,702,501	6,265,452	5,855,590
Income from fixed odd wagering games, net of prizes	<u>11,994,949</u>	<u>11,358,672</u>	<u>4,148,125</u>	<u>3,590,546</u>
Total Gaming Income	27,938,473	28,061,173	10,413,577	9,446,136
Direct Costs	<u>(21,942,193)</u>	<u>(22,312,546)</u>	<u>(8,186,436)</u>	<u>(7,573,324)</u>
Gross Profit	5,996,280	5,748,627	2,227,141	1,872,812
Other (Expenses) / Income	80,978	(52,270)	22,163	(24,266)
Selling, general and administrative expenses	<u>(3,640,836)</u>	<u>(3,109,705)</u>	<u>(1,296,911)</u>	<u>(1,100,320)</u>
Operating Profit	2,436,422	2,586,652	925,393	748,226
Finance costs	<u>(159,137)</u>	<u>(81,862)</u>	<u>(83,825)</u>	<u>(42,184)</u>
Profit before taxation	2,277,285	2,504,790	868,568	706,042
Taxation	<u>(725,494)</u>	<u>(742,215)</u>	<u>(245,736)</u>	<u>(179,517)</u>
Profit for the period	<u>1,551,791</u>	<u>1,762,575</u>	<u>622,832</u>	<u>526,525</u>
Attributable to:				
Stockholders of the parent company	1,540,947	1,748,820	596,066	512,270
Non-controlling interest	10,844	13,755	26,766	13,755
	<u>1,551,791</u>	<u>1,762,575</u>	<u>622,832</u>	<u>526,525</u>
Earnings per stock unit				
Basic and diluted	<u>58.43</u> cents	<u>66.31</u> cents	<u>22.60</u> cents	<u>19.44</u> cents

SUPREME VENTURES LIMITED
Consolidated Statement of Financial Position
As at September 30, 2020

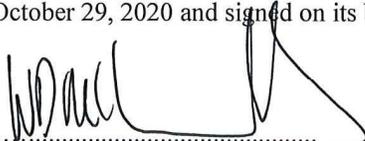
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

	Unaudited Nine Months Ended September 30, 2020	Audited Year Ended December 31, 2019	Unaudited Nine Months Ended September 30, 2019
ASSETS			
Non-current assets			
Property and equipment	2,751,689	1,828,585	1,599,156
Investment properties	901,946	901,946	892,500
Goodwill and Intangible assets	3,416,642	1,093,199	1,060,022
Long-term receivables	27,643	28,493	28,265
Financial assets at amortized cost	1,883	1,883	1,883
Other investment	17,140	17,140	17,980
Deferred tax assets	152,982	101,058	169,779
	<u>7,269,925</u>	<u>3,972,304</u>	<u>3,769,585</u>
Current assets			
Inventories	233,809	191,900	245,046
Trade and other receivables	1,358,270	1,640,922	1,237,744
Current portion of long-term receivables	1,117	1,117	1,117
Taxation recoverable	26,738	22,972	10,046
Cash and cash equivalents	3,411,191	3,592,465	3,039,727
	<u>5,031,125</u>	<u>5,449,376</u>	<u>4,533,680</u>
Current liabilities			
Prize liabilities	659,061	532,173	738,428
Trade and other payables	2,957,978	2,297,658	2,455,287
Current portion of finance leases	41,270	104,814	42,837
Current portion of long-term loans	39,512	94,120	592
Income tax payable	143,512	166,954	90,527
	<u>3,841,333</u>	<u>3,195,719</u>	<u>3,327,671</u>
Net current assets	<u>1,189,792</u>	<u>2,253,657</u>	<u>1,206,009</u>
	<u>8,459,717</u>	<u>6,225,961</u>	<u>4,975,594</u>
Stockholders' equity			
Share capital	1,967,183	1,967,183	1,967,183
Capital reserves	62,486	62,486	60,956
Retained earnings	1,832,653	1,666,619	1,434,004
Capital and reserves attributable to owners of Supreme Ventures Group	3,862,322	3,696,288	3,462,143
Non-controlling interests	1,745,991	368,342	383,758
	<u>5,608,313</u>	<u>4,064,630</u>	<u>3,845,901</u>
Non-current liabilities			
Long-term payables	1,951,076	1,428,693	524,160
Finance lease obligation	900,328	732,638	605,533
	<u>2,851,404</u>	<u>2,161,331</u>	<u>1,129,693</u>
	<u>8,459,717</u>	<u>6,225,961</u>	<u>4,975,594</u>

