



Third Quarter Results

JUNE 2021



Board of Directors' Commentary

Third Quarter Results to June 2021

The Jamaican Teas Limited (JTL) Group of Companies continued to perform well in our third quarter, with robust sales in the export and local markets and increased gains in your investment company, subsequent to the end of the quarter.

OVERVIEW

While the period under review reflected good performance, there was some moderation of the strong trends seen in the previous quarters.

Our manufacturing operations had mixed results with sales essentially flat at \$382 million, arising from an increase of 36 percent in local sales offset by a 19 percent reduction in export sales over the prior year. This was a reversal from the trends seen in the previous quarters. The improved local performance was primarily the result of increased production, which resulted in all items being in stock and available for sale.

The reduction in export shipments arose mainly in our USA accounts. We are now seeing a reversal in the USA of the stay-at-home, working and eating pattern in 2020 as more areas of life return to pre COVID patterns and people once again eat in restaurants and fast food outlets. This is significant for us because our USA

distributors are mainly oriented towards supermarket outlets and do not service hotels and restaurants on any significant scale.

During the quarter, we completed the last sale agreement at the Violet's View apartment complex. Our Group results will not reflect any more real estate sales until sales commence at our Belvedere town house development in Red Hills. Physical progress at this complex is advancing and has passed the halfway stage. Sales are expected to commence in 2022.

The improvement in the prices of stocks on the Jamaican and New York Stock Exchanges continued during the quarter. This has resulted in investment gains for QWI Investments Ltd. (QWI) resulting in net profit of \$163 million this quarter and \$334 million for the nine-month period. Our expectation is that we will see a continuation of this trend in the final quarter of the financial year.

Board of Directors' Commentary

(Continued)

REVENUES

JTL's total revenues for the quarter grew \$24.8 million to \$530.7 million. Most of which was due to there being no real estate sales in the year ago quarter. Sales at our supermarket increased by 7 percent, which was a direct result of less limited operating restrictions on store hours, consequent on the changes to the curfew hours in Kingston as compared with a year ago.

The growth in Investment and Other Income, this quarter, mainly reflect increases in the unrealized investment gains of QWI compared to a year ago.

For the nine months, the 24 percent increase in sales reflects a growth of 31 percent in export manufacturing sales, 9 percent in domestic manufacturing sales, and a decline of 3 percent in supermarket sales compared with last year and also the completion of sales of the Violet's View apartments. There were no real estate sales in the comparative period last year.

The reversal in the Investment Income from a \$481 million loss to Income of almost \$441 million primarily resulted from a recovery from the heavy unrealized losses QWI experienced in its holdings of shares in the second quarter of 2019/20, caused by the onset of COVID-19 and its impact on stock prices.

EXPENSES

Cost of Sales increased in the quarter and year to date and largely matched the growth in revenues. The manufacturing division experienced some cost pressures from increased freight costs, import duties and raw material price increases that were not passed on to customers.

The decline in sales and marketing expenses for the quarter and year to date primarily reflect the curtailment of some of our overseas marketing activities, due to COVID-19 related travel restrictions.

The increase in interest expense during the quarter and year to date resulted from higher borrowings at QWI.

NET PROFIT

Net profit attributable to Jamaican Teas for the quarter was \$115 million, an improvement from the \$107 million gain in the previous year quarter. Total attributable comprehensive earnings per share, based on the existing number of shares, is 5 cents for the quarter (vs 2019/20 – 5 cents).

For the year to date, net profit attributable to Jamaican Teas was \$313 million, a strong gain from the \$84.9 million profit in the previous year. Total attributable comprehensive diluted income per share was 15 cents (2019/20 – 4 cents).

We continue to take action to protect the health and welfare of our staff in order to minimize the risk of exposure to the Covid-19 virus.

ANNUAL GENERAL MEETING

Our AGM scheduled for March 2021 had to be adjourned without any business being conducted, due to increased COVID-19 restrictions imposed on such meetings. The meeting will be reconvened later this year using a virtual meeting format.

OUTLOOK

The outlook for manufacturing continues to be positive. As our shareholders are aware, Jamaica and the rest of the world are still grappling with the effects of COVID-19. While vaccinations have been rolled out, the world has not reached a stage of herd immunity. Accordingly, we face the future cautiously with the expectation that we will be able to continue our operations without any major interruptions. We have also encountered greater

Board of Directors' Commentary

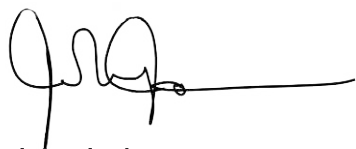
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difficulty in acquiring raw materials on a timely basis in addition to the rising costs for raw material and shipping.

