



MEDICAL DISPOSABLES & SUPPLIES LIMITED

**Unaudited Financial Statements
For Nine Months Ended December 31, 2020**



RELEASE TO SHAREHOLDERS

For the Nine Months Ended December 31, 2020

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to release the following unaudited financial results for the third quarter, ended December 31, 2020.

FINANCIAL HIGHLIGHTS

	Three Months Ended Dec 31, 2020	Three Months Ended Dec 31, 2019	Nine Months Ended Dec 31, 2020	Nine Months Ended Dec 31, 2019
Revenue	\$626.08M	\$603.36M	\$1,766.32M	\$1,725.64M
Gross profit	\$169.12M	\$124.60M	\$432.54M	\$398.89M
Total Operational Expenses	\$129.18M	\$106.27M	\$363.78M	\$316.58M
Total Non-Operational Expenses	\$12.78M	\$11.38M	\$54.71M	\$48.99M
Profit Before Tax	\$27.16M	\$6.95M	\$14.05M	\$33.32M
Earnings per share (EPS)	10 cents	2 cents	5 cents	11 cents
Total Assets	\$2,086.40M	\$1,675.53M	\$2,086.40M	\$1,675.53M
Shareholders' equity	\$846.05M	\$759.43M	\$846.05M	\$759.43M

RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2020

For the third quarter ended December 31, 2020, the Company generated sales revenue of \$626.08M, which represents a \$22.7M or 3.78% increase when compared to the corresponding period in the previous year. The growth in sales was primarily driven by increases in the performance of the Pharmaceutical and Medical Divisions. Consumer goods felt the full impact of the COVID-19 pandemic with consumers opting for necessities such as healthcare related products rather than discretionary items.

Despite lessened consumer goods activity, shorter opening hours in some pharmacies and doctors' offices, combined with a reduction in sales of some major brands, MDS still managed to increase overall sales; which speaks to the strength in its diversified portfolio and the relative defensive nature of the healthcare industry which typically demonstrates consistent market demand over time.

Stronger responses to demand for prescription drugs particularly for chronic illnesses, provided the catalyst for growth in Pharmaceuticals. The growth in the hospital related items was

attributable to the company's ability to efficiently respond to the market demand for disposables as well as its ability to satisfy covid related opportunities.

Gross profit of \$169.12M improved by \$44.52M over the previous year. Notably, while year over year total revenues increased by 3.8%, gross profit increased exponentially beyond this rate by 35.7%. This is significant because it highlights the efficiencies achieved as a result of internal strategic improvements. Similarly, gross profit percentage for the period grew from 20.65% in Q3 of 2019 to 27.01% in Q3 of the current year, driven by the increase in sales of pharmaceutical and medical disposable products, coupled with a targeted reduction in cost of sales by management.

Total operational expenses increased by \$22.92M from \$106.27M in the third quarter of 2019 to \$129.18M in Q3 of 2020, representing an increase of 21.57%. This movement was due to increases in marketing and promotion expenses, which were required to support the expansion in business activities.

Operational expenses accounted for 20.63% of sales revenue for the current period, up from 17.61% of sales revenue for the corresponding period in the previous year.

Total non-operational expenses increased marginally from \$11.38M in Q3 of 2019 to \$12.78M in Q3 of 2020. There were marginal increases in Finance Costs and Foreign exchange losses. This was offset by slightly lower revenues from non-operating activities during the third quarter of 2020 compared to the same period last year.

The Company produced a 288% increase in after tax profit to \$25.40M for the quarter, an increase of \$18.87M when compared to the previous year. After two consecutive quarters of losses following the onset of the Covid-19 pandemic, the Company achieved sustained improvement in profitability during the period under review.

RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

Year to date sales revenue for the nine months ended December 31, 2020 was \$1.77B, an increase of \$40.69M or 2.36% when compared to the prior year.

Gross profit of \$432.54M for the nine month period, reflects a 7.8% or \$33.65M increase over the previous year. This increase resulted from a reduction in cost of sales.