Approved and authorized for issue by the Board of Directors on October 29, 2020 and signed on its behalf by:



 Gary Peart – Executive Chairman



 W. David McConnell - Director

SUPREME VENTURES LIMITED
Consolidated Statement of Changes in Equity
Period Ended September 30, 2020

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

	<u>Share capital</u> \$'000	<u>Capital reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Non- Controlling interest</u> \$'000	<u>Total</u> \$'000
Unaudited Nine Months Ended September 30, 2020					
Balance as at December 31, 2019	1,967,183	62,486	1,666,619	368,342	4,064,630
Profit for the period	-	-	1,540,947	10,844	1,551,791
Non-controlling interest on acquisition of subsidiary	-	-	-	1,366,806	1,366,806
Transactions with shareholders					
Distribution	-	-	(1,374,914)	-	(1,374,914)
Balance as at September 30, 2020	<u>1,967,183</u>	<u>62,486</u>	<u>1,832,652</u>	<u>1,745,992</u>	<u>5,608,313</u>
Unaudited Nine Months Ended September 30, 2019					
Balance as at December 31, 2018	1,967,183	62,486	1,255,489	-	3,285,158
Profit for the period	-	-	1,762,575	13,755	1,776,330
Revaluation	-	(1,530)	(1,706)	-	(3,236)
Non-controlling interest on acquisition of subsidiary	-	-	-	370,003	370,003
Transactions with stockholders					
Distributions	-	-	(1,582,354)	-	(1,582,354)
Balance as at September 30, 2019	<u>1,967,183</u>	<u>60,956</u>	<u>1,434,004</u>	<u>383,758</u>	<u>3,845,901</u>

SUPREME VENTURES LIMITED
Consolidated Statement of Cash Flows
Period Ended September 30, 2020

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

	Unaudited Nine months ended September 30, 2020	Audited Year Ended December 31, 2019	Unaudited Nine months ended September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for period/year	1,551,791	2,473,634	1,748,820
Adjustments for:			
Depreciation of property and equipment	349,174	341,990	259,397
Amortisation of intangible assets	101,438	80,921	31,149
Gain on disposal of property and equipment	(1,045)	(1,660)	(1,585)
Revaluation gain on property and equipment	-	(9,446)	-
Bad debts recognised	8,718	41,426	38,278
Effect of exchange rate changes on cash and cash equivalents	109,775	(15,884)	18,664
Interest income	(50,652)	(69,231)	(61,877)
Interest expenses	148,807	145,797	81,862
Income tax expenses	725,494	988,076	742,215
Operating cash flow before movement in working capital	<u>2,943,500</u>	<u>3,975,623</u>	<u>2,856,923</u>
Change in non-cash working capital balances			
Inventories	(41,909)	(60,811)	(113,957)
Trade and other receivables	275,499	(854,818)	(436,137)
Trade and other payables	660,320	263,573	370,954
Prizes liabilities	126,888	(27,230)	179,025
Other Investments	-	(840)	-
Cash generated by operations	<u>3,964,298</u>	<u>3,295,497</u>	<u>2,856,808</u>
Income tax paid	(806,216)	(1,020,277)	(837,406)
Interest paid	<u>(148,807)</u>	<u>(111,859)</u>	<u>(77,354)</u>
Cash generated by operating activities	<u>3,009,275</u>	<u>2,163,361</u>	<u>1,942,048</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of subsidiary, net of cash acquired	(1,341,092)	(442,609)	(442,609)
Acquisition of property and equipment	(977,344)	(627,431)	(510,024)
Acquisition of intangible assets	(15,368)	(7,684)	(3,457)
Proceeds on disposal of property and equipment	1,045	11,086	13,142
Long-term receivables	850	664	892
Interest received	49,087	70,188	63,454
Cash used in investing activities	<u>(2,282,822)</u>	<u>(995,786)</u>	<u>(878,602)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions	(1,374,914)	(2,064,164)	(1,582,354)
Repayment of long term payables	(32,225)	(147,867)	(60,724)
Loans received	500,000	1,450,000	450,000
Finance lease, net	104,146	191,513	208,499
Cash used by financing activities	<u>(802,993)</u>	<u>(570,518)</u>	<u>(984,579)</u>
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(76,540)</u>	<u>597,057</u>	<u>78,867</u>
Cash and cash equivalents at the beginning of the year	3,592,465	2,979,524	2,979,524
Effect of exchange rate changes on the balance of cash held in foreign currency	<u>(104,734)</u>	<u>15,884</u>	<u>(18,664)</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD/YEAR	<u>3,411,191</u>	<u>3,592,465</u>	<u>3,039,727</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30,
2020**

