



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

*For the Nine Months ended
November 30, 2022*



CARIBBEAN CREAM LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2022

BOARD OF DIRECTORS REPORT TO SHAREHOLDERS for the nine months ended November 30, 2022.

Gross Operating Revenue (GOR) for the nine months was \$1.8 billion compared to \$1.5 billion last year, an increase of \$297.5 million or 19%. For the quarter, revenue was \$575.6 million versus \$500.5million last year, an increase of \$75.1million or 15%.


Cost of operating revenue for the nine months was \$1.3 billion, an increase over last year of \$258 million or 25%. The quarter was \$404 million, an increase of \$28 million or 8% over the same period. Increase is driven by continued higher raw material prices, electricity rate increases and repairs and maintenance.

Operating expenses for the nine months was \$514 million, an increase of \$69 million or 15% above last year. The quarter was \$169 million, an increase of \$15m or 10% above last year. The increase was due to higher cost of utilities, security, repairs and maintenance, and loan finance.

Net Profit before tax for the 9 months was \$12.5 million, a decrease of \$29 million compared to the same period last year, due to the above-mentioned factors. For the quarter, we realized a profit of \$2.4 million vs. a loss of \$25.4 million in the prior year.

Nevertheless, the financial position of the company remains strong as total assets less current liabilities were \$1,827 million an increase of \$315 million or 21% when compared to last year's \$1,512 million. The company continues to invest in its capital base with work on our CHP plant and the much larger cold room and blast freezers, as well as strengthening our infra-structure.

The Board and Executive of Caribbean Cream 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.



Christopher Clarke **Chairman**



Carol Clarke Webster **Director**

CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of FINANCIAL POSITION November 30, 2022

	UNAUDITED Nov-22 \$	UNAUDITED Nov-21 \$	AUDITED Feb-22 \$
NON-CURRENT ASSET			
Property, plant and equipment	1,410,875,590	1,011,765,595	1,109,887,812
Right of Use Asset	70,405,898	87,551,291	88,374,039
	<u>1,481,281,488</u>	<u>1,099,316,886</u>	<u>1,198,261,851</u>
CURRENT ASSETS			
Cash and cash equivalents	172,669,249	226,613,077	145,701,431
Trade and other receivables	123,121,683	82,067,307	119,871,368
Taxation recoverable	2,520,101	-	-
Inventories	176,867,472	244,157,442	247,302,476
Total current assets	<u>475,178,504</u>	<u>552,837,826</u>	<u>512,875,275</u>
CURRENT LIABILITIES			
Trade and other payables	107,166,446	113,062,646	228,777,249
Taxation payable	-	15,645,590	11,107,491
Current portion of lease liability	3,023,940	7,613,701	21,370,820
Current portion of long-term loans	19,044,444	3,488,889	38,844,443
Total current liabilities	<u>129,234,830</u>	<u>139,810,825</u>	<u>300,100,003</u>
Net current assets	<u>345,943,674</u>	<u>413,027,000</u>	<u>212,775,272</u>
Total assets less current liabilities	<u>1,827,225,163</u>	<u>1,512,343,887</u>	<u>1,411,037,123</u>
NON-CURRENT LIABILITIES			
Long term loans	927,688,889	560,473,695	521,629,252
Lease liability	80,839,770	93,361,210	81,639,517
Deferred tax liability	9,261,201	14,576,941	9,261,201
Total non-current liabilities	<u>1,017,789,860</u>	<u>668,411,846</u>	<u>612,529,970</u>
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	698,024,013	732,520,751	687,095,863
Total equity	<u>809,435,303</u>	<u>843,932,041</u>	<u>798,507,153</u>
Total non-current liabilities and equity	<u>1,827,225,163</u>	<u>1,512,343,887</u>	<u>1,411,037,123</u>

C. Clarke

Christopher Clarke

Chairman

Carol Clarke Webster

Carol Clarke Webster

Director

CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of PROFIT or LOSS and OTHER COMPREHENSIVE INCOME

