



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

*For the Nine Months ended
November 30, 2023*





CARIBBEAN CREAM LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2023

BOARD OF DIRECTORS REPORT TO SHAREHOLDERS for the 3RD quarter ended November 30, 2023.

Revenue for the nine months ended November 30, 2023, was \$1.9 billion compared to \$1.8 billion in the corresponding period last year. The third quarter revenue was \$630 million versus last year of \$576 million, an increase of \$54 million or 9% above last year.

During this quarter the company completed a number of vital projects. Our ERP (Enterprise Resource Planning) system went live on November 1, 2023. The ERP system which has been implemented across the business will integrate and automate our financial, logistics and manufacturing, supply chain management, and sales and distribution. While the implementation of the new ERP system across the business led to delays in the reporting of the third quarter's report, the successful completion will result in increased operational efficiencies especially within our production area with the aim of increasing sales. A new Cold room was also commissioned in the quarter, which improved stock availability and positioned the company to achieve a key strategic objective of co-packing for third party ice-cream brands. In addition, a new Boiler was installed which will further increase our capacity to produce ice cream base mix.

The cost of sales for the nine months was \$1.2 billion down from the previous year of \$1.3 billion, a reduction of \$54 million or 4%. The quarter's result was \$394 million versus \$404 million, a reduction of \$10 million or 3%. The reduction in cost was as a result of continued savings from lower usage of electricity and reduction of labour hours in the production process.

Gross profit, increased over last year's corresponding period by \$102 million or 19% for the 9 months. The quarter's result was \$236 million versus last year of \$171 million an increase of \$65 million or 38% over the corresponding period of the previous year.

Administrative and other operating expenses for the nine months were \$584 million versus last year's \$513 million an increase of \$70 million or 14%. For the quarter under review, expenses totalled \$203 million versus last year's \$169 million, an increase of \$35 million or 21%. The increases are driven by higher costs related to salaries, security, and bank borrowings associated with the funding of our capital expenditure plan.

The company continues to invest and upgrade its property plant and equipment (PPE) with the objective of improving efficiency and profitability. The PPE has grown by \$323 million or 23% over the corresponding period last year.

Notwithstanding, for the nine months ending November 30, 2023, the company achieved higher profits before taxation of \$47 million versus last year's \$12 million; an improvement of \$34 million over the corresponding period.

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

Carol Clarke Webster

Director

Wayne Wray

Director



CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of FINANCIAL POSITION **November 30, 2023**

	UNAUDITED Nov-23 \$	UNAUDITED Nov-22 \$	AUDITED Feb-23 \$
NON-CURRENT ASSET			
Property, plant and equipment	1,733,634,840	1,410,875,590	1,550,444,782
Right of Use Asset	49,791,058	70,405,898	68,310,532
	<u>1,783,425,898</u>	<u>1,481,281,488</u>	<u>1,618,755,314</u>
CURRENT ASSETS			
Cash and cash equivalents	66,975,801	172,669,249	66,797,477
Trade and other receivables	137,465,569	99,127,981	156,675,280
Due from related parties	38,554,837	23,993,701	19,294,164
Taxation recoverable	1,349,705	2,520,101	11,097,364
Inventories	260,529,055	176,867,472	281,653,789
Total current assets	<u>504,874,967</u>	<u>475,178,504</u>	<u>535,518,074</u>
CURRENT LIABILITIES			
Trade and other payables	130,577,007	89,451,924	282,909,974
Short term loans	31,692,341	17,714,522	11,188,514
Current portion of long-term loans	26,537,499	19,044,444	67,622,221
Current portion of lease liability	2,901,916	3,023,940	27,702,052
Total current liabilities	<u>191,708,762</u>	<u>129,234,830</u>	<u>389,422,761</u>
Net current assets	<u>313,166,205</u>	<u>345,943,674</u>	<u>146,095,313</u>
Total assets less current liabilities	<u>2,096,592,103</u>	<u>1,827,225,163</u>	<u>1,764,850,627</u>
NON-CURRENT LIABILITIES			
Long term loans	1,158,646,833	927,688,889	866,288,889
Lease liability	57,580,022	80,839,770	54,122,971
Deferred tax liability	18,821,558	9,261,201	18,821,558
Total non-current liabilities	<u>1,235,048,413</u>	<u>1,017,789,860</u>	<u>939,233,418</u>
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	750,132,400	698,024,013	714,205,919
Total equity	<u>861,543,690</u>	<u>809,435,303</u>	<u>825,617,209</u>
Total non-current liabilities and equity	<u>2,096,592,103</u>	<u>1,827,225,163</u>	<u>1,764,850,627</u>



CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of PROFIT or LOSS and OTHER COMPREHENSIVE INCOME Nine Months ended November 30, 2023