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

1. Identification

Supreme Ventures Limited (the Company) is a public limited liability company which is listed on the Jamaica Stock Exchange. The Company's registered office is located at the 4th Floor, The R. Danny Williams Building, 28-48 Barbados Avenue, Kingston 5, Jamaica, W.I.

The Company and its subsidiaries are collectively referred to as "the Group". The main activities of the Group comprises betting, gaming and lottery operations. The main activity of the Company is the management of its subsidiary companies ("subsidiaries").

The subsidiaries that are consolidated and their principal activities are as follows:

Name of company	Principal activity	Country of Incorporation	Percentage Ownership 2020	Percentage Ownership 2019
Prime Sports (Jamaica) Limited and its subsidiaries:	Betting, gaming and lottery operations licensed by the Betting Gaming and Lotteries Commission (BGLC)	Jamaica	100	100
Supreme Route Limited	Gaming operations licensed by the BGLC	Jamaica	51	100
Chillout Ventures Limited	Not trading	Jamaica	100	100
Supreme Ventures Financial Services Limited	Not trading	Jamaica	100	100
Supreme Ventures Lotteries Limited	Not trading	Jamaica	100	100
Transtel Jamaica Limited	Not trading	Jamaica	100	100
Supreme Ventures Services Limited	Pin code sales and shared services	Jamaica	100	100
Supreme Ventures Racing and Entertainment Limited	Betting and horse-racing operations licensed by BGLC and Jamaica Racing Commission (JRC)	Jamaica	100	100
Jamaica Lottery Company Holdings Limited	Not trading	Jamaica	100	100
Supreme Group Incorporated	Holding Company	St. Lucia	100	100
Supreme Guyana Incorporated	Holding Company	St. Lucia	100	100
Supreme Ventures Guyana Holdings Inc	Holding Company	Guyana	100	100
Supreme Ventures Enterprise Inc	Betting & Gaming	Guyana	100	100
Post to Post Betting Limited	Betting & Gaming	Jamaica	51	51

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30,
2020**

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation

(a) Statement of Compliance

These unaudited interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2019. They do not include all of the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements as at and for the year ended December 31, 2019 and corresponding interim reporting period.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the inclusion of available-for-sale investments and investment property at fair value.

(c) Functional and presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The consolidated financial statements are presented in Jamaican Dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. At the Statement of Financial Position date, monetary assets and liabilities denominated in foreign currencies are translated using the weighted average closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period ended. Although these estimates are based on management's best knowledge of current events and actions, actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2019.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2020**
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation (Continued)

- (e) Where necessary, comparative amounts have been reclassified to conform with changes in the presentation in the current reporting period.

3. Acquisitions

- a) On January 2, 2020 the Group through its subsidiary, Supreme Route Limited acquired the assets of Champion Gaming Limited, a company licensed by the Betting Gaming and Lotteries Commission to operate slot machines. This transaction was settled with a cash consideration of \$1.42 billion and an allotment of 49% of Supreme Route Limited shares valued at \$1.36 billion to Champion Gaming Limited.

Net identifiable assets acquired are valued at \$1.78 billion.

The Purchase Price Allocation as required by IFRS 3 (*Business Combination*) for the acquired assets and liabilities is being finalized and all details will be reflected in final audited report.

- b) On May 12, 2020 the Group through its Subsidiaries Prime Sports Jamaica Limited and Supreme Route Limited entered into an agreement to acquire Video Lottery Terminal gaming machines and other assets from I.C.E. (Jamaica) Limited. The agreement resulted in PSJL terminating the existing agreement (which provided a share of net win) and the group will now earn full revenues from these machines. The purchase consideration for this acquisition and related termination of previous contract is US\$8.5 million dollars.

4. Significant events and transactions

The SV Group of companies continue to be impacted by the onset of COVID-19, resulting from the first case reported in March 2020 and the related measures implemented to control the spread of the virus, which has seen closure of most of our segments during the April to June 2020 and a further restriction on the number of persons in the gaming space as a result of the social distancing requirements.