Nine months ended November 30, 2022

	UNAUDITED 9 months ended Nov-22 S	UNAUDITED 9 months ended Nov-21 S	UNAUDITED 3 months ended Nov-22 S	UNAUDITED 3 months ended Nov-21 S	AUDITED year ended Feb-22 S
Gross operating revenue	1,832,748,394	1,535,202,162	575,593,929	500,508,909	2,085,408,817
Cost of operating revenue	(1,307,720,687)	(1,049,427,591)	(404,088,625)	(375,668,673)	(1,492,519,798)
Gross Profit	<u>525,027,707</u>	<u>485,774,571</u>	<u>171,505,303</u>	<u>124,840,236</u>	<u>592,889,019</u>
Other income	928,000	-	58,400	-	-
	<u>525,955,707</u>	<u>485,774,571</u>	<u>171,563,703</u>	<u>124,840,236</u>	<u>592,889,019</u>
<i>Administrative, selling & distribution expenses:</i>					
Administrative	(423,725,990)	(378,064,662)	(138,083,549)	(129,050,618)	(511,860,405)
Selling and distribution	(50,906,061)	(46,937,548)	(19,057,932)	(16,457,372)	(61,038,108)
	<u>(474,632,051)</u>	<u>(425,002,210)</u>	<u>(157,141,480)</u>	<u>(145,507,990)</u>	<u>(572,898,513)</u>
Impairment on trade accounts receivable	-	-			(27,650)
Operating profit before finance costs	<u>51,323,656</u>	<u>60,772,361</u>	<u>14,422,223</u>	<u>(20,667,754)</u>	<u>19,962,856</u>
Finance income - interest	335,090	572,402	103,842	70,323	841,338
Finance costs, net	(39,169,432)	(19,890,961)	(11,758,841)	(8,148,176)	(34,493,809)
Profit before taxation	<u>12,489,314</u>	<u>41,453,801</u>	<u>2,767,224</u>	<u>(28,745,607)</u>	<u>(13,689,615)</u>
Taxation	(1,561,164)	(5,181,725)	(345,903)	3,593,201	4,536,804
Profit, being total comprehensive income for the year	<u>10,928,150</u>	<u>36,272,076</u>	<u>2,421,321</u>	<u>(25,152,406)</u>	<u>(9,152,811)</u>
Earnings/(Loss) per stock unit	<u>\$0.03</u>	<u>\$0.10</u>	<u>\$0.01</u>	<u>-\$0.07</u>	<u>-\$0.02</u>

CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of CHANGES in EQUITY **Nine months ended November 30, 2022**

	Share Capital	Retained earnings	Total
	\$	\$	\$
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
Balances as at February 28, 2022	111,411,290	687,095,863	798,507,153
Total Comprehensive income:			
Profit, being total comprehensive income for the year		10,928,150	10,928,150
Balances as at November 30, 2022	111,411,290	698,024,013	809,435,303

CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of CASH FLOW **Nine months ended November 30, 2022**

