



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

*For the Three Months ended
May 31, 2023*





CARIBBEAN CREAM LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MAY 31, 2023

BOARD OF DIRECTORS REPORT TO SHAREHOLDERS for the 1st quarter ended May 31, 2023.

The quarter's Gross Operating Revenue (GOR) was \$604m compared to \$612m last year, a decrease of \$8m or 1%. The company's sales performance was impacted by a reduction in our production capacity due to an island-wide shortage of ammonia, which is used as a refrigerant for our equipment. This adversely affected our ability to meet our customers' demand for our products. The situation has since been alleviated and we are back to optimal production capacity.

The cost of sales for the quarter was \$418m, compared to last year of \$447m, a decrease of \$29m or 7%. The main driver for the lower cost was reduced electricity usage due to the above-mentioned ammonia challenges. Gross profit realised was \$187m, an increase of \$21m or 13% over last year.

Operating expenses for the quarter increased by \$16m or 9.6% due to increased employee, security, and finance costs. Administrative costs increased by \$11m or 8% over last year, due to the company adding staff with specialised technical skills. The security cost went up due to recent legislative changes and increase in the National Minimum Wage. Strategies to contain these expenses are currently being undertaken. Finance costs increased by \$6m above the last quarter due to additional financing acquired for our CAPEX.

As a result of the above, the company achieved a net profit before tax of \$7.7m versus the previous year of \$1.5m.

The company's financial position shows its ability to meet its short-term obligations and long-term debts when they become due. The company remains strong as total assets less current liabilities were \$2.1b, an increase of \$504m or 32% compared to last year's \$1.5b.

Caribbean Cream Ltd. is deeply grateful to all our stakeholders who continue to be integral to the company's growth. Our employees, customers, suppliers, shareholders, and well-wishers have been an immense support, and we are incredibly thankful to you as we work to 'serve you' even better.

Christopher Clarke

Chairman

Carol Clarke Webster

Director



CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of FINANCIAL POSITION **May 31, 2023**

	UNAUDITED May-23 s	UNAUDITED May-22 s	AUDITED Feb-23 s
NON-CURRENT ASSET			
Property, plant and equipment	1,647,744,752	1,250,816,547	1,550,444,782
Right of Use Asset	62,064,912	82,638,813	68,310,532
	1,709,809,664	1,333,455,359	1,618,755,314
CURRENT ASSETS			
Cash and cash equivalents	259,969,842	99,489,463	66,797,477
Trade and other receivables	91,353,013	92,958,597	156,675,280
Due from related parties	16,508,219	47,186,082	19,294,164
Taxation recoverable	11,035,417	-	11,097,364
Inventories	214,741,215	203,439,217	281,653,789
Total current assets	593,607,706	443,073,358	535,518,074
CURRENT LIABILITIES			
Trade and other payables	177,271,013	163,059,999	282,909,974
Taxation payable	-	73,663	-
Short term loans	4,522,844	3,624,988	11,188,514
Current portion of long-term loans	54,799,999	35,355,555	67,622,221
Current portion of lease liability	3,023,940	14,368,563	27,702,052
Total current liabilities	239,617,795	216,482,768	389,422,761
Net current assets	353,989,911	226,590,589	146,095,313
Total assets less current liabilities	2,063,799,576	1,560,045,949	1,764,850,627
NON-CURRENT LIABILITIES			
Long term loans	1,140,477,389	667,688,889	866,288,889
Lease liability	72,186,684	83,263,519	54,122,971
Deferred tax liability	18,821,558	9,261,201	18,821,558
Total non-current liabilities	1,231,485,631	760,213,609	939,233,418
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	720,902,654	688,421,050	714,205,919
Total equity	832,313,944	799,832,340	825,617,209
Total non-current liabilities and equity	2,063,799,576	1,560,045,949	1,764,850,627

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 Three months ended May 31, 2023

	UNAUDITED 3 months ended May-23 \$	UNAUDITED 3 months ended May-22 \$	AUDITED year ended Feb-23 \$
Gross operating revenue	603,990,674	611,751,422	2,506,260,289
Cost of sales	(418,166,311)	(447,357,547)	(1,731,614,996)
Gross Profit	<u>185,824,363</u>	<u>164,393,875</u>	<u>774,645,293</u>
GP margin	31%	27%	31%
Other income	1,178,000	803,600	986,400
	<u>187,002,363</u>	<u>165,197,475</u>	<u>775,631,693</u>
<i>Administrative, selling & distribution expenses:</i>			
Administrative	(147,822,921)	(136,844,067)	(597,525,816)
Selling and distribution	(13,803,360)	(14,937,507)	(71,786,738)
Operating profit before finance costs	<u>25,376,083</u>	<u>13,415,901</u>	<u>107,755,163</u>
Finance costs, net	(17,722,670)	(11,901,402)	(65,920,004)
Profit before taxation	7,653,413	1,514,499	41,835,159
Taxation	(956,677)	(189,312)	(14,725,103)
Profit, being total comprehensive income for the year	<u>6,696,736</u>	<u>1,325,187</u>	<u>27,110,056</u>
Earnings per stock unit	<u>\$0.02</u>	<u>\$0.00</u>	<u>\$0.07</u>



CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of CHANGES in EQUITY Three months ended May 31, 2023

	Share Capital	Retained earnings	Total
	\$	\$	\$
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		1,325,187	1,325,187
Balances as at May 31, 2022	111,411,290	688,421,050	799,832,340
Balances as at February 28, 2023	111,411,290	714,205,919	825,617,209
Total Comprehensive income:			
Profit, being total comprehensive income for the year		6,696,736	6,696,736
Balances as at May 31, 2023	111,411,290	720,902,655	832,313,945



CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of CASH FLOW **Three months ended May 31, 2023**

	UNAUDITED 3 months ended May-23 \$	UNAUDITED 3 months ended May-22 \$	AUDITED year ended Feb-23 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	6,696,736	1,325,187	41,835,159
Adjustments for:			
Depreciation	24,343,448	24,561,625	100,287,315
Amortization - right of use	6,245,620	5,735,226	25,151,550
Bad debt written off			1,391,424
Inventory written off	1,186,647	4,737,405	14,391,823
Impairment (allowance)/losses on financial assets			(1,436,024)
Interest income	(3,024)	(127,501)	(438,270)
Interest expense	17,311,319	9,284,053	50,085,273
Lease interest expense	1,374,091	1,624,002	6,496,665
Overdraft interest	2,226	12,098	842,200
Taxation	956,677	189,312	-
Loss on disposal of property, plant and equipment			570,000
Foreign exchange losses/(gain)	(1,251,003)	1,043,696	8,381,884
Operating profit before changes in working capital	<u>56,862,737</u>	<u>48,385,103</u>	<u>247,558,999</u>
Changes in operating assets and liabilities:			
Inventories	66,912,574	43,863,259	(48,743,136)
Receivables	65,322,267	(27,626,492)	(58,784,849)
Due from related parties	2,785,945	7,353,184	11,360,452
Trade and other payables	(105,638,960)	(62,092,263)	43,811,635
Taxation paid	-	(11,223,141)	(23,208,348)
Interest paid	(17,311,319)	(9,284,053)	(57,424,138)
Interest received	3,024	127,501	438,270
Net cash provided/(used) by operating activities	<u>68,936,268</u>	<u>(10,496,903)</u>	<u>115,008,885</u>
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(121,643,419)	(165,490,359)	(541,814,285)
Proceeds from disposal of property, plant and equipment			400,000
Net cash used by investing activities	<u>(121,643,419)</u>	<u>(165,490,359)</u>	<u>(541,414,285)</u>
CASHFLOWS FROM FINANCING ACTIVITIES			
Increase in share capital			
Proceeds from bank loans	274,188,500	146,059,638	406,059,638
Repayment of bank loans	(12,822,222)	(3,488,889)	(32,622,223)
Proceeds from short loans			20,000,000
Repayment of short term loans	(6,665,680)	(3,578,615)	(16,015,088)
Payment of lease liabilities, net	(7,591,352)	(7,002,256)	(24,755,977)
Net cash generated by financing activities	<u>247,109,246</u>	<u>131,989,878</u>	<u>352,666,350</u>
Net increase/(decrease) in cash and cash equivalents	194,402,095	(43,997,384)	(73,739,050)
Net effect of foreign currency translation on cash and cash e	(1,229,729)	(2,214,584)	(5,164,904)
Cash and cash equivalents at beginning of year	66,797,477	145,701,431	145,701,431
CASH and CASH EQUIVALENTS at end of the year	<u>259,969,842</u>	<u>99,489,463</u>	<u>66,797,477</u>
Comprised of:			
Cash and bank balances	226,685,147	66,404,996	33,512,782
Fixed deposits	33,284,695	33,084,467	33,284,695
	<u>259,969,842</u>	<u>99,489,463</u>	<u>66,797,477</u>



CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements Three months ended May 31, 2023

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 Jamaica 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 2023.

Significant accounting policies

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.



CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements Three months ended May 31, 2023

Significant accounting policies cont'd

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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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.

Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Trade and other payables

Trade and other payables are measured at amortized cost.

Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be determined.



CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements

Three months ended May 31, 2023

Significant accounting policies cont'd

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.

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.

Dividends

Dividends on ordinary shares and capital distributions are recognized in shareholders' equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors while shareholders approve final dividends at the Annual General Meeting. Dividends and capital distributions for the year that are declared after the reporting date are disclosed in the subsequent events note.

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.



CARIBBEAN CREAM LIMITED

Notes to the Unaudited Financial Statements Three months ended May 31, 2023

Significant accounting policies cont'd

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%.

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

Notes to the Unaudited Financial Statements Three months ended May 31, 2023

Significant accounting policies cont'd

Related party transactions

A party is related to the company, if -:

- 1) Directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parent, subsidiaries, and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company.
- 2) The party is an associate of the company.
- 3) The party is a joint venture in which the company is a venturer.
- 4) The party is a member of the key management personnel of the company or its parent.
- 5) The party is a close member of the family of any individual referred to in (i) or (iv).
- 6) The party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- 7) The party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.



CARIBBEAN CREAM LIMITED

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MAY 31, 2023

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 MAY 31, 2023

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 MAY 31, 2023

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	