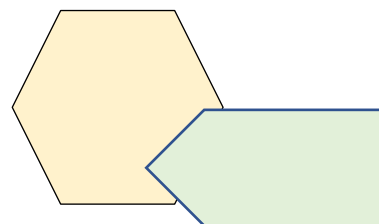


**Interim Financial Statements For  
The Fourth Quarter Ending  
September 2022**

*Building Wealth for our Investors*

# DIRECTORS' REPORT



QWI began the fiscal year to September 2022 strongly achieving a pre-tax profit of \$154 million in the first half of the year.

This was reversed in the second half, due to the softening of the stock markets in the US and Jamaica. As a result, we trimmed the portfolio and eliminated the loans that were used to purchase stocks in the US market. In addition, we sold down the portfolio and held the cash which we will use to re-enter the market when the Investments Committee feels it appropriate to do so.

A loss of \$61 million was incurred in the fourth quarter compared to profit of \$29 million in net income for the corresponding quarter in 2021.

For the year to September 2022, the Company recorded a loss before tax of \$73 million compared with a profit of almost \$461 million in the year ago period.

This reversal resulted from a sharp deterioration in US share prices following increases in interest rates to combat inflation. To a lesser extent, the Jamaican market also deteriorated during the quarter.

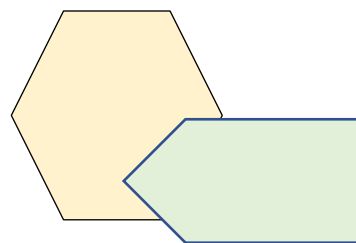
## MARKET BACKDROP

Market conditions during the quarter and the fiscal year were generally unfavourable, which is reflected in significant unrealised losses, mainly in the overseas portfolio. Higher interest rates have been the primary cause of falling share prices locally and in the US. The movements in the market indices in which we are mostly invested were as follows:

Quarters Ending	JSE Index	Junior Market Index	JSE Combined Index	S&P 500	MSCI ACWI Index	QWI NAV
September 2021	414,890	3,296	417,203	4,303	714	1.34
December 2021	396,115	3,428	401,130	4,766	755	1.40
March 2022	391,232	4,223	403,781	4,530	712	1.39
June 2022	384,185	4,349	398,329	3,785	597	1.31
September 2022	361,692	4,229	376,222	3,586	559	1.27
<b>% Change 4th Quarter</b>	-5.8	-2.8	-5.5	-5.3	-6.4	-3.0
<b>% Change Year to September 2022</b>	-12.8	28.3	-9.8	-16.7	-21.7	-5.2

During the quarter ended 30 September 2022, overseas stock markets declined sharply. The Main Market in Jamaica continued the downward trend seen in the first half of the year, while the upturn in the Junior Market reversed in the final trading quarter of the financial year.

## FOURTH QUARTER RESULTS



QWI's Jamaican investments produced \$65 million in realised and unrealised losses in the quarter.

The Net Asset Value (NAV) of the Company's shares fell 3 percent from \$1.31 in June 2022 to \$1.27 at the end of September 2022 —an improvement on the almost 6 percent decline in the main JSE Index.

The Company recorded \$36 million in unrealised losses in the overseas portfolios as well as an additional \$13.4 million in realised gains.

Unrealised foreign exchange gains totalled \$4 million versus \$6 million a year ago.

Administration costs ended the quarter at \$23 million (2021-\$14.9 million), primarily due to higher investment management costs compared with the year ago quarter.

This period, the Company recorded write backs for deferred tax accrued in the first half of the year.

## RESULTS YEAR TO DATE

The Net Asset Value (NAV) of the Company's shares fell 5.2 percent from \$1.34 at the end of September 2021 to \$1.27 at the end of September 2022. The NAV was reduced in the period by the dividend of 3.5 cents per share declared in March and paid in April 2022. After adjusting for this payout, the NAV decreased 2.7 percent for the year. This performance compares favourably with the 13 percent decline in the main JSE index and the 17 percent downturn in the S&P 500.

QWI's Jamaican portfolio produced \$111 million in unrealised gains in the year. Unrealised losses of \$139 million in the overseas portfolio offset the gains in Jamaica. For the year, net total investment gains, realised and unrealised, amounted to a loss of \$34 million versus \$507 million profit in the previous year.