Total operational expenses for the period under review were \$359.90M, increasing by \$47.65M or 15.3% over the previous year. This increase was due mainly to increases in administrative costs as the Company sought to expand and improve its talent pool as well as increased selling and distribution costs, all of which are required to support the planned increase in business activity.

Total non-operational expenses of \$58.59M at the end of December 2020 increased from \$53.32M in 2019. A total of \$56.4M was incurred for Finance related expenses. Of significant note, the company inked two new Banking arrangements which were required to support the expansion in business which resulted in \$14.5M to one off line item costs. However, the new

arrangement is expected to achieve savings in financial cost going forward. At the same time, the loss on foreign exchange was reduced by \$19.3M when compared to year to date 2019.

The Company recorded a year to date profit after tax of \$12.29M, down from a profit of \$29.17M at the same point last year.

Total assets increased from \$1.67B to \$2.09B, an increase of \$410.87M or 24.5%, reflecting increases in Inventories, Property, Plant and Equipment and Cash and Bank Balances.

Total Liabilities as at December 2020 increased by \$324.25M or 35.4% from \$916.10M in 2019 to \$1.24BM in the current year. This was due to increases in the working capital line of credit (\$164.60M) which is being used to support the increase in business activities.

Shareholders' equity increased by \$86.62M or 11.4% from \$759.43M to \$846.05M.

The Company continues to be affected by the containment strategies imposed to combat the spread of COVID-19. However, we continue to realign our business strategies to focus on deeper market penetration, while capitalizing on a number of opportunities to provide medical responses with regards to the pandemic.

As always, strengthening relationships with our customers, shareholders and the MDS family remains at the forefront, as we strive to manage our business in this challenging business environment.

We take this opportunity to thank all our shareholders and stakeholders for their continued support .



Kurt Boothe
CHIEF EXECUTIVE OFFICER



February 2, 2021

Medical Disposables & Supplies Limited

Statement of Comprehensive Income

For the Period Ended December 31, 2020

	Three Months To December 2020	Three Months To December 2019	Nine Months To December 2020	Nine Months To December 2019
	\$	\$	\$	\$
Revenue	626,084,039	603,359,825	1,766,321,898	1,725,636,800
Cost of sales	(456,964,364)	(478,761,148)	(1,333,778,461)	(1,326,746,287)
Gross profit	169,119,674	124,598,676	432,543,437	398,890,513
Administrative expenses	(63,869,783)	(49,847,490)	(181,883,575)	(159,222,668)
Selling and promotional costs	(57,052,242)	(44,089,760)	(159,647,015)	(131,038,996)
Other operating expenses	(1,000,000)	(4,779,494)	(1,000,000)	(4,385,657)
Depreciation	(7,261,640)	(7,549,311)	(21,251,806)	(21,933,492)
Total Operational Expenses	(129,183,665)	(106,266,056)	(363,782,396)	(316,580,813)
Profit after Operational Expenses	39,936,009	18,332,620	68,761,040	82,309,699
Finance income	44,308	295,767	462,491	315,772
Other income	1,298,400	1,458,684	3,883,830	4,330,096
Finance cost	(11,514,418)	(11,088,055)	(56,421,603)	(32,823,205)
Gain on disposal of property, plant & equipment	-	-	50,000	1,150,833
Gain / (loss) on foreign exchange	(2,608,669)	(2,047,717)	(2,685,491)	(21,959,821)
Total Non Operational Expenses	(12,780,378)	(11,381,321)	(54,710,773)	(48,986,324)
Profit Before Tax	27,155,631	6,951,299	14,050,267	33,323,375
Tax expense	(1,756,284)	(421,044)	(1,756,284)	(4,157,446)
PROFIT FOR THE PERIOD / YEAR	25,399,348	6,530,255	12,293,984	29,165,928
EARNINGS PER SHARE	0.10	0.02	0.05	0.11