	UNAUDITED 9 months ended Nov-23 \$	UNAUDITED 9 months ended Nov-22 \$	UNAUDITED 3 months ended Nov-23 \$	UNAUDITED 3 months ended Nov-22 \$	AUDITED year ended Feb-23 \$
Gross operating revenue	1,880,286,327	1,832,748,394	630,038,247	575,593,929	2,506,260,289
Cost of sales	(1,253,436,800)	(1,307,720,687)	(393,611,569)	(404,088,625)	(1,731,614,996)
Gross Profit	<u>626,849,527</u>	<u>525,027,707</u>	<u>236,426,678</u>	<u>171,505,303</u>	<u>774,645,293</u>
Other income	3,751,600	928,000	1,185,000	58,400	986,400
	<u>630,601,127</u>	<u>525,955,707</u>	<u>237,611,678</u>	<u>171,563,703</u>	<u>775,631,693</u>
<i>Administrative, selling & distribution expenses:</i>					
Administrative	(467,823,421)	(423,725,990)	(162,256,884)	(138,083,549)	(597,525,816)
Selling and distribution	(49,090,214)	(50,906,061)	(16,150,157)	(19,057,932)	(71,786,738)
	<u>(516,913,635)</u>	<u>(474,632,051)</u>	<u>(178,407,041)</u>	<u>(157,141,480)</u>	<u>(669,312,554)</u>
Operating profit before finance costs	113,687,491	51,323,656	59,204,637	14,422,223	107,755,163
Finance costs, net	(67,061,085)	(38,834,342)	(25,044,526)	(11,654,999)	(65,920,004)
Profit before taxation	46,626,407	12,489,314	34,160,111	2,767,224	41,835,159
Taxation	(10,699,925)	(1,561,164)	(8,540,028)	(345,903)	(14,725,103)
Total Comprehensive Income	<u>35,926,482</u>	<u>10,928,150</u>	<u>25,620,084</u>	<u>2,421,321</u>	<u>27,110,056</u>



CARIBBEAN CREAM LIMITED

UNAUDITED STATEMENT of CHANGES in EQUITY **Nine Months ended November 30, 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		10,928,150	10,928,150
Balances as at November 30, 2022	111,411,290	698,024,013	809,435,303
Balances as at February 28, 2023	111,411,290	714,205,919	825,617,208
Total Comprehensive income:			
Profit, being total comprehensive income for the year		35,926,482	35,926,482
Balances as at November 30, 2023	111,411,290	750,132,400	861,543,690



CARIBBEAN CREAM LIMITED
UNAUDITED STATEMENT OF CASH FLOW
Nine Months ended November 30, 2023

	UNAUDITED 9 months ended Nov-23 \$	UNAUDITED 9 months ended Nov-22 \$	AUDITED year ended Feb-23 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	35,926,482	10,928,150	41,835,159
Adjustments for:			
Depreciation	74,198,003	74,640,687	100,287,315
Amortization - right of use	10,179,741	17,968,141	25,151,550
Bad debt written off	37,288		1,391,424
Inventory written off	6,415,745	10,563,891	14,391,823
Impairment (allowance)/losses on financial assets			(1,436,024)
Interest income	(231,159)	(335,090)	(438,270)
Interest expense	62,039,642	30,573,692	50,085,273
Lease interest expense	3,730,517	4,589,872	6,496,665
Overdraft interest	1,111,476		842,200
Taxation	10,699,925	1,561,164	-
Loss on disposal of property, plant and equipment			570,000
Foreign exchange losses/(gain)	(872,768)	3,548,785	8,381,884
Operating profit before changes in working capital	203,234,892	154,039,291	247,558,999
Changes in operating assets and liabilities:			
Inventories	21,124,734	59,871,113	(48,743,136)
Receivables	19,209,711	(6,825,956)	(58,784,849)
Due from related parties	(19,018,452)	3,575,641	11,360,452
Trade and other payables	(152,332,967)	(139,325,323)	43,811,635
Taxation paid	-	(15,188,757)	(23,208,348)
Interest paid	(62,039,642)	(30,573,692)	(57,424,138)
Interest received	231,159	335,090	438,270
Net cash provided/(used) by operating activities	10,409,434	25,907,407	115,008,885
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(257,388,060)	(375,628,465)	(541,814,285)
Proceeds from disposal of property, plant and equipment			400,000
Net cash used by investing activities	(257,388,060)	(375,628,465)	(541,414,285)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	295,288,500	406,059,638	406,059,638
Repayment of bank loans	(44,015,278)	(19,800,000)	(32,622,223)
Proceeds from short loans	35,788,751	20,000,000	20,000,000
Repayment of short term loans	(15,284,924)	(2,285,478)	(16,015,088)
Payment of lease liabilities, net	(25,250,645)	(23,736,499)	(24,755,977)
Net cash generated by financing activities	246,284,183	380,237,661	352,666,350
Net increase/(decrease) in cash and cash equivalents	(694,443)	30,516,603	(73,739,050)
Net effect of foreign currency translation on cash and cash equivalents	872,768	(3,548,785)	(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	66,975,801	172,669,249	66,797,477
Comprised of:			
Cash and bank balances	33,308,491	139,405,152	33,512,782
Fixed deposits	33,667,311	33,264,097	33,284,695
	66,975,801	172,669,249	66,797,477



CARIBBEAN CREAM LIMITED

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

Nine months ended November 30, 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 Nine months ended November 30, 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 Nine months ended November 30, 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

Nine months ended November 30, 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 NOVEMBER 30, 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
QWI Investments Limited	4,450,000	1.18
Sagikor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	3,121,508	0.82
Everton A. Smith	2,760,000	0.73



CARIBBEAN CREAM LIMITED

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