The extent and duration of the impact of COVID-19 on global and local economies, financial markets, and sectors and the specific industry in which the Company operates is uncertain at this point and has the potential to continue to adversely affect the way we do business, results of operations or financial condition, the impact of which is being monitored for each business segment.

Management believes that the Group is well positioned to overcome the challenges brought forth within the current economic impact and has proactively taken steps to mitigate the impact. Factors contributing to the Group's strong position are:

- a) Improved business performance over Q2, 2020; management has managed through proactive action to minimize the impact of further losses.
- b) The Group has been in compliance with its debt covenants as evidenced by its strong liquidity reserves. The current operating activities are being funded by internal generated cash.
- c) The Group's major customers have not experienced financial difficulties, with respect to their obligations to us. Credit quality of trade receivables as at September 30, 2020 remains good.

Overall, the Group is in a strong position and has sufficient capital and liquidity to service its operating activities and debt. In addition to its current operations, the Group is currently finalizing agreements for external financing primarily for business expansion and acquisition projects. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30,
2020**

(Expressed in thousands of Jamaica dollars unless otherwise indicated)

5. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has three main operating segments: Lotteries, Sports Betting and Pin Codes.

Segment results are reported to the Group's executive management (collectively considered the chief operating decision maker) which includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment performance is determined by recognizing income and expenses directly associated with each segment. The segment result is adjusted for intersegment revenue and costs, taxes and finance cost to arrive at a final position.

During the period to September 30, 2020, there have been no significant changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

	2020				
	Lottery	Sports Betting	Pin Codes	Other	Group
Non-fixed odd wagering games	2,400,846	4,806,349	8,603,076	133,253	15,943,524
Other revenue	11,568,296	426,653	-	-	11,994,949
Total revenue	<u>13,969,142</u>	<u>5,233,002</u>	<u>8,603,076</u>	<u>133,253</u>	<u>27,938,473</u>
Result					
Segment result	2,907,523	(90,991)	133,206	(594,294)	2,355,444
Interest income					50,652
Other gains					30,326
Net foreign exchange loss					(10,330)
Interest charges					(148,807)
Profit before taxation					2,277,285
Taxation					(725,494)
Profit for the year					<u>1,551,791</u>
Other information					
Capital expenditure	43,422	733,033	-	216,257	992,712
Depreciation, amortisation and write-offs property, plant and equipment	107,686	270,407	-	72,519	450,612
Segment assets	<u>2,508,582</u>	<u>5,693,187</u>	<u>951,940</u>	<u>3,147,341</u>	<u>12,301,050</u>
Segment liabilities	<u>1,988,498</u>	<u>1,420,412</u>	<u>1,252,778</u>	<u>2,031,049</u>	<u>6,692,737</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2020**
(Expressed in thousands of Jamaica dollars unless otherwise indicated)

5. Segment reporting (continued)

	2019				
	<u>Lottery</u>	<u>Sports Betting</u>	<u>Pin Codes</u>	<u>Other</u>	<u>Group</u>
Non-fixed odd wagering games	2,810,543	5,462,052	8,305,486	124,420	16,702,501
Other revenue	10,749,503	609,169			11,358,672
Total revenue	<u>13,560,046</u>	<u>6,071,221</u>	<u>8,305,486</u>	<u>124,420</u>	<u>28,061,173</u>
Result					
Segment result	2,468,208	(68,896)	107,506	17,957	2,524,775
Interest income					61,877
Net foreign exchange loss					(24,712)
Interest charges					(57,150)
Profit before taxation					2,504,790
Taxation					(742,215)
Profit for the year					<u>1,762,575</u>
Other information					
Capital expenditure	271,614	132,691	-	109,176	513,481
Depreciation, amortisation and write-offs property, plant and equipment	104,826	157,894	-	27,826	290,546
Segment assets	3,779,038	2,223,936	869,579	1,430,712	8,303,265
Segment long-term liabilities	1,687,418	1,530,773	980,522	258,651	4,457,364

6. Contingencies – Litigations

EGE Limited (formerly Epsilon Global Equities Limited):

On December 15, 2008 a civil suit was filed by EGE Limited (then called Epsilon Global Equities Limited) against the Company and its founding stockholders. The matter was decided in 2011, with a judgement in favour of the founding stockholders and the Company. An appeal to the Court of Appeal was also dismissed on 30th May 2017 again in favour of the Company and stockholders. A further appeal has been made to the Judicial Committee of the Privy Council. The attorneys representing the Company expect to succeed and that the appeal will not result in a financial liability to the Company.

