



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

*For the Nine Months ended
November 30, 2021*



Caribbean Cream Ltd.

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2021

The Board of Directors at Caribbean Cream Limited (CCL), presents the unaudited financial results for the nine months ended November 30, 2021.

3rd quarter November 2021 P&L snapshot

	9 months ended November 30				3 months ended November 30			
	Nov-21 \$'000	Nov-20 \$'000	Change \$'000	% Change	Nov-21 \$'000	Nov-20 \$'000	Change \$'000	% Change
Revenue	1,535,202	1,332,225	202,976	15%	500,509	440,829	59,680	14%
Cost of oper revenue	1,049,428	879,639	169,787	19%	375,669	297,914	77,754	26%
Gross Profit	485,775	452,586	33,189	7%	124,840	142,915	(18,075)	-13%
Profit before taxation	41,454	97,207	(55,753)	-57%	(28,746)	12,580	(41,325)	-329%
Earnings per stock unit	\$0.10	\$0.22			-\$0.07	\$0.03		

Financial overview

The company's net profit before tax for the 9 months declined to \$41.5 million due to increased cost of revenue. At the beginning of the quarter the company faced unforeseen challenges in production, resulting in the plants' efficiency and capacity being impacted negatively. Since then, changes have been made in procedures, equipment, and personnel to rectify the problem.

As a result of the above, the cost of operating revenue for the nine months was \$1.05 billion, an increase over last year of \$170 million or 19%. Quarterly costs totalled \$376 million, an increase of \$78 million or 26% over the same period last year. Additionally, logistic costs, raw material and imported novelties prices also increased.

Revenue for the nine months was \$1.5 billion, an increase of \$203 million or 15% over the same period last year. Our recently opened Ocho Rios depot has contributed 8% to overall sales. For the quarter, total revenue was \$500 million, an increase of \$60 million or 14% above last year, in part because of the contribution of the Ocho Rios depot.

Gross profit for the nine months was \$486 million, an increase of \$33 million or 7%. For the quarter, we earned \$125 million, a reduction of \$18 million or 13%.

Administrative expense at \$378 million for the nine months was an increase of \$78m or 26%. The increases were primarily as a result of, 1) Staff and related expenses for transportation during lockdowns, 2) increased electricity cost due to higher throughput; 3) and extensive cleaning and sanitization due to covid. The quarter's expenses totalled \$129 million, \$17 million or 15% above last year.

Total assets less current liabilities were \$1,512 million, an increase of \$451 million or 43% above last year. The main contributors to this increase are (1) Property, plant and equipment totalling marginally above \$1 billion, an increase of \$216 million, as the company continues to upgrade its production facility and (2) Inventory which totals \$244 million, an increase of \$90 million or 58% over last year, as we prepare for the December season. Noncurrent liabilities were \$668 million, an increase of \$425 million over last year, this is mainly attributable to additional loans acquired for the funding of major capital investments.

General overview and outlook

While quarters one and two were very good sales and profit periods, the third quarter presented us with equipment and infrastructure challenges which we have addressed as we begin the final quarter. Our management and staff continue to work through the various challenges of the pandemic to keep our customers satisfied.

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 the ongoing challenging period for our country.



Christopher Clarke

Chairman



Carol Clarke Webster

Director

Caribbean Cream Ltd.
UNAUDITED STATEMENT of FINANCIAL POSITION
November 30, 2021

	Unaudited Nov-21 \$	Unaudited Nov-20 \$	Audited Feb-21 \$
NON-CURRENT ASSET			
Property, plant and equipment	1,011,765,595	795,161,276	825,483,694
Right of Use Asset	87,551,291	78,162,648	93,044,425
	<u>1,099,316,886</u>	<u>873,323,924</u>	<u>918,528,119</u>
CURRENT ASSETS			
Cash and cash equivalents	226,613,077	67,832,274	217,283,548
Trade and other receivables	82,067,307	101,980,245	93,514,369
Inventories	244,157,442	154,459,512	162,352,192
Total current assets	<u>552,837,826</u>	<u>324,272,032</u>	<u>473,150,109</u>
CURRENT LIABILITIES			
Trade and other payables	113,062,646	122,073,722	214,491,486
Taxation payable	15,645,590	6,818,616	10,734,482
Current portion of lease liability	7,613,701	3,976,325	17,456,686
Current portion of long-term loans	3,488,889	3,435,217	6,977,778
Total current liabilities	<u>139,810,825</u>	<u>136,303,881</u>	<u>249,660,432</u>
Net current assets	<u>413,027,000</u>	<u>187,968,150</u>	<u>223,489,677</u>
Total assets less current liabilities	<u>1,512,343,887</u>	<u>1,061,292,074</u>	<u>1,142,017,796</u>
NON-CURRENT LIABILITIES			
Long term loans	560,473,695	149,972,207	206,927,474
Lease liability	93,361,210	79,622,207	86,580,789
Deferred tax liability	14,576,941	13,389,525	14,576,941
Total non-current liabilities	<u>668,411,846</u>	<u>242,983,939</u>	<u>308,085,204</u>
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	732,520,751	706,896,845	722,521,302
Total equity	<u>843,932,041</u>	<u>818,308,135</u>	<u>833,932,592</u>
Total non-current liabilities and equity	<u>1,512,343,887</u>	<u>1,061,292,074</u>	<u>1,142,017,796</u>

