



**Caribbean Cream Ltd. (KREMI)
First Quarter Unaudited Financial Results**

*For the Three Months ended
May 31, 2021*



Caribbean Cream Ltd.

UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MAY 31, 2021

The Board of Directors at Caribbean Cream Limited (CCL), presents the unaudited financial results for the quarter ended May 31, 2021.

Highlights of the 1st quarter

3 months ended May 31

	May-21 \$'000	May-20 \$'000	Change \$'000	% Change
Revenue	548,449	429,977	118,470	28%
Cost of oper revenue	340,922	291,555	49,366	17%
Gross Profit	207,527	138,423	69,104	50%
Profit before taxation	61,897	30,921	30,976	100%
Profit after taxation	54,160	27,056	27,104	100%
Earnings per stock unit	\$ 0.14	\$ 0.07		

Financial & Operational Review

As the economy and the company continue to manage within the COVID-19 pandemic, sales during this quarter increased by \$118m or 28% above last year. We are deeply grateful for continued strong product demand while we work on our strategy to get closer to the consumer. The company has taken the initiative to engage key suppliers, whose supply chains and prices are being affected by the ongoing pandemic.

As a result of the above, CCL increased Gross profit margins versus last year, in the face of higher cost of raw materials, imported novelties and electricity.

Operating expenses for the quarter were \$146 million an increase of 35% or \$38 million. The increase was because of: 1) higher transportation cost as is the case with higher consumer demand, we made more frequent deliveries to keep our depots and wholesalers supplied with products; 2) an internal reclassification of electricity from Production to Distribution to more fairly reflect energy usage by business segment; 3) our planned salary increases; 4) staff-related expenditures primarily for the safety (COVID testing) and welfare of our employees, and 5) the full annualized cost for the new Ocho Rios depot.

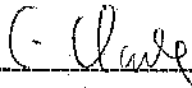
Notwithstanding, Net profit before tax for the quarter was \$62 million, an increase of 100% versus the \$31 million earned last year.

The company's total assets less current liabilities were \$1,206 million an increase of 28% or \$264 million when compared to last year at \$972.6 million. The Company remains liquid with cash and cash equivalents for the quarter having increased to \$264 million.

We are concurrently relocating water storage tanks and equipping a new water connection at our recently acquired property at #1 South Road that will give rise to a reduction in costs. A new security post and plant accessway are also works in progress, as we prepare for the future installation of underground water storage, and much larger cold room with blast freezers. In addition, we have commenced re-routing our JPS power supply and installing the infrastructure to house our new energy-saving CHP plant.

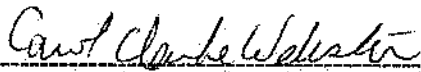
While demand for our products is strong, we are cognizant of the impact of a general level of price increase can have on our business. We, however, continue to assess and improve our infrastructure and reach out to our customers in this time of uncertainty.

The Board and Executive of Caribbean Cream wish to express our deepest gratitude to the employees, customers, suppliers, shareholders and well-wishers for your valuable support and ongoing contribution to the growth and sustainable development of the company.



