



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

*For the Six Months ended
August 31, 2021*



Caribbean Cream Ltd.

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED AUGUST 31, 2021

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

2nd quarter August 2021 report

	6 months ended August 31				3 months ended August 31			
	Aug-21 \$'000	Aug-20 \$'000	Change \$'000	% Change	Aug-21 \$'000	Aug-20 \$'000	Change \$'000	% Change
Revenue	1,034,693	891,396	143,297	16%	486,245	461,418	24,826	5%
Cost of oper revenue	673,759	581,725	92,033	16%	332,837	290,171	42,666	15%
Gross Profit	360,934	309,670	51,264	17%	153,407	171,248	(17,840)	-10%
Profit before taxation	70,199	84,627	(14,428)	-17%	8,302	53,706	(45,404)	-85%
Earnings per stock unit	\$ 0.16	\$ 0.20			\$ 0.02	\$ 0.12		

Financial overview

The company continues to realize growth in revenue despite the effects of COVID on the economy.

Revenue for the half year was just over \$1 billion, an increase of \$143 million or 16% over the same period last year. For the quarter, revenue was \$486 million, an increase of \$25 million or 5% above last year, which resulted from both volume and price increases. "No Movement Days" imposed on the country in two 3-day periods of Sunday to Tuesday and during the Independence and Emancipation Day holidays, eviscerated a major portion of our sales revenue. Nevertheless, we are thankful for the increase in sales.

Cost of operating revenue for the half year was \$674 million, an increase over last year of \$92 million or 16%. The quarter was \$333 million, an increase of \$43 million or 15% over the same period. We experienced higher utility costs, price increases in key raw materials and an increased foreign exchange rate. We also had unexpected logistics cost increases due to a hemispheric shortfall in shipping containers, and higher importation charges for imported novelties.

Gross profit for the half year was \$361 million, an increase of \$51 million or 17%. For the quarter we earned \$153 million, a reduction of \$18 million or 10% due mainly to a shortfall in sales versus expectations and the above-mentioned cost increases.

Administrative expense at \$249 million for the half year, was an increase of \$61m or 32%. The quarter's expenses totalled \$123 million, \$27 million or 28% above last year, as was expected. We had planned for higher expenses (mainly for the full-year impact of our Ocho Rios Depot) to sustain our increased sales. The increases are also attributable to 1) increased electricity due to higher throughput; 2) extensive cleaning and sanitization of the facility (covid-related); 3) staff-related expenditures primarily for COVID testing and transporting factory staff during the lockdowns.

Net Profit before tax for the half year was \$70 million, a decrease of \$14 million or 17% compared to the same period last year, due to the above-mentioned expenses. The quarter's result was \$8 million, a reduction of \$45 million in comparison to the same quarter last year, and this is mainly attributable to the above-mentioned lower top-line sales versus expectations and higher operating costs.

Total assets less current liabilities were \$1,186 million, an increase of \$124 million or 12% above last year. The main contributor to this increase is inventory which totals \$240 million, an increase of \$102 million or 74% over last year, as the company was unable to make planned sales due to the "No Movement days." The Company's cash position remains strong.

General overview and outlook

While the company is weathering major challenges, we are so far keeping expenses within expected levels. We are also working to keep our team members updated and focused on ways to meet the challenges as COVID settles into our everyday way of life, while we seek to mitigate any threats to sales.

The Board and Executive of Caribbean Cream therefore wish to express our deepest gratitude to employees, customers, suppliers, shareholders and well-wishers for your valuable support and ongoing contribution to the growth of the company during a most challenging period for our country.



Christopher Clarke

Chairman



Carol Clarke Webster


Director

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

	Unaudited Aug-21 \$	Unaudited Aug-20 \$	Audited Feb-21 \$
NON-CURRENT ASSET			
Property, plant and equipment	857,693,613	788,349,539	825,483,694
Right of Use Asset	94,721,099	83,548,508	93,044,425
	<u>952,414,712</u>	<u>871,898,048</u>	<u>918,528,119</u>
CURRENT ASSETS			
Cash and cash equivalents	102,862,623	151,583,435	217,283,548
Trade and other receivables	65,018,007	63,492,491	93,514,369
Inventories	239,819,671	137,995,897	162,352,192
Total current assets	<u>407,700,301</u>	<u>353,071,823</u>	<u>473,150,109</u>
CURRENT LIABILITIES			
Trade and other payables	140,345,702	136,689,085	214,491,486
Taxation payable	19,374,101	7,522,480	10,734,482
Current portion of lease liability	9,964,704	7,195,305	17,456,686
Current portion of long-term loans	3,488,889	10,777,250	6,977,778
Total current liabilities	<u>173,173,395</u>	<u>162,184,121</u>	<u>249,660,432</u>
Net current assets	<u>234,526,906</u>	<u>190,887,702</u>	<u>223,489,677</u>
Total assets less current liabilities	<u>1,186,941,618</u>	<u>1,062,785,749</u>	<u>1,142,017,796</u>
NON-CURRENT LIABILITIES			
Long term loans	206,927,474	149,972,207	206,927,474
Lease liability	96,352,756	81,144,602	86,580,789
Deferred tax liability	14,576,941	13,389,525	14,576,941
Total non-current liabilities	<u>317,857,171</u>	<u>244,506,333</u>	<u>308,085,204</u>
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	757,673,157	706,868,126	722,521,302
Total equity	<u>869,084,447</u>	<u>818,279,416</u>	<u>833,932,592</u>
Total non-current liabilities and equity	<u>1,186,941,618</u>	<u>1,062,785,749</u>	<u>1,142,017,796</u>