Unrealised exchange gains totalled \$39 million compared to \$2.9 million a year ago. Administrative costs were \$86 million versus \$54 million in 2021. This increase in the year was due primarily due to higher investment management expenses this year

A tax credit of \$23 million was booked resulting from the write back of provisions for deferred tax made in prior years versus a tax charge of \$112 million a year ago.

## STATEMENT OF FINANCIAL POSITION

QWI ended the period with equity capital of \$ 1.73 billion, down from \$1.83 billion at the end of September 2021. The decline resulted from the \$47 million dividend payout in the year and the net loss incurred.

At the end of the quarter, the Company had reduced its equity holdings listed in the USA and Trinidad and Tobago to US\$2.3 million. The portfolio still includes positions in several leading information technology companies, retailers, aerospace and services companies.

Investments in local and overseas stocks amounted to almost \$2 billion, with 82 percent represented by Jamaican listed stocks.

The Company is holding approximately \$150 million in balances at its banks and brokers.

Borrowings at the end of September 2022 amounted to \$346 million, all denominated in Jamaican dollars, compared with \$416 million at September 2021.



## TOP 10 LISTED HOLDINGS

### QWI's Top 10 Listed Jamaican and USA Holdings as at September 2022

Jamaican Holdings	Shares Held	J\$ Value
Access Financial	8,500,000	242,037,500
Caribbean Producers	13,011,828	175,919,915
Grace Kennedy & Co	1,555,561	139,829,378
Stationery & Office Supplies	7,006,672	115,610,088
JMMB Group	2,570,356	102,158,799
Caribbean Cement	1,400,000	86,450,000
General Accident	15,032,119	78,843,464
Radio Jamaica	28,087,261	70,920,334
Dolphin Cove	5,000,000	69,500,000
Lumber Depot	20,083,269	58,341,896

US Holdings	Shares Held	US\$ Value
Northrop Grumman	250	117,580
Alphabet	1200	115,380
United Rentals	400	108,048
Apple	700	96,740
Lockheed Martin	250	96,572
Home Depot	300	82,782
Meta Platforms	600	81,408
CVS	500	66,759
Nvidia	500	60,695
Boeing	500	60,540

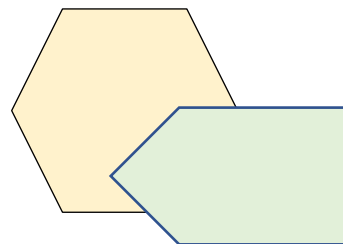
QWI's 10 largest JSE listed holdings represent 70 percent of our local quoted investments.

QWI's 10 largest USA listed holdings represent 49 percent of our quoted investments.





# OUTLOOK



The Company's Investment Committee actively monitors the investment portfolio and the markets in which we operate.

QWI's JSE listed stocks delivered positive returns in 2022, despite the increase in the central bank's policy interest rate from 1.5 percent to 6.5 percent over the fiscal year.

We are of the view that our local portfolio is well positioned in stocks that have mostly reported positive profit performances but which remain below or at average market multiples of earnings. We also believe that local interest rates could be near to their peak as local inflation returns to the 6 percent rate at the top end of the central bank's target range.

The improved profit results being posted by several companies compared to 2021 is a positive development and reason for optimism about the prospects for most of our largest Jamaican holdings.

We are also encouraged by the continued rebound in visitor arrivals, sustained buoyancy in remittances which should wind up close to the \$3.5 billion received by the country last year, on-going expansion in the BPO sector as well as the boom in construction sector – buildings as well as roads.

We note the rebounding in US stock market since it bottomed out in July and we are cautiously optimistic that this upward trend will continue for the rest of the Company's fiscal year.

We also take note of the Company's dividend income which is becoming more significant. Our forecast is for healthy increase in this income stream in the 2023 fiscal year.

The Company's last Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) were held on 19 July 2022.

At the EGM members approved:

- changes to QWI's Articles of Incorporation to permit future AGM's and EGM's to be conducted virtually and for reports to shareholders to be distributed electronically; and
- changes to the way in which the Company's Investment Committee is remunerated.

We thank all shareholders who participated in the meetings.

