

Jamaican Teas LTD.



March 2024 Unaudited Results



Board of Directors' Commentary

Second Quarter Results to March 2024

Jamaican Teas Limited is pleased to report growth of \$218m in its adjusted profits before tax for the half year to 31 March 2024 from \$13.4m a year ago to \$231 million this year before deducting a non-recurrent loss of \$92.49 million from the sale of its Bell Road factory in March 2024.

Manufacturing Division | Manufacturing revenues increased 11 percent in the quarter and 8 percent for the half year driven principally by a strong performance in the domestic market where revenues grew by 8 percent in the quarter and 18 percent for the half year. This performance was strongly influenced by the appointment of Wisynco as our new distributor for Jamaica on November 1, 2023. Export sales grew by 5 percent in the quarter and 3 percent for the half year.

Real Estate Division | No real estate sales were booked in the year ago quarter or half year as construction work on our new studios at Belvedere Road, in Kingston was still underway up to March 2023. Construction of this complex finished in Sept 2023 and sales of 7 units have been completed in the year to date.

Retail Division | For this quarter, retail revenues increased 11 per cent. This reflects a continuation of the accelerated revenue growth we have seen in our store in recent months. Our retailing profits increased by approximately 8 percent for the half year.

Investment Division | During this quarter, there was a reversal of the declines in the prices of stocks listed on the Jamaica Stock Exchange. The prices of stocks listed on USA Stock Exchanges continued to increase in the quarter. This resulted in significant unrealised gains in our overseas investments without a repeat of the offsetting investment losses on the local portfolio experienced in the year ago period. Following from this, QWI Investments Limited (QWI) reported a pre-tax profit of \$74 million for the quarter, a \$102m reversal from their year ago loss of \$28m. This builds on the positive trend seen in the first quarter, and resulted in a \$238 million increase in the group's total investment income for the half year.

REVENUES | JTL's total revenues for the quarter increased by \$134 million or 20 per cent overall from \$666 million a year ago to \$800 million this quarter. \$86m of this increase reflected the absence of real estate revenues in the year ago period, as noted above. The half year revenues reflected a similar trend.

The increases shown in Investment Income mainly reflect the realized and unrealized overseas investment gains of QWI, partially offset by slightly lower dividend income and increased foreign exchange losses compared with the year ago period.

EXPENSES | Cost of sales moved from 78 percent of revenues a year ago to 80 percent this quarter. This apparently adverse trend is a reflection of low margin real estate sales this year versus no real estate sales a year ago. Adjusting for this year's real estate sales, the gross profits of the manufacturing and retail divisions actually improved from 22.0 per cent to 22.5 percent in the quarter. The year to date gross profits showed a similar improvement.

A loss before deferred tax of \$92.49 million was recorded on the sale of the Bell Road factory in March 2024. This is a non-recurrent expense and compares with the net revaluation surplus of \$257.25 million recorded in prior financial years on the revaluation of this building between its acquisition and its disposal in March 2024. This surplus was forms part of the revaluation reserves in the company's equity capital.

During the quarter, overhead costs increased slightly. For the year to date, the increase in overhead costs largely reflected increased costs for insurance and professional fees.

The increase in interest expense during the quarter resulted from higher interest rates as well as increased short term borrowings by Jamaican Teas.

Board of Directors' Commentary (Continued)

NET PROFIT | Net profit attributable to Jamaican Teas for the quarter after adjusting for the loss on the sale of the Bell Road factory was \$73 million, a sharp increase from the \$59 million profit in the same quarter of the previous year. Adjusted net earnings per share was 3.39 cents (2022/23 – earnings of 2.7 cents). The unadjusted net loss attributable to Jamaican Teas for the quarter was \$18.99 million or 0.9 cents per share.

For the year to date, net profit attributable to Jamaican Teas after adjusting for the loss on the sale of the Bell Road factory was \$114 million, a sharp increase from the \$86 million profit in the previous year. Adjusted earnings per share was 5.3 cents (2022/23 – earnings of 4.0 cents). The unadjusted Net profit attributable to Jamaican Teas for the year to date was \$21.67 million or 0.9 cents per share.