Talisman Capital Alternative Investment Fund and EGE Limited:

In August 2012, a civil suit was filed in the Courts of Florida, USA, by Talisman Capital Alternative Investment Fund and EGE Limited citing as defendants the Company and certain of its stockholders. This suit is in respect of most of the same issues decided in the Supreme Court in Jamaica in favour of the Company and some of its stockholders (see above).

In April 2013, the Federal Bankruptcy Court in Florida granted a motion by SVL and other defendants to dismiss the complaint. The plaintiffs then filed objections to the dismissal. Subsequently, the court granted a motion by SVL and other defendants to strike out the objections. The plaintiffs then moved for reconsideration of the order. The motions were heard and SVL and other defendants were successful on the motions and were either discharged from the proceedings or the plaintiffs were ordered to re-file the proceedings. The Plaintiffs have appealed the Order. The appeal has been heard and the decision is pending.

The attorneys representing SVL expect SVL's position to be upheld by the Appeal Court.



**SUPREME
VENTURES**
GROUP

**SVL Shareholding Report
as at September 30, 2020**

SUPREME VENTURES LIMITED
TOP 10 SHAREHOLDING
As at September 30, 2020

NAME	VOLUME	PERCENTAGE
Zodiac Caribbean Ventures Limited	807,601,713	30.623
	807,601,713	30.623
Mayberry Jamaican Equities Limited	401,955,469	15.241
	401,955,469	15.241
Ian Kent Levy	320,541,171	12.154
Ian Kent Levy	4,000,000	0.152
	324,541,171	12.306
Janette Stewart	62,580,991	2.373
Janette Stewart	104,117,228	3.948
	166,698,219	6.321
Stephen Castagne	94,052,136	3.566
	94,052,136	3.566
St. Elizabeth International Limited	61,758,495	2.342
	598,488	0.023
	62,356,983	2.365
Sagicor Pooled Equity Fund	48,950,421	1.856
	48,950,421	1.856
PWL Bamboo Holdings Group Limited	28,043,151	1.063
	28,043,151	1.063
MF&G Trust & Finance Ltd – A/C 58	13,906,533	0.527
	13,216,876	0.501
	27,123,409	1.028
Sunfisher Corporation	24,648,118	0.935
	24,648,118	0.935
Total Combined Holding	1,985,970,790	75.305

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS
As at September 30, 2020

DIRECTOR NAME	PRIMARY HOLDER	JOINT HOLDER/CONNECTED INTERESTS	VOLUME	PERCENTAGE
Gary Peart	Gary Peart	Self	1,082	0.0000
	VDWSD Ltd	Shareholder	22,255,640	0.8439
	Mayberry Jamaican Equities Limited	Connected	401,955,469	15.2414
	Mayberry Investments Limited Pension Scheme	Connected	2,413,603	0.0915
	Mayberry Investments Limited Retirement Scheme	Connected	1,237,133	0.0469
	Mayberry Investments Limited	Connected	-	-
	Mayberry Pension Limited I.R.P	Connected	1,530,612	0.0580
	Mayberry Managed Clients Account	Connected	12,676,922	0.4807
	The Mayberry Foundation Ltd.	Connected	3,000,504	0.1138
	Ironrock Insurance Company Limited	Director / Shareholder	900,000	0.0341
	Lasco Financial Services Ltd	Director / Shareholder	-	-
	Lasco Distributors Ltd	Director / Shareholder	5,000,000	0.1896
	Mayberry Managed Employee Portfolio	Connected	-	-
				450,970,965
W David McConnell	W David McConnell	Self	-	-
	St. Elizabeth International Ltd	Director / Shareholder	62,356,983	2.3645
	Ironrock Insurance Company Limited	Director / Shareholder	900,000	0.0341
	Scotia Investments Limited	Director	-	-
	Scotia Group	Director	-	-
	St. Elizabeth Holding Ltd	Director / Shareholder	-	-
			63,256,983	2.3986
Peter McConnell	Peter McConnell	Stephanie McConnell	6,429,498	0.2438
	United Estates Ltd Pension Plan	Connected	638,224	0.0242
	Trade Winds Citrus Ltd, Pension Fund	Connected	591,121	0.0224
	Wakefield Farms Ltd.	Connected	2,000,000	0.0758
	Worthy Park Estate	Director / Shareholder	-	-
	RSF Holdings	Director / Shareholder	-	-
	Fraser Nicholas McConnell	Connected	-	-
	Stephanie Ann McConnell	Connected	-	-
			9,658,843	0.3662
Brent Sankar	Brent Sankar	Self	-	-
	Zodiac Caribbean Ventures Limited	Officer	807,601,713	30.6228
	Colin Mouttet	Connected	13,787,078	0.5228
	Ice Jamaica Ltd	Director	-	-
			821,388,791	31.1456
Eroleen Anderson	Eroleen Anderson	Self	-	-
	Interiors by Eroleen Limited	Director	-	-
			-	-
Lance Hylton	Lance Hylton	Self	-	-
	Hylton & Hylton Attorneys-At-Law	Connected	-	-