John Jackson  
Chairman

John Mahfood  
Director

3 November 2022

# Unaudited Statement of Financial Position

	September 2022	September 2021
		(Audited)
Quoted Investments - local	1,637,917,350	1,707,256,370
Quoted Investments - overseas	342,719,946	571,404,468
Due from brokers and other receivables	107,586,446	27,530,640
Cash and bank	<u>43,537,846</u>	<u>6,861,530</u>
<b>Total assets</b>	<b><u>2,131,761,588</u></b>	<b><u>2,313,053,008</u></b>
Current liabilities and accruals	31,786,015	16,568,073
Deferred Tax	24,153,689	52,884,123
Margin Loans - net	<u>346,459,021</u>	<u>416,444,565</u>
<b>Total Liabilities</b>	<b><u>402,398,725</u></b>	<b><u>485,896,761</u></b>
<b>Net assets</b>	<b><u>\$1,729,362,863</u></b>	<b><u>1,827,156,217</u></b>
Share Capital and Capital Reserve	1,623,476,540	1,623,476,540
Retained earnings	<u>105,886,323</u>	<u>203,679,707</u>
<b>Total equity</b>	<b><u>\$1,729,362,863</u></b>	<b><u>1,827,156,247</u></b>
<b>Net Assets per Share (Note 8)</b>	<b><u>\$1.27</u></b>	<b><u>\$1.34</u></b>

These financial statements were approved for issue by the Board of Directors on 3 November 2022 and signed on its behalf by:



John Jackson  
Chairman



John Mahfood  
Director

# Unaudited Statement of Profit or Loss

	Quarter Ending		Twelve Months Ending	
	2022	2021	2022	2021
	September	September	September	September
(Losses)/gains from investments (Note 4)	(65,592,846)	39,106,131	(34,160,710)	507,226,543
Unrealised currency gain	4,475,358	6,568,155	38,785,452	2,984,526
Dividend, interest and other income	<u>11,642,613</u>	<u>10,211,353</u>	<u>39,753,904</u>	<u>35,517,701</u>
	<u>(49,474,875)</u>	<u>55,885,639</u>	<u>44,378,646</u>	<u>545,728,770</u>
Administrative and other expenses	23,061,622	14,945,670	86,947,502	54,247,198
Interest expense	<u>7,047,738</u>	<u>5,741,587</u>	<u>30,118,945</u>	<u>29,710,429</u>
<b>(Loss)/Profit before taxation</b>	(79,584,235)	35,198,382	(72,687,801)	461,768,133
<b>Taxation credit/ (charge) (Note 6)</b>	<u>18,470,982</u>	<u>(5,909,844)</u>	<u>22,669,286</u>	<u>(112,002,504)</u>
<b>(Loss)/Profit for the period</b>				
<b>being total comprehensive loss/ income</b>	<u>\$(61,113,253)</u>	<u>29,288,538</u>	<u>(50,018,515)</u>	<u>349,765,629</u>
<b>Basic (Loss)/Earnings per share (Note 9)</b>	<u>\$(0.04)</u>	<u>\$0.02</u>	<u>\$(0.04)</u>	<u>\$0.26</u>



# Unaudited Statement of Cash Flows

	Year Ending	
	September 2022	September 2021 (Audited)
(Loss)/ Income after taxation	(50,018,515)	349,765,629
Taxation	(22,669,286)	112,002,504
Net unrealised investment Losses/(gains)	28,625,523	(410,967,132)
Accounts payable/Margin Loans	<u>(54,767,602)</u>	<u>221,067,729</u>
	<u>(98,829,880)</u>	<u>271,868,730</u>
Net Sales/(Purchases) of Quoted Investments	269,398,019	(238,673,129)
Taxation paid/other	(6,061,148)	(939,463)
Dividends paid	(47,774,869)	-
Due from brokers and Accounts receivable	<u>(80,055,806)</u>	<u>(26,439,362)</u>
	<u>135,506,196</u>	<u>(266,051,954)</u>
Increase in cash and bank balances	36,676,316	5,816,776
Cash and bank balance s- beginning of period	<u>6,861,530</u>	<u>1,044,754</u>
Cash and bank balances - ending of period	<u>\$43,537,846</u>	<u>6,861,530</u>

