



Caribbean Cream Ltd. (KREMI)
Third Quarter Unaudited Financial Results

*For the Nine Months ended
November 30, 2020*



Caribbean Cream Ltd.

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2020

Highlights of the 3rd quarter

	9 months ended November 30				3 months ended November 30			
	Nov-20 \$'000	Nov-19 \$'000	Change \$'000	% Change	Nov-20 \$'000	Nov-19 \$'000	Change \$'000	% Change
Revenue	1,332,225	1,235,441	96,783	8%	440,829	395,478	45,351	11%
Cost of oper revenue	879,639	841,535	38,104	5%	297,914	270,089	27,824	10%
Gross Profit	452,586	393,906	58,679	15%	142,915	125,389	17,526	14%
Profit before taxation	97,207	49,609	47,598	96%	12,580	9,241	3,338	36%
Profit after taxation	85,056	43,408	41,649	96%	11,007	8,086	2,920	36%
Earnings per stock unit	\$ 0.22	\$ 0.11			\$ 0.03	\$ 0.02		

The Board of Directors at Caribbean Cream Limited (CCL), presents the unaudited financial results for the nine months ended November 30, 2020.

With the increasing rise of COVID-19 in the nation, there is continued uncertainty regarding the likely impact on purchasing power, and consequently, on the future performance of the company. Nonetheless, the management team remains determined and committed to deliver on the company's strategic objectives.

Financial overview

The company continued to deliver profitability into the third quarter. This has been achieved despite ongoing restrictions and challenges from the COVID 19 pandemic and the inclement weather during October and November, where the country suffered loss through landslides and flooding.

Year to date revenue was \$1.3 billion, an increase of \$97 million or 8% above the similar period last year. The quarterly revenue was \$441 million, an increase of \$45 million or 11% above the same period last year. Our thrust toward reaching the end consumer with a quality product and affordable pricing is so far achieving the desired growth results and customer satisfaction.

Year to date cost of operating revenue was \$880 million, an increase over last year of \$38 million or 5%. The quarterly costs were \$298 million, an increase of \$28 million or 10% over the same period last year, driven by utility cost increases that resulted from higher sales and the preparation for the peak Christmas season.

Gross profit realized year to date was \$453 million, an increase of \$59 million or 15%; for the quarter it was \$143 million, an increase of \$18 million or 14%.

Net Profit before tax year to date was \$97 million, an increase of \$48 million or 96% above the same period last year. The quarterly net profit was \$13 million, an increase of \$3 million in comparison to the same period last year. Administrative costs for the quarter were \$112 million, an increase of \$16 million or 17%. This was influenced by costs in utilities, repairs & maintenance of the depots, and annual salary increases.

Year to date taxation is \$12 million resulting in a Net Profit after tax of \$85 million.

The Statement of Financial position continues to show growth with total assets less liabilities standing at \$1 billion, an increase of \$189 million or 22% above last year.

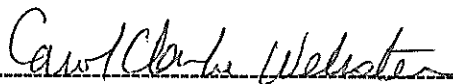
Achievement for the quarter

The Ocho Rios depot was opened in late September to serve the town and surrounding communities, and to reduce travel time for retailers in the area. The feedback has been positive and one of excitement from both new and existing customers. There have been many encouraging responses regarding product availability, quality, and pricing. A customer captured the mood and timing of the depot opening within the community, referring to it as a 'breath of fresh air.'

The Board and Executive of Caribbean Cream Ltd. wish to express our deepest gratitude to employees who continue to perform at a high level while working through this pandemic. We are deeply grateful to our customers, suppliers, shareholders and well-wishers for your valuable support and ongoing contribution to the growth of the company.



Christopher Clarke **Chairman & CEO**




Carol Clarke Webster **Director**

Caribbean Cream Ltd.
UNAUDITED INCOME STATEMENT
Nine months ended November 30, 2020

	Unaudited 9 months ended Nov-20 \$	Unaudited 9 months ended Nov-19 \$	Unaudited 3 months ended Nov-20 \$	Unaudited 3 months ended Nov-19 \$	Audited year ended Feb-20 \$
Gross operating revenue	1,332,224,735	1,235,440,881	440,829,114	395,477,935	1,706,358,991
Cost of operating revenue	(879,639,095)	(841,534,582)	(297,913,731)	(270,088,802)	(1,160,747,229)
Gross Profit	452,585,641	393,906,299	142,915,383	125,389,133	545,611,762
Other income	-	1,994,192	-	394,900	1,994,192
	452,585,641	395,900,491	142,915,383	125,784,033	547,605,954
Administrative, selling & distribution expenses:					
Administrative	(300,007,982)	(279,828,494)	(111,737,617)	(95,510,042)	(397,996,146)
Selling and distribution	(43,346,849)	(51,255,157)	(15,235,557)	(14,751,699)	(68,301,238)
	(343,354,831)	(331,083,651)	(126,973,174)	(110,261,741)	(466,297,384)
Operating profit before finance costs	109,230,810	64,816,840	15,942,209	15,522,292	81,308,570
Finance income - interest	1,076,147	881,084	396,701	76,760	1,133,753
Finance costs, net	(13,099,928)	(16,089,269)	(3,759,258)	(6,357,569)	(20,270,767)
Profit before taxation	97,207,029	49,608,655	12,579,651	9,241,483	62,171,556
Taxation	(12,150,879)	(6,201,082)	(1,572,456)	(1,155,185)	(7,602,157)
Profit, being total comprehensive income for the year	85,056,150	43,407,573	11,007,195	8,086,298	54,569,399
Earnings per stock unit	\$0.22	\$0.11	\$0.03	\$0.02	\$0.14