FINANCIAL POSITION | The net decrease in fixed assets of \$162 million since September 2023 is due mainly to the sale of the Bell Road factory building in March 2024 offset, in part, by the purchase of, and capital improvements and machinery purchases at, the Temple Hall factory.

The company moved its spice and dry pack production from leased premises at Montgomery Avenue to our Temple Hall factory in Feb 2024 and the tea division will be relocated during the third quarter of this financial year reuniting all the manufacturing activities into one facility.

The reduction in Investment properties since September 2023 reflects the sale of one of our buildings at Harbour Street, Kingston during the period. Efforts are continuing to sell the two remaining buildings at Harbour Street along with two other investment properties.

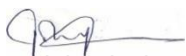
Housing inventories fell by \$173 million due to the sale of the first seven units at Belvedere, while other inventories and receivables increased during the half year reflecting the increased scale of operations in our manufacturing activities.

OUTLOOK | In the half year to March 31 2024, the group has:

- purchased a new factory at Temple Hall and sold its Bell Road facility (subject to a short term lease back)
- transferred its manufacturing activities from Jamaican Teas Limited to Caribbean Dreams Foods Ltd, its wholly owned subsidiary
- installed two new co-General Managers at its manufacturing Division
- acquired new spice packing machinery that will facilitate a tripling of Saizon production adding up to \$80 million in annual gross profit
- began the process of exiting its real estate activities

In the next 6 months the group will complete its transfer from Bell Road to Temple Hall and continue the divestment of its real estate holdings. This is expected to make the group more cost efficient, better focused and more profitable. While many of the geopolitical developments taking place around the world are discouraging, the group is optimistic about its future.

We thank our employees, shareholders and all our customers and other stakeholders for their continued support of our Group.



John Jackson - Chairman



John Mahfood – Chief Executive Officer/Director

22 April 2024

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

		2nd Quarter		Year to date	
		2023/24	2022/23	2023/24	2022/23
	Note				
OPERATING REVENUES	4	800,194,622	665,513,173	1,640,225,712	1,331,152,638
COST OF GOODS SOLD		<u>638,350,988</u>	<u>518,757,381</u>	<u>1,322,095,311</u>	<u>1,034,823,740</u>
GROSS PROFIT		161,843,634	146,755,792	318,130,401	296,328,898
Realised loss on sale of land /buildings		(92,490,067)		(92,490,067)	
INVESTMENT INCOME	5	129,297,884	10,880,388	180,404,370	(58,473,540)
OTHER INCOME	6	<u>3,327,175</u>	<u>621,656</u>	<u>1,993,085</u>	<u>1,278,818</u>
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES		201,978,626	158,257,836	408,037,789	239,134,176
Sales and Marketing costs		7,542,010	9,359,000	28,205,749	25,156,562
Administration cost		<u>99,107,398</u>	<u>90,714,233</u>	<u>203,831,244</u>	<u>170,100,418</u>
		<u>106,649,408</u>	<u>100,073,233</u>	<u>232,036,993</u>	<u>195,256,980</u>
OPERATING PROFIT		95,329,218	58,184,603	176,000,796	43,877,196
Finance costs		<u>18,715,138</u>	<u>16,099,089</u>	<u>37,148,002</u>	<u>30,412,575</u>
PROFIT BEFORE TAXATION		76,614,080	42,085,514	138,852,794	13,464,621
TAXATION		<u>(41,899,988)</u>	<u>20,256,050</u>	<u>(57,739,390)</u>	<u>34,610,698</u>
NET PROFIT		<u>34,714,092</u>	<u>62,341,564</u>	<u>81,113,404</u>	<u>48,075,319</u>
Net profit attributable to :					
Owners of Jamaican Teas Limited		(18,991,227)	58,632,271	21,670,117	86,199,118
Non-controlling interests		<u>53,705,319</u>	<u>3,709,293</u>	<u>59,443,287</u>	<u>(38,123,799)</u>
		<u>\$34,714,092</u>	<u>62,341,564</u>	<u>\$81,113,404</u>	<u>48,075,319</u>
Other Comprehensive Income:					
Items that will never be reclassified to profit and loss:					
Deferred tax credit related to sale of land and buildings		<u>84,250,000</u>	<u>0</u>	<u>84,250,000</u>	<u>0</u>
		<u>\$118,964,092</u>	<u>62,341,564</u>	<u>165,363,404</u>	<u>48,075,319</u>
Total Comprehensive Income					
Total Comprehensive Income attributable to:					
Owners of Jamaican Teas Limited		65,258,773	58,632,271	105,920,117	86,199,118
Non-controlling interests		<u>53,705,319</u>	<u>3,709,293</u>	<u>59,443,287</u>	<u>(38,123,799)</u>
		<u>\$118,964,092</u>	<u>62,341,564</u>	<u>165,363,404</u>	<u>48,075,319</u>
Shares outstanding		2,164,680,377	2,158,605,377	2,164,680,377	2,158,605,377
Diluted shares outstanding		2,359,950,371	2,359,375,371	2,359,950,371	2,359,375,371
Basic (Loss) / Earnings per share -cents		(0.9)	2.7	0.9	4.0
Diluted Earnings per share -cents		(0.9)	2.5	0.9	3.6