# Unaudited Statement of Changes in Shareholders' Equity

	Share Capital & Reserves	Retained Earnings	Total
Total equity at 30 September 2020	1,623,112,948	(145,722,330)	1,477,390,618
Total comprehensive income	<u>363,592</u>	<u>349,402,037</u>	<u>349,765,629</u>
Total equity at 30 September 2021	<u>\$1,623,476,540</u>	<u>203,679,707</u>	<u>1,827,156,247</u>
Total equity at 30 September 2021	<u>1,623,476,540</u>	<u>203,679,707</u>	<u>1,827,156,247</u>
Dividends paid		(47,774,869)	(47,774,869)
Total comprehensive (loss)		<u>(50,018,515)</u>	<u>(50,018,515)</u>
Total equity at 30 September 2022	<u>\$1,623,476,540</u>	<u>105,886,323</u>	<u>1,729,362,863</u>

# Notes to the Financial Statements

QWI Investments Limited (the Company) was incorporated on 18 December 2018. The Company is domiciled in Jamaica. Its registered office is situated at 2 Bell Road, Kingston 11, Jamaica W.I. The Company is listed on the Jamaica Stock Exchange.

As at 30 September 2022, the Company was 44.34 percent (2021- 40.61 percent) owned by member companies of the Jamaican Teas Limited Group of Companies.

The principal activity is holding and managing investments in quoted securities. The Company's affairs are administered by Jamaican Teas Limited pursuant to a long-term Administration Services Agreement. The Company's income for the period was mainly realised and unrealised gains from investment activities.

## 2. Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards, the provisions of the Jamaican Companies Act and the accounting policies as more fully described in the Companies audited financial statements ended 30 September 2021.

## 3. Investments

All investments comprise quoted equities valued at fair value through the profit and loss account (FVTPL).

## 4. Investment Activities

Investment activities during the periods ended 30 September comprised:

Ending	Quarter Ending		Year	
	Sept 2022	Sept 2021	Sept 2022	Sept 2021 (Audited)
Realised (losses)/gains - Jamaica	(36,411,559)	20,309,659	(12,656,779)	20,846,240
Realised gains - Overseas	13,406,461	8,662,258	7,121,592	75,413,172
Unrealised (losses)/ gains -Jamaica	(6,690,342)	27,142,662	111,359,104	351,523,302
Unrealised (Losses )/gains-Overseas	<u>(35,897,406)</u>	<u>(17,008,448)</u>	<u>(139,984,627)</u>	<u>59,443,829</u>
<b>Total</b>	<u>(65,592,846)</u>	<u>39,106,131</u>	<u>(34,160,710)</u>	<u>507,226,543</u>

# Notes to the Financial Statements

## 5. Overdraft

As at 30 September 2022, the Company's assets were charged in the sum of \$101,559,232 in favour of Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of \$50,000,000 at an interest rate of 8.5 percent per annum. No amounts were outstanding under this overdraft facility as at 30 September 2022.

As at 30 September 2022, the Company's assets were charged in the sum of \$200,000,000 in favour of Sagikor Bank Jamaica Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of \$100,000,000 at an interest rate of 8.5 percent per annum. No amounts were outstanding under this overdraft facility as at 30 September 2022.

## 6. Taxation

Taxation for the twelve months to 30 Sept comprises	2022	2021
Income tax withheld at source on dividend income	6,061,147	4,298,671
Deferred taxation (credit)/charge	<u>(28,730,433)</u>	<u>107,703,833</u>
<b>Total</b>	<b><u>\$ ( 22,669,286)</u></b>	<b><u>112,002,504</u></b>

## 7. Share Capital

Authorised: Unlimited ordinary shares at no par value

Number of shares Issued and fully paid:	<u>1,365,000,015</u>	<u>1,365,000,015</u>
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## 8. Net Asset Value (NAV) per share

The Net Asset Value per share as at 30 Sept 2022 was \$ 1.27 (30 Sept 2021 - \$1.34) and this was derived by dividing the net assets of the company of \$ 1,729,362,863 (2021 - \$1,827,156,247) by the 1,365,000,015 shares issued and outstanding as at 30 September 2022, (2020 - 1,365,000,015).

## 9. Earnings per share

The earnings per share for the reporting periods were computed using the weighted average number of issued shares of 1,365,000,015 shares.



*Building Wealth for our Investors*

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