Caribbean Cream Ltd.
UNAUDITED STATEMENT of FINANCIAL POSITION
November 30, 2020

	Unaudited Nov-20 \$	Unaudited Nov-19 \$	Audited Feb-20 \$
NON-CURRENT ASSET			
Property, plant and equipment	795,161,276	741,092,626	773,143,905
Right of Use Asset	78,162,648		95,435,877
	<u>873,323,924</u>	<u>741,092,626</u>	<u>868,579,782</u>
CURRENT ASSETS			
Cash and cash equivalents	67,832,274	55,529,056	129,196,815
Trade and other receivables	101,980,245	69,323,290	58,211,081
Taxation recoverable			779,621
Inventories	154,459,512	136,877,413	117,774,685
Total current assets	<u>324,272,032</u>	<u>261,729,759</u>	<u>305,962,202</u>
CURRENT LIABILITIES			
Trade and other payables	122,073,722	116,019,855	185,346,512
Taxation payable	6,818,616	6,475,494	
Current portion of lease liability	3,976,325		19,539,121
Current portion of long-term loans	3,435,217	8,150,576	27,441,951
Total current liabilities	<u>136,303,881</u>	<u>130,645,925</u>	<u>232,327,584</u>
Net current assets	<u>187,968,150</u>	<u>131,083,834</u>	<u>73,634,618</u>
Total assets less current liabilities	<u>1,061,292,074</u>	<u>872,176,460</u>	<u>942,214,400</u>
NON-CURRENT LIABILITIES			
Long term loans	149,972,207	132,202,485	104,972,207
Lease liability	79,622,207		79,622,207
Deferred tax liability	13,389,525	6,905,339	13,389,525
Total non-current liabilities	<u>242,983,939</u>	<u>139,107,824</u>	<u>197,983,939</u>
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	706,896,845	621,657,346	632,819,171
Total equity	<u>818,308,135</u>	<u>733,068,636</u>	<u>744,230,461</u>
Total non-current liabilities and equity	<u>1,061,292,074</u>	<u>872,176,460</u>	<u>942,214,400</u>



 Christopher Clarke Chairman & CEO



 Carol Clarke Webster Director

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CHANGES in EQUITY
Nine months ended November 30, 2020

	Share Capital \$	Retained earnings \$	Total \$
Balances as at February 28, 2019	111,411,290	596,421,042	707,832,332
Total Comprehensive income:			
Profit, being total comprehensive income for the year	-	43,407,573	43,407,573
Transactions with owners:			
Dividend distribution		(18,171,269)	(18,171,269)
Balances as at November 30, 2019	111,411,290	621,657,346	733,068,636
Balances as at February 29, 2020	111,411,290	632,819,171	744,230,461
Total Comprehensive income:			
Profit, being total comprehensive income for the year	-	85,056,150	85,056,150
Transactions with owners:			
Dividend distribution		(10,978,476)	(10,978,476)
Balances as at November 30, 2020	111,411,290	706,896,845	818,308,135

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CASH FLOW
Nine months ended November 30, 2020

	Unaudited 9 months ended Nov-20 S	Unaudited 9 months ended Nov-19 S	Audited year ended Feb-20 S
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	85,056,150	43,407,573	54,569,399
Adjustments for:			
Depreciation	70,511,047	53,165,644	93,736,000
Depreciation - right of use	17,273,229		21,433,403
Lease interest expense	4,715,050		6,520,487
Interest expense	8,394,308	9,916,097	12,712,752
Interest income	(1,076,147)	(881,084)	(1,133,753)
Taxation	12,150,879	6,201,082	7,602,157
Gain on disposal of property, plant and equipment		-	(145,011)
Operating profit before changes in working capital	197,024,517	111,809,312	195,295,434
Trade and other receivables	(43,773,846)	(3,104,620)	8,017,291
Inventories	(36,684,828)	3,566,590	22,669,319
Trade and other payables	(63,447,791)	(41,880,914)	27,445,745
Taxation paid	(4,377,641)	(6,741,018)	(8,963,022)
Interest paid	(8,394,308)	(9,916,097)	(12,712,752)
Interest received	1,080,829	1,234,431	1,477,398
Net cash provided/(used) by operating activities	41,426,932	54,967,685	233,229,411
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(92,528,418)	(88,854,198)	(161,538,334)
Net cash used by investing activities	(92,528,418)	(88,854,198)	(161,280,823)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	45,000,000		
Repayment of bank loans	(24,006,734)	(22,408,055)	(30,346,958)
Payment of lease liabilities, net	(20,277,846)		(24,228,440)
Dividend distribution	(10,978,476)	(18,171,269)	(18,171,269)
Net cash used by financing activities	(10,263,055)	(40,579,325)	(72,746,667)
Net increase/(decrease) in cash and cash equivalents	(61,364,541)	(74,465,838)	(798,079)
Cash and cash equivalents at beginning of year	129,196,815	129,994,894	129,994,894
CASH and CASH EQUIVALENTS at end of the year	67,832,274	55,529,056	129,196,815
Comprised of:			
Cash and bank balances	15,699,621	16,719,049	60,094,119
Fixed deposits	52,132,653	38,810,007	69,102,696
	67,832,274	55,529,056	129,196,815