C. Clarke

Christopher Clarke

Chairman

Carol Clarke Webster

Carol Clarke Webster

Director

Caribbean Cream Ltd.
UNAUDITED INCOME STATEMENT
Nine months ended November 30, 2021

	Unaudited 9 months ended Nov-21 \$	Unaudited 9 months ended Nov-20 \$	Unaudited 3 months ended Nov-21 \$	Unaudited 3 months ended Nov-20 \$	Audited year ended Feb-21 \$
Gross operating revenue	1,535,202,162	1,332,224,735	500,508,909	440,829,114	1,870,188,069
Cost of operating revenue	(1,049,427,591)	(879,639,095)	(375,668,673)	(297,913,731)	(1,245,049,430)
Gross Profit	485,774,571	452,585,641	124,840,236	142,915,383	625,138,639
<i>Administrative, selling & distribution expenses:</i>					
Administrative	(378,064,662)	(300,007,982)	(129,050,618)	(111,737,617)	(427,856,374)
Selling and distribution	(46,937,548)	(43,346,849)	(16,457,372)	(15,235,557)	(60,656,587)
Operating profit before finance costs	60,772,361	109,230,810	(20,667,754)	15,942,209	138,429,829
Finance income - interest	572,402	1,076,147	70,323	396,701	1,333,200
Finance costs, net	(19,890,961)	(13,099,928)	(8,148,176)	(3,759,258)	(21,262,694)
Profit before taxation	41,453,801	97,207,029	(28,745,607)	12,579,651	118,500,335
Taxation	(5,181,725)	(12,150,879)	3,593,201	(1,572,456)	(17,819,728)
Profit, being total comprehensive income for the year	36,272,076	85,056,150	(25,152,406)	11,007,195	100,680,607
Earnings per stock unit	\$0.10	\$0.22	-\$0.07	\$0.03	\$0.27

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CHANGES in EQUITY
Nine months ended November 30, 2021

	Share Capital	Retained earnings	Total
	\$	\$	\$
Balances as at Febuary 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
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		36,272,076	36,272,076
Transactions with owners:			
Dividend distribution		(26,272,627)	(26,272,627)
Balances as at November 30, 2021	111,411,290	732,520,751	843,932,041

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CASH FLOW
Nine months ended November 30, 2021

	Unaudited 9 months ended Nov-21 \$	Unaudited 9 months ended Nov-20 \$	Audited year ended Feb-21 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	36,272,076	85,056,150	100,680,607
Adjustments for:			
Depreciation	76,483,736	70,511,047	95,027,055
Depreciation - right of use	18,536,259	17,273,229	21,645,433
Lease interest expense	5,912,714	4,715,050	9,481,508
Interest expense	10,421,504	8,394,308	11,951,987
Interest income	(572,402)	(1,076,147)	(1,333,200)
Taxation	5,181,725	12,150,879	17,819,728
Operating profit before changes in working capital	152,235,612	197,024,517	255,273,119
Trade and other receivables	11,384,935	(43,773,846)	(35,284,591)
Inventories	(81,805,250)	(36,684,828)	(44,577,507)
Trade and other payables	(101,428,840)	(63,447,791)	29,144,974
Taxation paid	(135,309)	(4,377,641)	(5,118,209)
Interest paid	(10,421,504)	(8,394,308)	(11,951,987)
Interest received	634,528	1,080,829	1,314,503
Net cash provided/(used) by operating activities	(29,535,827)	41,426,932	188,800,302
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(262,765,637)	(92,528,418)	(147,366,845)
Net cash used by investing activities	(262,765,637)	(92,528,418)	(147,366,845)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	357,035,110	45,000,000	258,905,252
Repayment of bank loans	(6,977,778)	(24,006,734)	(177,414,158)
Payment of lease liabilities, net	(22,153,713)	(20,277,846)	(23,859,342)
Dividend distribution	(26,272,627)	(10,978,476)	(10,978,476)
Net cash used by financing activities	301,630,992	(10,263,055)	46,653,276
Net increase/(decrease) in cash and cash equivalents	9,329,528	(61,364,541)	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	226,613,077	67,832,274	217,283,548
Comprised of:			
Cash and bank balances	124,217,258	15,699,621	164,309,075
Fixed deposits	102,395,819	52,132,653	52,974,473
	226,613,077	67,832,274	217,283,548

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements Nine months ended November 30, 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 Nine months ended November 30, 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 Nine months ended November 30, 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
Nine months ended November 30, 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 NOVEMBER 30, 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
Jl Limited	5,000,000	1.3208
Sagikor 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 NOVEMBER 30, 2021

Board Member	Primary Holder Joint Holder	Relationship	No. of Stock Units	Total
Carol 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 NOVEMBER 30, 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	