	UNAUDITED 9 months ended Nov-22 S	UNAUDITED 9 months ended Nov-21 S	AUDITED year ended Feb-22 S
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	10,928,150	36,272,076	(9,152,811)
Adjustments for:			
Depreciation	74,640,687	76,483,736	102,447,926
Depreciation - right of use	17,968,141	18,536,259	24,967,330
Lease interest expense	4,589,872	5,912,714	7,969,205
Interest expense	30,573,692	10,421,504	21,415,340
Deferred tax			
Interest income	(335,090)	(572,402)	(841,338)
Taxation	1,561,164	5,181,725	(4,536,804)
Write-off of property, plant and equipment	-	-	464,284
Operating profit before changes in working capital	139,926,615	152,235,612	142,733,132
Trade and other receivables	(3,250,315)	11,384,935	(26,419,125)
Inventories	70,435,004	(81,805,250)	(84,950,284)
Trade and other payables	(121,610,801)	(101,428,840)	14,285,763
Taxation paid	(15,188,757)	(135,309)	(405,927)
Interest paid	(30,573,692)	(10,421,504)	(21,415,340)
Interest received	335,090	634,528	903,464
Net cash provided/(used) by operating activities	40,073,144	(29,535,827)	24,731,683
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(375,628,465)	(262,765,637)	(387,316,328)
Proceeds from sale of fixed assets			
Net cash used by investing activities	(375,628,465)	(262,765,637)	(387,316,328)
CASHFLOWS FROM FINANCING ACTIVITIES			
Increase in share capital			
Proceeds from bank loans	406,059,638	357,035,110	357,035,110
Repayment of bank loans	(19,800,000)	(6,977,778)	(10,466,667)
Payment of lease liabilities, net	(23,736,499)	(22,153,713)	(29,293,287)
Dividend distribution	-	(26,272,627)	(26,272,628)
Net cash used by financing activities	362,523,139	301,630,992	291,002,528
Net increase/(decrease) in cash and cash equivalents	26,967,818	9,329,528	(71,582,117)
Cash and cash equivalents at beginning of year	145,701,431	217,283,548	217,283,548
CASH and CASH EQUIVALENTS at end of the year	172,669,249	226,613,077	145,701,432
Comprised of:			
Cash and bank balances	139,405,152	124,217,258	112,438,925
Fixed deposits	33,264,097	102,395,819	33,262,506
	172,669,249	226,613,077	145,701,431

CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements Nine months ended November 30, 2022

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 comply with the provisions of the Jamaican Companies Act. They are prepared on the historical cost basis and are presented in Jamaican dollars, which is the functional currency of the company. The accounting policies used are consistent with those used in the audited financial statements for the year ended 28 February 2022.

Significant accounting policies

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 and frozen novelties to Jamaican consumers, operating in a single segment, therefore no additional segment information is provided.

CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements Nine months ended November 30, 2022

Significant accounting policies cont'd

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. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

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.

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. After 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.

CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements Nine months ended November 30, 2022

Significant accounting policies cont'd

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

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%.

CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements Nine months ended November 30, 2022

Significant accounting policies cont'd

Leases

At inception of a contract, the company assesses whether a contract is a lease. It is a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS16.

For short-term leases and leases of low-value assets, the company has elected not to recognise right-of-use assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less and lease of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Dividend and distribution

Dividends on ordinary shares and capital distributions are recognised in equity in the period in which they are approved. Interim dividends payable to shareholders are approved by the directors while final dividends have to be approved by the equity shareholders at the Annual General Meeting.

CARIBBEAN CREAM LIMITED

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT NOVEMBER 30, 2022

Ten Largest Shareholders	No. of Stock Units	% Holding
Scoops Un-Limited Limited	123,035,449	32.50
Matthew Clarke	59,555,425	15.73
Carol Marie Clarke-Webster/Christopher Andrew Clarke	58,521,764	15.46
Christopher A. Clarke	35,133,399	9.28
Resource In Motion Limited	32,479,583	8.58
Everton J. Smith	10,000,000	2.64
JI Limited	5,000,000	1.32
Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	3,121,508	0.82
QWI Investments Limited	3,100,000	0.82
Everton A. Smith	2,500,000	0.66

CARIBBEAN CREAM LIMITED

SHAREHOLDINGS OF DIRECTORS, OFFICERS, AND CONNECTED PARTIES AS AT NOVEMBER 30, 2022

Board Member	Primary Holder Joint Holder	Relationship	No. of Stock Units	Total
Carol Webster	Carol Webster/ Christopher A. 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 A. Clarke	Christopher A. Clarke	Self	30,133,399	158,168,848
	Christopher A. Clarke/ Kamoy Clarke	Connected	5,000,000	
	Christopher A. 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	
Michael Vacciana	Michael Vacciana	Self	0	0

SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT NOVEMBER 30, 2022

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	