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements Nine months ended November 30, 2020

Identification and Principal Activities

Caribbean Cream Limited (the company) is incorporated and domiciled in Jamaica and is listed on the Junior Market of the Jamaica Stock Exchange (JSE). The company's registered office is located at 3 South Road, Kingston 10, Jamaica.

At the reporting date, Scoops Unlimited Limited and its directors, controlled the company by virtue of their direct holding of 78% of the issued shares of the company.

The principal activities of the company are the manufacture and sale of ice cream and novelties, under the 'Kremi' brand, and the importation and distribution of certain types of frozen novelties.

Basis of preparation

Statement of compliance:

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board and comply with the relevant provisions of the Jamaican Companies Act. The accounting policies used in the preparation of these unaudited interim financial statements are consistent with those used in the audited financial statements for the year ended 29 February 2020.

The Unaudited financial statements are prepared on the historical cost basis and are presented in Jamaica dollars, which is the functional currency of the company.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements cont'd **Nine months ended November 30, 2020**

Significant accounting policies

Revenue

Gross operating revenue represents the invoiced value of sales, after deduction of returns, discounts allowed, and General Consumption Tax.

Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on May 17, 2013. Consequently, the company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:

- (i) The company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.
- (ii) The subscribed participating voting share capital of the company does not exceed \$500 million.
- (iii) The company has at least 50 participating voting shareholders.

The remission will apply in the following proportions:

- (a) Years 1 to 5 (May 17, 2013 – May 16, 2018) – 100%
- (b) Years 6 to 10 (May 17, 2018 – May 16, 2023) – 50%

The financial statements have been prepared on the basis that the company will have the benefit of the tax remissions of 50%.

Property, plant, and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation, and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and fixed deposits with maturity of three months or less from the date of placement and are measured at cost. For the statement of cash flows, bank overdraft, if any, that is repayable on demand and form an integral part of cash management activities, is included as part of cash and cash equivalents.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements cont'd Nine months ended November 30, 2020

Significant accounting policies cont'd

Trade and other receivables

Trade and other receivables are measured at amortised cost less impairment losses.

Inventories

Inventories are measured at the lower of cost, determined principally on a first-in-first out (FIFO) basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Trade and other payables

Trade and other payables are measured at amortized cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

The company leases various properties and equipment to facilitate the sale of its products. The leases include an option to renew after the lease periods have ended. It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by similar leases. Lease payments are renegotiated after the end of the contract period to reflect market rentals. Previously, these leases were classified as operating leases under IAS 17 and continues to be reported under IAS 17 and IFRIC 4.

Share capital

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements cont'd
Nine months ended November 30, 2020

Significant accounting policies cont'd

Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's activities are limited to the manufacture and sale of Ice Cream products to Jamaican consumers, operating in a single segment, therefore no additional segment information is provided.

Caribbean Cream Ltd.

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT NOVEMBER 30, 2020

Shareholder	Units
1. Scoops Un-Limited Limited	122,535,449
2. Matthew G. Clarke	60,055,425
3. Carol Webster/Christopher Clarke	58,521,764
4. Christopher A. Clarke	35,133,399
5. Resource In Motion Limited	32,479,583
6. Everton J. Smith	10,350,000
7. JI Limited	5,000,000
8. Mayberry Jamaican Equities Limited	3,543,286
9. Everton A. Smith	2,775,153
10. Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	2,321,508

Caribbean Cream Ltd.

SHAREHOLDINGS OF DIRECTORS, OFFICERS AND CONNECTED PARTIES AS AT NOVEMBER 30, 2020

Director	Shareholdings	Connected Parties	Shareholdings
Carol Webster	58,521,764	Christopher Clarke Scoops Un-Limited Limited	122,535,449
Matthew G. Clarke	60,055,425	Scoops Un-Limited Limited	122,535,449
Christopher A. Clarke	30,133,399		
Christopher A. Clarke	5,000,000	Kamoy S. Clarke (joint holder) Scoops Un-Limited Limited	122,535,449
Mark McKenzie	1,487,558	---	
Wayne Wray	200,000 1,043,249 6,835	Christine Randle Craig A. Singh	
Michael Vacciana	0		
Denise Douglas	2,895	Ryan McCalla	

SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT NOVEMBER 30, 2020

Senior Manager	Shareholdings	Connected Parties	Shareholdings
David Radlein	100,000	Catherine Radlein	
Karen Williams	80,855	Vyris Williams	
Dean Alvery Clarke	200,100		
Fay M. Williams	148,690		