UNAUDITED STATEMENT OF FINANCIAL CONDITION

	<u>MARCH 2024</u>	<u>MARCH 2023</u>	<u>Audited SEPT 2023</u>
FIXED ASSETS	750,646,881	861,042,336	912,809,000
INVESTMENT PROPERTIES	357,771,091	296,104,050	426,720,000
LEASE RIGHT OF USE	-	13,201,901	6,601,000
INVESTMENTS – QUOTED			
EQUITIES	2,053,368,166	1,883,996,343	2,007,329,000
DEFERRED TAX ASSETS	37,216,383	34,630,495	0
CURRENT ASSETS			
Inventories excluding housing	738,872,192	591,548,654	605,312,000
Housing under construction	620,571,945	676,425,013	793,214,000
Total Receivables	505,214,921	407,931,075	402,888,000
Cash & Short term investments	<u>443,367,718</u>	<u>93,446,637</u>	<u>63,075,000</u>
Total Current Assets	<u>2,308,026,776</u>	<u>1,769,351,379</u>	<u>1,864,489,000</u>
CURRENT LIABILITIES			
Accounts Payable	365,936,874	250,164,999	295,339,000
Income tax payable	28,236,725	21,770,814	32,567,000
Total Short term loans /overdrafts (Note 7)	<u>424,871,781</u>	<u>312,404,460</u>	<u>459,694,000</u>
Total Current Liabilities	<u>819,045,380</u>	<u>584,340,273</u>	<u>787,600,000</u>
NET CURRENT ASSETS	<u>1,488,981,396</u>	<u>1,185,011,106</u>	<u>1,076,889,000</u>
	<u>\$4,687,983,917</u>	<u>4,273,986,231</u>	<u>4,430,348,000</u>
EQUITY & NON-CURRENT LIABILITIES			
STOCKHOLDERS' EQUITY	3,098,159,645	2,750,077,259	2,974,932,000
NON-CONTROLLING INTERESTS	<u>1,121,915,744</u>	<u>1,067,351,503</u>	<u>1,064,207,000</u>
	4,220,075,389	3,817,428,762	4,039,139,000
LEASE LIABILITY	0	14,797,980	2,454,000
DEFERRED TAX	48,691,107	57,971,293	97,153,000
LONG-TERM LOANS	<u>419,217,421</u>	<u>383,788,196</u>	<u>291,602,000</u>
	<u>\$4,687,983,917</u>	<u>4,273,986,231</u>	<u>\$4,430,348,000</u>

Approved for issue by the Board of Directors on 22 April 2024 and signed on its behalf by:


John Jackson - Chairman


John Mahfood – CEO / Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the company's owners				
	Share Capital	Capital/ Revaluation Reserves	Treasury Shares/ Franked Income reserve	Retained Earnings	Total
Balance at 30 September 2022	261,342,000	362,216,000	31,909,000	2,002,466,000	2,657,933,000
Net Profit				86,199,118	86,199,118
Purchases of NCI / Other				5,945,141	5,945,141
Balance as at 31 March 2023	<u>\$261,342,000</u>	<u>362,216,000</u>	<u>31,909,000</u>	<u>2,094,610,259</u>	<u>2,750,077,259</u>
Balance at 30 September 2023	264,942,000	452,039,000	40,362,000	2,217,589,000	2,974,932,000
Net Profit				21,670,117	21,670,117
Shares issued	6,299,858				6,299,858
OCI being tax credit related to disposal of land/ buildings		84,250,000			84,250,000
Purchases of NCI / Other				11,007,670	11,007,670
Balance as at 31 March 2024	<u>\$271,241,858</u>	<u>536,289,000</u>	<u>40,362,000</u>	<u>2,342,756,854</u>	<u>3,098,159,645</u>

CONSOLIDATED UNAUDITED STATEMENT OF CASHFLOWS

	YTD Mar-24	YTD Mar-23
Net profit for the period to date	81,113,404	48,075,319
Adjustments for:		
Realised loss on sale of land /buildings	92,490,067	-
Loss/(Gain) on Sale of Investments	(333,497)	15,866,295
Fair Value (Gain) on Investments	(166,987,671)	61,168,659
Tax expense	57,739,390	(34,610,698)
Depreciation	16,790,198	23,801,981
Deferred tax/ Other	(16,156,179)	(31,829,277)
Operating cashflows before movements in working capital	<u>64,655,712</u>	<u>82,472,279</u>
Changes in operating assets and liabilities	<u>(31,799,678)</u>	<u>123,622,531</u>
Net cash provided by operating activities	32,856,034	206,094,810
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Sales/(Purchases) of fixed assets	145,371,921	(48,953,317)
Sale of Investment property	68,948,909	(1,705,050)
Sales / (Purchases) of investments	<u>120,948,505</u>	<u>35,471,998</u>
Net cash(used in) investing activities	<u>335,269,335</u>	<u>(15,186,369)</u>
	368,125,369	190,908,441
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing activities	<u>133,915,279</u>	<u>(180,634,804)</u>
Net cash provided by/ (used in) financing activities	<u>133,915,279</u>	<u>(180,634,804)</u>
Increase /(decrease) in cash and cash equivalent	<u>502,040,648</u>	<u>10,273,637</u>
Net Cash and cash equivalents at beginning of the period	<u>(189,486,000)</u>	<u>83,173,000</u>
Net Cash and cash equivalents at the end of period	<u>\$312,554,648</u>	<u>93,446,637</u>

NOTES TO FINANCIAL STATEMENTS

1. IDENTIFICATION:

Jamaican Teas Limited (the Company) is a holding and management services company 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:

- Caribbean Dreams Foods Limited processes local teas which it packages along with imported teas and other foods and distributes for the Jamaican and overseas markets.
- LTJ Managers Limited (formerly JRG Shoppers Delite Enterprise Ltd) is a real estate company.
- H Mahfood & Sons Limited and H Mahfood and Sons 2020 Limited are real estate developers.
- KIW International Limited is an investment Company.
- QWI Investments Limited is an investment Company (44.34% owned)
- Bay City Foods Limited 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 Caribbean Dreams Foods Limited, LTJ Managers Ltd, KIW International Limited, Bay City Foods Limited, QWI Investments Limited, H Mahfood and Sons 2020 Limited and H Mahfood & Sons Limited.