At QWI, local stock markets have, since 30 June 2021, declined slightly while overseas markets have continued to rise. QWI's Net Asset Value (NAV) per

share had risen approximately 2 percent up to the time of reporting and further gains are anticipated between now and the end of the calendar year.

We extend our thanks to our employees, shareholders and all our customers for their continued support of our Group.



John Jackson
Chairman



John Mahfood
Chief Executive Officer/Director

11 August 2021



Unaudited Consolidated Statement of Comprehensive Income

Third Quarter Ended 30 June 2021


| | | 3rd Quarter | | Year to date | |
|--|--------|----------------------|---------------------|----------------------|----------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| OPERATING REVENUES | Note 6 | 530,713,934 | 505,963,476 | 1,749,830,295 | 1,412,130,799 |
| COST OF GOODS SOLD | | <u>391,094,039</u> | <u>366,583,762</u> | <u>1,298,713,286</u> | <u>1,017,520,590</u> |
| GROSS PROFIT | | 139,619,895 | 139,379,714 | 451,117,009 | 394,610,209 |
| OTHER INCOME | 7 | 2,628,973 | 3,040,838 | 9,574,301 | 5,956,403 |
| INVESTMENT INCOME | 7 | <u>208,632,263</u> | <u>132,142,102</u> | <u>441,553,854</u> | <u>(481,175,846)</u> |
| PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES | | 350,881,131 | 274,562,654 | 902,245,164 | (80,609,234) |
| Sales and Marketing costs | | 8,843,756 | 15,285,864 | 27,115,189 | 41,817,683 |
| Administration cost | | <u>53,945,425</u> | <u>49,046,677</u> | <u>187,504,876</u> | <u>166,375,358</u> |
| | | <u>62,789,181</u> | <u>64,332,541</u> | <u>214,620,065</u> | <u>208,193,041</u> |
| OPERATING PROFIT | | 288,091,950 | 210,230,113 | 687,625,099 | (288,802,275) |
| Finance costs | | <u>9,238,287</u> | <u>5,147,955</u> | <u>25,919,247</u> | <u>23,970,658</u> |
| PROFIT BEFORE TAXATION | | 278,853,663 | 205,082,158 | 661,705,852 | (312,772,933) |
| TAXATION | 8 | <u>(68,840,788)</u> | <u>(11,939,080)</u> | <u>(160,641,643)</u> | <u>49,595,933</u> |
| PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME (TCI) | | <u>210,012,875</u> | <u>193,143,078</u> | <u>501,064,209</u> | <u>(263,177,000)</u> |
| Net profit and TCI attributable to: | | | | | |
| Owners of Jamaican Teas Limited | | 115,453,272 | 107,544,109 | 313,008,122 | 84,927,357 |
| Non-controlling interest | | <u>94,559,603</u> | <u>85,598,969</u> | <u>188,056,087</u> | <u>(348,104,357)</u> |
| | | <u>\$210,012,875</u> | <u>193,143,078</u> | <u>501,064,209</u> | <u>(263,177,000)</u> |
| Weighted average Shares outstanding | | 2,133,983,710 | 2,085,250,377 | 2,118,550,377 | 2,085,250,377 |
| Basic Earnings per share | | <u>\$0.05</u> | <u>\$0.05</u> | <u>\$0.15</u> | <u>\$0.04</u> |
| Weighted average Shares outstanding - diluted | | 2,346,683,710 | 2,085,250,377 | 2,344,705,932 | 2,085,250,377 |
| Diluted Earnings per share | | <u>\$0.05</u> | <u>\$0.05</u> | <u>\$0.13</u> | <u>\$0.04</u> |