Medical Disposables & Supplies Limited

Unaudited Statement of Financial Position
As At December 31, 2020

	Nine Months To December 2020	Nine Months To December 2019	Twelve Months to March 2020
	\$	\$	\$
Assets			
Non-Current Assets			
Property, Plant and Equipment	595,185,552	548,723,532	614,413,778
Current Assets			
Inventories	923,894,308	638,901,704	571,600,120
Trade Receivables	342,127,035	340,892,354	451,464,311
Other Receivables & Prepayments	143,302,248	132,208,410	115,079,350
Tax Recoverable	2,345,833	2,338,579	2,340,458
Cash and Bank Balances	79,540,808	12,462,775	2,116,964
	<u>1,491,210,232</u>	<u>1,126,803,822</u>	<u>1,142,601,203</u>
Total Assets	<u>2,086,395,784</u>	<u>1,675,527,353</u>	<u>1,757,014,981</u>
Equity			
Capital and Reserve			
Share Capital	107,835,764	107,835,764	107,835,764
Revaluation Reserve	117,135,200	48,198,190	117,135,200
Retained Profits	621,081,486	603,396,747	608,787,501
Total Equity	<u>846,052,450</u>	<u>759,430,702</u>	<u>833,758,465</u>
Liabilities			
Non-Current Liabilities			
Interest-bearing Borrowings	146,031,029	141,430,525	134,095,208
Deferred liability	2,419,747	6,836,034	2,419,747
	<u>148,450,775</u>	<u>148,266,559</u>	<u>136,514,955</u>
Current Liabilities			
Trade Payables	401,314,076	252,440,514	320,807,976
Other Payables	94,038,651	82,644,590	74,873,973
Income tax payable	7,063,346	7,875,260	5,307,062
Short Term Borrowings	400,000,000	272,500,000	259,750,000
Bank Overdraft	189,476,485	152,369,728	126,002,548
	<u>1,091,892,559</u>	<u>767,830,094</u>	<u>786,741,560</u>
Total Liabilities	<u>1,240,343,334</u>	<u>916,096,652</u>	<u>923,256,515</u>
Total Equity and Liabilities	<u>2,086,395,784</u>	<u>1,675,527,353</u>	<u>1,757,014,981</u>

Approved for issue by the Board of Directors on February 2, 2021 and signed on its behalf by:



KURT BOOTHE
CHIEF EXECUTIVE OFFICER and DIRECTOR



WINSTON BOOTHE
CHAIRMAN

Medical Disposables & Supplies Limited

Unaudited Statement of Changes In Equity
For the Period Ended December 31, 2020

	Share Capital \$	Revaluation Reserve \$	Retained Profit \$	Total \$
Balance at April 1, 2019	107,835,764	48,198,190	603,178,186	759,212,141
Dividend paid	-	-	(28,947,366)	(28,947,366)
Total comprehensive income for the period	-	-	29,165,928	29,165,928
BALANCE AT December 31, 2019	107,835,764	48,198,190	603,396,749	759,430,703
Balance at April 1, 2020	107,835,764	117,135,200	608,787,501	833,758,465
Dividend paid	-	-	-	-
Total comprehensive income for the period	-	-	12,293,984	12,293,984
BALANCE AT December 31, 2020	107,835,764	117,135,200	621,081,486	846,052,450