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS CONT'D
As at June 30, 2020

DIRECTOR NAME	PRIMARY HOLDER	JOINT HOLDER/CONNECTED INTERESTS	VOLUME	PERCENTAGE
Christopher Berry	Christopher Berry	Self	-	-
	Mayberry Jamaican Equities Limited	Director	401,955,469	15.2414
	PWL Bamboo Group Holdings Limited	Director	28,043,151	1.0633
	Apex Pharmacy	Shareholder	5,000,000	0.1896
	Apex Health Care	Shareholder	-	-
	Konrad Limited	Connected	2,000,000	0.0758
	Broadleaf Properties	Connected	-	-
	Konrad Berry	Connected	24,145,689	0.9156
	A+ Plus Medical Centre Ltd	Shareholder	500,000	0.0190
	Mayberry Investments Ltd	Director	-	-
	Lasco Financial	Director	-	-
	Caribbean Producers Jamaica	Director	-	-
	Ho Choi Ltd	Shareholder	12,565,400	0.4765
	Mayberry Investments Limited Pension Scheme	Sponsor Trustee	2,413,603	0.0915
	Mayberry Investments Limited Retirement Scheme	Sponsor Trustee	1,237,133	0.0469
	Mayberry Pension Limited I.R.P	Sponsor Trustee	1,530,612	0.0580
	Mayberry Managed Clients Account	Connected	12,676,922	0.4807
	The Mayberry Foundation Ltd.	Connected	3,000,504	0.1138
	Mayberry Managed Employee Portfolio	Connected	-	-
	Ironrock Insurance Company Limited	Director	900,000	0.0341
	Green Shoots Jamaica Limited	Chairman	-	-
	Patricia Yap	Connected	-	-
	William Berry	Connected	-	-
Lauren Berry	Connected	-	-	
			495,968,483	18.8062
Duncan Stewart	Duncan Stewart	Self	-	-
	San Dollars Investments Limited	Director	20,526,316	0.7783
			20,526,316	0.7783
Damian Chin-You	Damian Chin-You	Self	500,000	0.0190
	PosttoPost Betting Limited	Director	-	-
			500,000	0.0190
Nicholas Mouttet	Nicholas Mouttet	Self	-	-
	Agri-Link Limited	Director	-	-
	Tropical Self Storage	Director	-	-
	Nika Limited	Director/ Shareholder	-	-
	Zodiac International Investments & Holdings	Director	-	-
	Zodiac Caribbean Ventures Limited	Director/ Shareholder	807,601,713	30.6228
			807,601,713	30.6228
		Total Combined Holding	1,458,682,454	55.3106

SUPREME VENTURES LIMITED
SENIOR MANAGEMENT'S SHAREHOLDINGS
As at September 30, 2020

NAMES	JOINT HOLDERS/CONNECTED INTEREST	VOLUME	PERCENTAGE
Dennis Chung	Self	-	-
Heather Goldson	David L Goldson	685,200	0.0260
Lorna Gooden	Gregory Paul Anthony Gooden	8,300	0.0003
	Self	18,300	0.0007
		26,600	0.0010
Katherine P.C. Francis	Self	30,000	0.0011
Toni Spencer	Adrian Spencer	592,698	0.0225
Xesus Johnston	Self	14,863	0.0006
Nyssa-Kaye Darby	Self	5,692	0.0002
	Total Combined Holding	1,355,053	0.0514



**SUPREME
VENTURES**
GROUP

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