Consolidated Statement of Financial Position

Third Quarter Ended 30 June 2021

| | June 2021 | Audited September 2020 | Unaudited June 2020 |
|---|------------------------|---------------------------|------------------------|
| FIXED ASSETS | 386,272,788 | 330,750,000 | 364,041,564 |
| INVESTMENT PROPERTY | 296,257,932 | 282,071,000 | 276,315,643 |
| QUOTED INVESTMENTS | 2,124,976,193 | 1,599,124,000 | 1,398,314,233 |
| DEFERRED TAX ASSETS | 52,576,226 | 103,424,000 | 64,609,816 |
| CURRENT ASSETS | | | |
| Inventories | 389,740,117 | 287,171,000 | 284,048,367 |
| Housing under construction | 224,571,256 | 187,185,000 | 246,982,473 |
| Receivables and Intangibles | 381,236,206 | 407,283,000 | 498,016,767 |
| Cash & Short-term investments | <u>239,289,986</u> | <u>321,701,000</u> | <u>137,104,747</u> |
| Total Current Assets | <u>1,234,837,565</u> | <u>1,203,340,000</u> | <u>1,166,152,354</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable | 227,405,158 | 219,401,000 | 167,923,495 |
| Income tax payable | 87,035,254 | 58,060,000 | 49,777,277 |
| Deferred tax | 32,324,101 | - | 363,941 |
| Current borrowings | <u>106,024,190</u> | <u>303,762,000</u> | <u>204,693,957</u> |
| Total Current Liabilities | <u>452,788,703</u> | <u>581,223,000</u> | <u>422,758,670</u> |
| NET CURRENT ASSETS | <u>782,048,863</u> | <u>622,117,000</u> | <u>743,393,684</u> |
| | <u>\$3,642,132,002</u> | <u>\$2,937,486,000</u> | <u>\$2,846,674,940</u> |
| EQUITY & NON-CURRENT LIABILITIES | | | |
| STOCKHOLDERS' EQUITY | 1,973,386,656 | 1,722,069,000 | 1,664,608,196 |
| NON-CONTROLLING INTEREST | <u>1,241,306,030</u> | <u>1,092,083,000</u> | <u>1,053,733,421</u> |
| | 3,214,692,686 | 2,814,152,000 | 2,718,341,617 |
| LONG-TERM LOAN - Note 8 | <u>427,439,316</u> | <u>123,334,000</u> | <u>128,333,323</u> |
| | <u>\$3,642,132,002</u> | <u>\$2,937,486,000</u> | <u>\$2,846,674,940</u> |

Approved for issue by the Board of Directors on 11 August 2021 and signed on its behalf by:


John Jackson
Chairman


John Mahfood
Chief Executive Officer/Director

Unaudited Consolidated Statement of Changes in Equity

Third Quarter Ended 30 June 2021

| | Attributable to the Company's owners | | | | |
|---------------------------------|--------------------------------------|----------------------|-----------------------|------------------------|------------------------|
| | Share Capital | Capital Reserves | Treasury Shares | Retained Earnings | Total |
| Balance as at 30 Sept 2019 | 185,149,000 | 174,892,000 | 0 | 1,194,051,000 | 1,554,092,000 |
| Capital distribution paid | | (20,852,504) | | | (20,852,504) |
| Net Profit | | | | 84,927,357 | 84,927,357 |
| Realised gains to P & L / Other | | | | 46,441,343 | 46,441,343 |
| Shares issued | | | | | 0 |
| Balance as at 30 June 2020 | <u>\$185,149,000</u> | <u>\$154,039,496</u> | <u>\$0</u> | <u>\$1,325,419,700</u> | <u>\$1,664,608,196</u> |
| Balance as at 30 Sept 2020 | 190,749,000 | 152,836,000 | (37,962,000) | 1,416,446,000 | 1,722,069,000 |
| Treasury shares purchased - net | | | (29,510,080) | | (29,510,080) |
| Capital distribution paid | | (63,359,511) | | | (63,359,511) |
| Net Profit | | | | 313,008,122 | 313,008,122 |
| Reductions of NCI/Other | | | | (19,420,875) | (19,420,875) |
| Shares issued | 50,600,000 | | | | 50,600,000 |
| Balance as at 30 June 2021 | <u>\$241,349,000</u> | <u>\$89,476,489</u> | <u>\$(67,472,080)</u> | <u>\$1,710,033,247</u> | <u>\$1,973,386,656</u> |