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 September 30, 2022 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 in 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 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 STATEMENTS

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 amortised 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

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 do 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. OPERATING REVENUE:

	2nd Quarter		Year to date	
	2023/24	2022/23	2023/24	2022/23
SALES				
Local - Manufacturing	186,242,426	172,595,718	416,002,069	354,301,613
Foreign - Manufacturing	326,820,258	312,085,317	631,389,476	613,765,789
Retail	199,292,738	179,063,338	399,035,767	359,018,436
Sales of apartments/rental income	<u>87,839,200</u>	<u>1,768,800</u>	<u>193,798,400</u>	<u>4,066,800</u>
TOTAL SALES	<u>\$800,194,622</u>	<u>665,513,173</u>	<u>1,640,225,712</u>	<u>1,331,152,638</u>

5. INVESTMENT INCOME:

	2nd Quarter		Year to date	
	2023/24	2022/23	2023/24	2022/23
Realised Gain /(Loss) on Sale of Investments	3,609,038	(12,141,090)	333,497	(15,866,295)
Foreign Exchange Gain	(8,502,106)	3,045,594	(6,162,915)	(2,538,978)
Fair Value Gain on Investments	129,889,713	11,815,821	166,987,671	(61,168,659)
Dividend & Interest Income	<u>4,301,239</u>	<u>8,160,063</u>	<u>19,246,117</u>	<u>21,100,392</u>
Total Investment Income	<u>\$129,297,884</u>	<u>10,880,388</u>	<u>180,404,370</u>	<u>(58,473,540)</u>

NOTES TO FINANCIAL STATEMENTS

6. OTHER INCOME:

	2nd Quarter		Year to date	
	2023/24	2022/23	2023/24	2022/23
Fair value gain/(loss) on sale of investment properties	0	0	(1,689,675)	0
Misc Income	3,327,175	621,656	3,682,760	1,278,818
Total Other Income	\$3,327,175	\$621,656	\$1,993,085	\$1,278,818

7. SHORT TERM LOANS:

	<u>MARCH 2024</u>	<u>MARCH 2023</u>	<u>Audited SEPT 2023</u>
Short Term Borrowings	85,476,544	100,039,768	109,655,000
Bank Overdraft	130,813,070	185,364,692	252,561,000
Margin Loans	<u>117,538,167</u>	<u>0</u>	<u>0</u>
Current portion - Long Term Loans/Leases	<u>91,044,000</u>	<u>27,000,000</u>	<u>97,478,000</u>
Total Short term loans /overdrafts	<u>424,871,781</u>	<u>312,404,460</u>	<u>459,694,000</u>

SEGMENT RESULTS**Unaudited to March 2024**

	Manufacturing	Retailing	Property	Investments	TOTAL
OPERATING REVENUES	\$1,047,391,545	399,035,767	193,798,400	0	1,640,225,712
Results before tax *	<u>\$15,356,151</u>	<u>31,455,046</u>	<u>(19,431,229)</u>	<u>111,472,826</u>	<u>138,852,794</u>
Segment Assets	<u>\$2,061,968,495</u>	<u>144,799,254</u>	<u>1,204,706,854</u>	<u>2,095,554,694</u>	<u>5,507,029,297</u>
Segment Liabilities	<u>\$810,007,801</u>	<u>87,640,286</u>	<u>49,935,375</u>	<u>339,370,446</u>	<u>1,286,953,908</u>

*Net of loss of \$92,490,067 on sale of land and buildings

Unaudited to March 2023

	Manufacturing	Retailing	Property	Investments	TOTAL
OPERATING REVENUES	\$968,067,402	359,018,436	4,066,800	0	1,331,152,638
Results before tax	<u>\$104,335,607</u>	<u>29,173,314</u>	<u>(620,614)</u>	<u>(119,423,686)</u>	<u>13,464,621</u>
Segment Assets	<u>\$1,533,374,474</u>	<u>113,933,300</u>	<u>1,208,942,883</u>	<u>2,002,075,847</u>	<u>4,858,326,504</u>
Segment Liabilities	<u>\$581,874,291</u>	<u>77,840,756</u>	<u>50,263,617</u>	<u>330,919,078</u>	<u>1,040,897,742</u>

Jamaican Teas LTD.

A graphic of three green tea leaves with a stem, positioned to the right of the word 'Teas' in the company logo.

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