Christopher Clarke **Chairman**



Carol Clarke Webster **Director**

Caribbean Cream Ltd.
UNAUDITED INCOME STATEMENT
Six months ended August 31, 2021

	Unaudited 6 months ended Aug-21 \$	Unaudited 6 months ended Aug-20 \$	Unaudited 3 months ended Aug-21 \$	Unaudited 3 months ended Aug-20 \$	Audited year ended Feb-21 \$
Gross operating revenue	1,034,693,253	891,395,621	486,244,692	461,418,313	1,870,188,069
Cost of operating revenue	(673,758,918)	(581,725,364)	(332,837,202)	(290,170,648)	(1,245,049,430)
Gross Profit	360,934,335	309,670,258	153,407,490	171,247,665	625,138,639
Administrative, selling & distribution expenses:					
Administrative	(249,014,044)	(188,270,365)	(123,406,864)	(96,308,834)	(427,856,374)
Selling and distribution	(30,480,176)	(28,111,291)	(15,261,934)	(15,524,329)	(60,656,587)
	(279,494,220)	(216,381,657)	(138,668,797)	(111,833,162)	(488,512,961)
Impairment recovered on trade accounts receivable					1,804,151
Operating profit before finance costs	81,440,115	93,288,601	14,738,693	59,414,502	138,429,829
Finance income - interest	502,079	679,446	272,227	260,522	1,333,200
Finance costs, net	(11,742,785)	(9,340,670)	(6,708,486)	(5,968,643)	(21,262,694)
Profit before taxation	70,199,409	84,627,378	8,302,434	53,706,381	118,500,335
Taxation	(8,774,926)	(10,578,422)	(1,037,804)	(6,713,298)	(17,819,728)
Profit, being total comprehensive income for the year	61,424,483	74,048,955	7,264,629	46,993,084	100,680,607
Earnings per stock unit	\$0.16	\$0.20	\$0.02	\$0.12	\$0.27

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CHANGES in EQUITY
Six months ended August 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	-	74,048,955	74,048,955
Balances as at August 31, 2020	111,411,290	706,868,126	818,279,416
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	-	61,424,483	61,424,483
Transactions with owners:			
Dividend distribution		(26,272,627)	(26,272,627)
Balances as at August 31, 2021	111,411,290	757,673,157	869,084,447

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CASH FLOW
Six months ended August 31, 2021

	Unaudited 6 months ended Aug-21 \$	Unaudited 6 months ended Aug-20 \$	Audited year ended Feb-21 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	61,424,483	74,048,955	100,680,607
Adjustments for:			
Depreciation	50,751,437	47,005,868	95,027,055
Depreciation - right of use	11,366,452	11,887,369	21,645,433
Lease interest expense	3,911,597	3,308,278	9,481,508
Interest expense	6,264,048	5,442,038	11,951,987
Interest income	(502,079)	(679,446)	(1,333,200)
Taxation	8,774,926	10,578,422	17,819,728
Operating profit before changes in working capital	141,990,864	151,591,485	255,273,119
Trade and other receivables	28,500,383	(5,286,092)	(35,284,591)
Inventories	(77,467,479)	(20,221,213)	(44,577,507)
Trade and other payables	(74,145,784)	(48,744,928)	29,144,974
Taxation paid	(135,309)	(2,188,820)	(5,118,209)
Interest paid	(6,264,048)	(5,442,038)	(11,951,987)
Interest received	498,057	684,128	1,314,503
Net cash provided/(used) by operating activities	12,976,684	70,392,523	188,800,302
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(82,961,357)	(62,211,503)	(147,366,845)
Net cash used by investing activities	(82,961,357)	(62,211,503)	(147,366,845)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	-	45,000,000	258,905,252
Repayment of bank loans	(3,488,889)	(16,664,701)	(177,414,158)
Payment of lease liabilities, net	(14,674,737)	(14,129,699)	(23,859,342)
Dividend distribution	(26,272,627)	-	(10,978,476)
Net cash used by financing activities	(44,436,253)	14,205,601	46,653,276
Net increase/(decrease) in cash and cash equivalents	(114,420,926)	22,386,620	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	102,862,623	151,583,435	217,283,548

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements Six months ended August 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 Six months ended August 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 Six months ended August 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 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
Six months ended August 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 AUGUST 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	9,500,000	2.5095
JI Limited	5,000,000	1.3208
Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	3,121,508	0.8246
QWI Investments Limited	3,100,000	0.8189
Everton A. Smith	2,700,000	0.7132

Caribbean Cream Ltd.

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

Board Member	Primary Holder Joint Holder	Relationship	No. of Stock Units	Total
Clarke Webster	Carol Webster/ Christopher Clarke Carol Webster/ Scoops Un-Limited Limited	Connected	58,521,764	181,557,213
		Connected	123,035,449	
Matthew G. Clarke	Matthew Clarke Matthew Clarke/ Scoops Un-Limited Limited	Self	59,555,425	182,590,874
		Connected	123,035,449	
Christopher Clarke	Christopher Clarke Christopher Clarke/ Kamoy Clarke Christopher Clarke/ Scoops Un-Limited Limited	Self	30,133,399	158,168,848
		Connected	5,000,000	
		Connected	123,035,449	
Mark A McKenzie	Mark A McKenzie	Self	1,487,558	1,487,558
Wayne Wray	Wayne Wray/Christine Randle Wayne Wray Wayne Wray/Craig Singh	Connected	1,043,249	1,250,084
		Self	200,000	
		Connected	6,835	
Michael Vacciana	Michael Vacciana	Self	0	0

SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT AUGUST 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 Karen Williams/Vyris Williams	Connected	25,855	80,855
		Connected	55,000	
Dean Alvery Clarke	Dean Alvery Clarke Dean Alvery Clarke	Self	200,000	200,100
		Self	100	