Unaudited Consolidated Statement of Cash Flows

Third Quarter Ended 30 June 2021

| | Year to date June 2021 | Year to date June 2020 |
|--|---------------------------|---------------------------|
| Net profit for the period to date | 501,064,209 | (263,177,000) |
| Adjustments for: | | |
| Gain on Sale of Investments | (67,287,494) | (16,636,643) |
| Fair Value (Gain)/Loss on Investments | (328,803,874) | 538,494,760 |
| Tax expense/(credit) | 160,641,643 | (49,595,933) |
| Depreciation | 17,371,750 | 23,079,475 |
| Other | (9,960,121) | 28,447,638 |
| Operating cash flows before movements in working capital | 273,026,113 | 260,612,297 |
| Changes in operating assets and liabilities | (414,033,893) | 391,906,122 |
| Net cash provided by operating activities | (141,007,780) | 652,518,419 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of Fixed Assets | (72,894,538) | (79,726,039) |
| Additions to Investment Property | (14,186,932) | 11,149,357 |
| Purchases of Quoted Investments - Net | (116,157,570) | (573,660,993) |
| Due from associated company | 0 | 80,969,000 |
| Deferred taxation/other | 0 | (64,609,816) |
| Net cash (used in) investing activities | (203,239,040) | (625,878,491) |
| | (344,246,820) | 26,639,928 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Financing activities | 261,835,805 | (35,852,181) |
| Net cash provided by/(used in) financing activities | 261,835,805 | (35,852,181) |
| Increase /(decrease) in cash and cash equivalent | (82,411,015) | (9,212,253) |
| Cash and cash equivalent at beginning of the period | 321,701,000 | 146,317,000 |
| Cash and cash equivalent at the end of period | <u>\$239,289,986</u> | <u>137,104,747</u> |

Notes to Financial Statement

1. IDENTIFICATION:

Jamaican Teas Ltd (the Company) is incorporated and domiciled in Jamaica. Its registered office is situated at 2 Bell Road, Kingston 11, Jamaica W.I. The Company is listed on the Junior Market of the Jamaica Stock Exchange. The principal activities of the Company and its subsidiaries (The Group) are as follows:

- Jamaican Teas Ltd. processes local teas which it packages along with imported teas and other foods and distributes for the Jamaican and overseas markets.
- LTJ Managers Ltd. (formerly JRG Shoppers Delite Enterprise Ltd.) is an investment Company.
- H Mahfood & Sons Ltd. and H Mahfood and Sons 2020 Ltd. are in the real estate business.
- KIW International Ltd. became an investment holding Company in March 2019.
- QWI Investments Ltd. is an investment holding and management Company (40.61 percent owned).
- Bay City Foods Ltd., since February 2019, operates a supermarket in Kingston.

2. BASIS OF CONSOLIDATION:

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiaries LTJ Managers Ltd., KIW International Ltd., Bay City Foods Ltd., QWI Investments Ltd., H Mahfood and Sons 2020 Ltd. and H Mahfood & Sons Ltd.

3. ACCOUNTING POLICIES:

(a) Basis of Preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act. The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended 30 September 2020 and comply with the requirements of the International Financial Reporting Standards (IAS 34, interim Financial Reporting).

Revised IAS 1 was considered in preparing these financial statements.

(b) New Standards effective in the current year

IFRS 9 “Financial Instruments”

IFRS 9 replaced IAS 39 concerning the recognition, classification and measurement of financial assets. The adoption of IFRS 9 from October 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions of the standard, comparative figures have not been restated.

All investments in equity instruments presently held by the Group are held for trading and accordingly, are now measured at fair value through profit or loss (FVPL). Changes in the fair value of financial assets at FVPL are recognized in the income statement. Dividends from such investments continue to be recognized in profit or loss when the Group’s right to receive payments is established.

Notes to Financial Statement

3. ACCOUNTING POLICIES (Continued)

All debt instruments held by the Group are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. Such assets are measured at amortized cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Impairment losses are presented as a separate line item in the income statement.

Impairment

From 1 October 2018, the Group assesses the recognition of impairment provisions associated with its financial assets on a forward-looking basis, based on expected credit losses (ECL), rather than incurred credit losses as previously required under IAS 39 “Financial Instruments: Recognition and Measurement”.

It applies to financial assets classified as trade receivables and other receivables. Impairment provisions does not apply to financial assets classified as FVPL.

Application of the Simplified Approach.

For trade receivables and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables, as well as the estimated impact of forward-looking information.

4. USE OF ESTIMATES AND JUDGEMENTS:

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

(b) Depreciation

Depreciation is recognized on profit or loss on the straight-line basis, over the estimated useful lives of property, plant and equipment.