Medical Disposables & Supplies Limited

Unaudited Statement of Cash Flows
For the Nine Months Ended December 31, 2020

	December 2020	December 2019
	\$	\$
Cash flows from operating activities:		
Profit before tax	14,050,267	33,323,375
Adjustments for:		
Depreciation	21,251,806	21,933,492
Interest expenses	41,792,222	32,823,205
Interest income	(31,442)	(315,772)
	<u>77,062,853</u>	<u>87,764,300</u>
(Decrease)/Increase in inventories	(352,294,188)	9,053,629
Increase in trade and other receivables	81,114,379	(2,528,342)
Decrease in trade and other payables	<u>99,670,778</u>	<u>(189,361,033)</u>
Cash used in operations	(94,446,177)	(95,071,447)
Income tax paid	(5,375)	(1,451)
Interest paid	<u>(41,792,222)</u>	<u>(32,823,205)</u>
Net cash used in operating activities	(136,243,775)	(127,896,103)
Cash flows from investing activities:		
Purchase of property, plant & equipment	(2,023,580)	(11,140,962)
Interest received	31,442	315,772
Net cash used in investing activities	(1,992,137)	(10,825,189)
Cash flows from financing activities:		
Dividend payments	-	(28,947,366)
Proceeds from borrowings	143,750,000	(134,095,208)
Repayment of borrowings	8,435,820	123,781,547
Net cash provided by financing activities	152,185,820	(39,261,027)
Net decrease in cash & cash equivalents	13,949,908	(177,982,320)
Cash and cash equivalent at beginning of period	<u>(123,885,585)</u>	<u>38,075,367</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	(109,935,676)	(139,906,953)

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Nine Months Ended December 31, 2020

1. Identification and activities

Medical Disposables and Supplies Limited is a limited liability company incorporated under the Laws of Jamaica on November 27, 1998.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 24, 2013.

The company is domiciled in Jamaica with its registered office located at 83 Hagley Park Road, Kingston 10.

The main activity of the company is the sale of pharmaceuticals, medical disposables and consumables products.

2. Basis of preparation

The condensed interim financial statements for the Three Months Ended June 30, 2020 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the audited financial statements as at March 31, 2020, which have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB).

3. Accounting Policies

There have been no changes in accounting policies since the most recent audited financial statements as at March 31, 2020.

4. Share capital

	2020	2019
	\$	\$
Authorised:		
408,000,000 ordinary shares (2018 - 408,000,000)		
Stated capital		
Issued and fully paid:		
263,157,895 ordinary shares	<u>107,835,764</u>	<u>107,835,764</u>
Balance at end of the period	<u><u>107,835,764</u></u>	<u><u>107,835,764</u></u>

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Nine Months Ended December 31, 2020

5. Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 24, 2013. Consequently, the company is entitled to a waiver of income taxes for ten years in the proportions set out below, provided that the shares remain listed for at least fifteen years.

Year 1 – 5	100%
Year 6 – 10	50%

TOP TEN (10) SHAREHOLDERS

Shareholders	Number of Units	Shareholding %
Kurt Boothe	51,154,333	19.44%
Myrtis Boothe	50,000,000	19.00%
Winston Boothe	50,000,000	19.00%
Nikeisha Boothe	50,000,000	19.00%
Mayberry Jamaican Equities Limited	8,521,848	3.24%
Mayberry Managed Clients A/Cs	7,186,688	2.73%
First Rock Capital Holdings Limited	5,000,000	1.90%
Apex Pharmacy	3,496,926	1.33%
VM Wealth Equity Fund	2,968,948	1.13%
Nigel Coke	1,823,092	0.69%

SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS

Directors	Total	Direct	Connected Parties
Kurt Boothe	201,154,333	51,154,333	150,000,000
Myrtis Boothe	201,154,333	50,000,000	151,154,333
Winston Boothe	201,154,333	50,000,000	151,154,333
Nikeisha Boothe	201,154,333	50,000,000	151,154,333
Dahlia McDaniel-Dickson	1,459,398	1,159,398	300,000
Vincent Lawrence	1,284,222	Nil	1,284,222
Sandra Glasgow	Nil	Nil	Nil
Senior Managers	Total	Direct	Connected Parties
Kurt Boothe	201,154,333	51,154,333	150,000,000
Myrtis Boothe	201,154,333	50,000,000	151,154,333
Nikeisha Boothe	201,154,333	50,000,000	151,154,333
Lenworth Murray	63,000	63,000	Nil
Gerard Whyte	54,000	54,000	Nil
Antoinette McDonald	30,500	Nil	30,500