Christopher Clarke

Chairman




Carol Clarke Webster

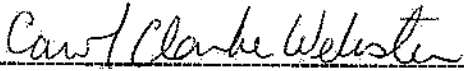
Director

Caribbean Cream Ltd.
UNAUDITED STATEMENT of FINANCIAL POSITION
May 31, 2021

	Unaudited May-21 \$	Unaudited May-20 \$	Audited Feb-21 \$
NON-CURRENT ASSET			
Property, plant and equipment	862,653,955	760,298,975	825,483,694
Right of Use Asset	100,404,324	89,315,294	93,044,425
	<u>963,058,280</u>	<u>849,614,270</u>	<u>918,528,119</u>
CURRENT ASSETS			
Cash and cash equivalents	264,194,856	136,018,625	217,283,548
Trade and other receivables	58,503,817	69,207,265	93,514,369
Inventories	130,587,679	96,883,562	162,352,192
Total current assets:	<u>453,286,352</u>	<u>302,109,452</u>	<u>473,150,109</u>
CURRENT LIABILITIES			
Trade and other payables	169,531,293	146,227,310	214,491,486
Taxation payable	18,471,606	3,035,503	10,734,482
Current portion of lease liability	14,869,750	10,342,434	17,456,686
Current portion of long-term loans	6,977,778	19,484,748	6,977,778
Total current liabilities	<u>209,850,426</u>	<u>179,089,995</u>	<u>249,660,432</u>
Net current assets	<u>243,435,926</u>	<u>123,019,457</u>	<u>223,489,677</u>
Total assets less current liabilities	<u>1,206,494,206</u>	<u>972,633,726</u>	<u>1,142,017,796</u>
NON-CURRENT LIABILITIES			
Long term loans	206,927,474	104,972,207	206,927,474
Lease liability	96,897,347	82,985,662	86,580,789
Deferred tax liability	14,576,941	13,389,525	14,576,941
Total non-current liabilities	<u>318,401,762</u>	<u>201,347,394</u>	<u>308,085,204</u>
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	776,681,154	659,875,042	722,521,302
Total equity	<u>888,092,445</u>	<u>771,286,332</u>	<u>833,932,592</u>
Total non-current liabilities and equity	<u>1,206,494,207</u>	<u>972,633,726</u>	<u>1,142,017,796</u>



Christopher Clarke **Chairman**



Carol Clarke Webster **Director**

Caribbean Cream Ltd.
UNAUDITED INCOME STATEMENT
Three months ended May 31, 2021

	Unaudited months ended May-21 \$	Unaudited 3 months ended May-20 \$	Audited year ended Feb-21 \$
Gross operating revenue	548,448,561	429,977,308	1,870,188,069
Cost of operating revenue	(340,921,716)	(291,554,716)	(1,245,049,430)
Gross Profit	207,526,845	138,422,593	625,138,639
Administrative, selling & distribution expenses:			
Administrative	(125,607,180)	(91,961,532)	(427,856,374)
Selling and distribution	(15,218,242)	(12,586,963)	(60,656,587)
	<u>(140,825,422)</u>	<u>(104,548,494)</u>	<u>(488,512,961)</u>
Operating profit before finance costs	66,701,422	33,874,098	138,429,829
Finance income - interest	229,852	418,924	1,333,200
Finance costs, net	(5,034,299)	(3,372,026)	(21,262,694)
Profit before taxation	61,896,975	30,920,996	118,500,335
Taxation	(7,737,122)	(3,865,125)	(17,819,728)
Profit, being total comprehensive income for the year	<u>54,159,853</u>	<u>27,055,872</u>	<u>100,680,607</u>
Earnings per stock unit	<u>\$0.14</u>	<u>\$0.07</u>	<u>\$0.27</u>

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CHANGES in EQUITY
Three months ended May 31, 2021

	Share Capital	Retained earnings	Total
	\$	\$	\$
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	-	27,055,872	27,055,872
Balances as at May 31, 2020	<u>111,411,290</u>	<u>659,875,042</u>	<u>771,286,332</u>
Balances as at February 28, 2021	111,411,290	722,521,302	833,932,592
Total Comprehensive income:			
Profit, being total comprehensive income for the year	-	54,159,853	54,159,853
Balances as at May 31, 2021	<u>111,411,290</u>	<u>776,681,155</u>	<u>888,092,445</u>

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CASH FLOW
Three months ended May 31, 2021