(c) Borrowings

Borrowings are recognized initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method with any difference between proceeds net of transactions costs and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

Notes to Financial Statement

6. OPERATING REVENUE:

| | 3rd Quarter | | Year to date | |
|-------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| SALES | | | | |
| Local - Manufacturing | 168,541,661 | 123,551,166 | 440,713,235 | 404,866,943 |
| Foreign - Manufacturing | 213,389,395 | 262,916,120 | 775,772,730 | 593,918,097 |
| | <u>381,931,056</u> | <u>386,467,286</u> | <u>1,216,485,965</u> | <u>998,785,040</u> |
| Retail | 126,149,598 | 117,906,190 | 393,467,850 | 408,845,759 |
| Sales of Real Estate | 20,250,000 | - | 133,250,000 | - |
| Rental Income | <u>2,383,280</u> | <u>1,590,000</u> | <u>6,626,480</u> | <u>4,500,000</u> |
| TOTAL SALES | <u>\$530,713,934</u> | <u>\$505,963,476</u> | <u>\$1,749,830,295</u> | <u>\$1,412,130,799</u> |

7. OTHER INCOME

| | 3rd Quarter | | Year to date | |
|------------------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Miscellaneous Income | <u>2,628,973</u> | <u>3,040,838</u> | <u>9,574,301</u> | <u>5,956,403</u> |
| Interest Income | 1,032,520 | 1,556,993 | 3,851,872 | 3,199,884 |
| Dividend Income | 6,428,672 | 2,401,899 | 23,968,852 | 17,819,926 |
| Realised Investment Gains/(Losses) | 21,488,939 | (14,996,933) | 67,287,494 | 16,636,643 |
| Foreign Exchange Gain | 16,944,195 | 27,745,999 | 17,641,762 | 19,662,461 |
| Fair Value Gain on Investments | <u>162,737,937</u> | <u>115,434,144</u> | <u>328,803,874</u> | <u>(538,494,760)</u> |
| Investment Income | <u>\$208,632,263</u> | <u>132,142,102</u> | <u>441,553,854</u> | <u>(481,175,846)</u> |

8. TAXATION:

The Company was listed on the Junior Market of the Jamaica Stock Exchange in July 2010 and under the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2010, the Company enjoyed certain tax exemptions.

These tax exemptions expired in July 2020.

9. LONG TERM LOANS:

| | June 2021 | June 2020 |
|--|-----------------------------|-----------------------------|
| Bank of Nova Scotia Ja. Ltd. - Loan | 142,833,319 | 148,333,323 |
| Victoria Mutual Investments - Loan | <u>304,605,997</u> | <u>0</u> |
| Current portion | (20,000,000) | (20,000,000) |
| Total Loans less short-term portion | <u>\$427,439,316</u> | <u>\$128,333,323</u> |

Segment Results

Unaudited to June 2021

| | Manufacturing | Retailing | Property | Investments | TOTAL |
|---------------------------|------------------------|--------------------|--------------------|----------------------|----------------------|
| OPERATING REVENUES | \$1,216,485,965 | 393,467,850 | 139,876,480 | - | 1,749,830,295 |
| Results before tax | <u>\$250,565,520</u> | <u>17,617,706</u> | <u>34,060,119</u> | <u>359,462,507</u> | <u>661,705,852</u> |
| Segment Assets | <u>\$1,350,318,284</u> | <u>144,877,086</u> | <u>474,693,265</u> | <u>2,148,613,765</u> | <u>4,118,502,400</u> |
| Segment Liabilities | <u>\$434,712,986</u> | <u>62,540,578</u> | <u>14,117,109</u> | <u>392,439,040</u> | <u>903,809,713</u> |

Unaudited to June 2020

| | Manufacturing | Retailing | Property | Investments | TOTAL |
|---------------------------|------------------------|--------------------|--------------------|----------------------|----------------------|
| OPERATING REVENUES | \$998,785,040 | 408,845,759 | 4,500,000 | - | 1,412,130,799 |
| Results before tax | <u>\$189,748,290</u> | <u>25,809,849</u> | <u>(2,059,183)</u> | <u>(526,271,889)</u> | <u>(312,772,933)</u> |
| Segment Assets | <u>\$1,022,618,473</u> | <u>119,541,745</u> | <u>617,147,416</u> | <u>1,510,125,974</u> | <u>3,269,433,608</u> |
| Segment Liabilities | <u>\$410,750,550</u> | <u>38,507,404</u> | <u>11,934,174</u> | <u>89,899,865</u> | <u>551,091,993</u> |



Jamaican Teas LTD.



2 Bell Road, Kingston 11
T: 876.656.9491-2 | F: 876.764.8015
info@jamaicanteas.com
www.jamaicanteas.com

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H Mahfood
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