	Unaudited months ended May-21 \$	Unaudited 3 months ended May-20 \$	Audited year ended Feb-21 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	54,159,853	27,055,872	100,680,607
Adjustments for:			
Depreciation	25,192,873	23,381,263	95,027,055
Depreciation - right of use	5,683,226	6,120,583	21,645,433
Lease interest expense	2,012,927	1,681,728	9,481,508
Interest expense	3,135,552	2,584,387	11,951,987
Interest income	(229,852)	(418,924)	(1,333,200)
Taxation	7,737,122	3,865,125	17,819,728
Gain on disposal of property, plant and equipment			
Operating profit before changes in working capital	97,691,701	64,270,032	255,273,119
Trade and other receivables	35,011,284	(11,000,866)	(35,284,591)
Inventories	31,764,513	20,891,122	(44,577,507)
Trade and other payables	(44,960,195)	(39,169,203)	29,144,974
Taxation paid			(5,118,209)
Interest paid	(3,135,552)	(2,584,387)	(11,951,987)
Interest received	229,120	423,606	1,314,503
Net cash provided/(used) by operating activities	<u>116,600,870</u>	<u>32,830,305</u>	<u>188,800,302</u>
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(62,363,134)	(10,536,333)	(147,366,845)
Net cash used by investing activities	<u>(62,363,134)</u>	<u>(10,536,333)</u>	<u>(147,366,845)</u>
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	-	-	258,905,252
Repayment of bank loans	-	(7,957,203)	(177,414,158)
Payment of lease liabilities, net	(7,326,428)	(7,514,959)	(23,859,342)
Dividend distribution	-	-	(10,978,476)
Net cash used by financing activities	<u>(7,326,428)</u>	<u>(15,472,162)</u>	<u>46,653,276</u>
Net increase/(decrease) in cash and cash equivalents	46,911,308	6,821,810	88,086,733
Cash and cash equivalents at beginning of year	217,283,548	129,196,815	129,196,815
CASH and CASH EQUIVALENTS at end of the year	<u>264,194,856</u>	<u>136,018,625</u>	<u>217,283,548</u>

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements Three months ended May 31, 2021

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, a company incorporated and domiciled in Jamaica, and its directors controlled the company by virtue of their direct holding of 73% of the issued shares of the company.

The principal activities of the company are the manufacture and sale of ice cream and frozen 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 28 February 2021.

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 **Three months ended May 31, 2021**

Significant accounting policies

Revenue

Gross operating revenue represents the invoiced value of sales, after deduction of returns, discounts allowed, and General Consumption Tax. The company recognises revenue when it transfers control over a good or service to a customer.

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
Three months ended May 31, 2021

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 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.

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
Three months ended May 31, 2021

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 MAY 31, 2021

Ten Largest Shareholders	No. of Stock Units	% Holding
Scoops Un-Limited Limited	123,035,449	32.5002
Matthew G. Clarke	59,555,425	15.7318
Carol Webster/Christopher Clarke	58,521,764	15.4587
Christopher A. Clarke	35,133,399	9.2806
Resource In Motion Limited	32,479,583	8.5796
Everton J. Smith	10,300,000	2.7208
JI Limited	5,000,000	1.3208
Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	3,121,508	0.8246
Everton A. Smith	2,700,000	0.7132
Virgen Advertising Limited	2,354,924	0.4786

Caribbean Cream Ltd.

SHAREHOLDINGS OF DIRECTORS, OFFICERS AND CONNECTED PARTIES AS AT MAY 31, 2021

Board Member	Primary Holder Joint Holder	Relationship	No. of Stock Units	Total
Clarke Webster	Carol Webster/ Christopher Clarke	Connected	58,521,764	181,557,213
	Carol Webster/ Scoops Un-Limited Limited	Connected	123,035,449	
Matthew G. Clarke	Matthew Clarke	Self	59,555,425	182,590,874
	Matthew Clarke/ Scoops Un-Limited Limited	Connected	123,035,449	
Christopher Clarke	Christopher Clarke	Self	30,133,399	158,168,848
	Christopher Clarke/ Kamoy Clarke	Connected	5,000,000	
	Christopher Clarke/ Scoops Un-Limited Limited	Connected	123,035,449	
Mark A McKenzie	Mark A McKenzie	Self	1,487,558	1,487,558
Wayne Wray	Wayne Wray/Christine Randle	Connected	1,043,249	1,250,084
	Wayne Wray	Self	200,000	
	Wayne Wray/Craig Singh	Connected	6,835	

SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT MAY 31, 2021

Senior Managers	Primary Holder/ Joint Holder	Relationship	No. of Stock Units	Total
David Radlein	David Radlein/ Catherine Radlein	Connected	100,000	100,000
Karen Williams	Karen Williams/ Vyris Williams	Connected	25,855	80,855
	Karen Williams/ Vyris Williams	Connected	55,000	
Dean Alvery Clarke	Dean Alvery Clarke	Self	200,000	200,100
	Dean Alvery Clarke	Self	100	