



CARIBBEAN FLAVOURS AND FRAGRANCES LTD.

226 Spanish Town Road Kingston 11, Jamaica, W.I., Tel.: (876) 923-5111, (876) 923-8777 / Fax: (876) 923-4323
Email: ajames@cffjamaica.com , Website: www.caribbeanflavoursjm.com

"Tease the Senses"

Highlights of Q3 2023

| | Current Quarter | | | Year to Date | | |
|---------------------|---------------------------------|---------------------------------|----------|---------------------------------|---------------------------------|----------|
| | September 30, 2023 \$'000 | September 30, 2022 \$'000 | % Change | September 30, 2023 \$'000 | September 30, 2022 \$'000 | % Change |
| Revenue | 236,189 | 202,084 | 16.88% | 668,268 | 561,936 | 18.92% |
| Gross Profit | 86,154 | 57,586 | 49.61% | 230,003 | 173,376 | 32.66% |
| Gross Profit Margin | 36.48% | 28.50% | 7.98% | 34.42% | 30.85% | 3.57% |
| Net Profit | 31,822 | 14,804 | 114.96% | 92,534 | 59,555 | 55.38% |
| Earnings Per Share | \$0.04 | \$0.02 | 100.00% | \$0.10 | \$0.07 | 42.86% |

Performance Review of Q3 2023

We are pleased to present the performance of Caribbean Flavours and Fragrances Limited (CFF) to shareholders for the third quarter ending September 30, 2023. A quarter in which revenue increased by 16.88% to \$236.189 million which represents the highest grossing quarter to date. This substantial improvement arose from increased orders in our flavours segment with special orders being the key growth segments during the quarter. Our expanded product range for bakeries was our key highlight of the third quarter as we gained new customers both locally and internationally who have requested products to integrate into their product lines.

Gross profit grew 49.61% to \$86.154 million with the gross profit margin rising from 28.50% in the corresponding period in 2022 to 36.48%. The stabilization in commodity prices along with efficiency strategies were the driving factors to this significant margin improvement. When combined with efficient production practices, we retain more of our earnings before operational costs.

Total expenses rose by 9.91% to \$49.385 million as the company spent more on advertising and promotion related to our expanded product range. We continue to experience higher utility and insurance costs with general insurance nearly doubling when compared to last financial year. Security costs also saw a significant increase during the period which was related to the recent increase in minimum wage and other factors.

The company is currently working to ensure that earnings grow at a faster pace than expenses outside of our control so that shareholders can see more income falling to the bottom line.

Net finance income was down to \$1.053 million since we did not record a fair value gain during the period, but earned more in interest income and had a lower foreign exchange loss during the period.

Profit before taxation increased by 125.08% to \$37.822 million while net profit ended the quarter up 114.96% to \$31.822 million. This was the final quarter where the company benefitted from the Junior Market tax remission.

Earnings per share jumped from \$0.02 to \$0.04.

Performance Review of 9 Months 2023

CFF's revenue reached new heights of \$668.268 million which is the best nine months performance in our history and exceeds the \$637.714 million earned in 2021. This is just \$103.961 million below our total 2022 financial year's outturn.

Our gross profit grew by 32.66% to \$230.003 million as cost of sales growth was much lower than last year which had greater supply chain disruptions. We have passed on these reduced costs to our customers who appreciate these savings. The gross profit margin improved to 34.42% which remains above the benchmark 30% which is critical for a manufacturing business.

Profit before taxation jumped 56.96% to \$106.034 million which is not only above the 2022 full year outturn of \$70.730 million but is the first time that the company has surpassed the \$100 million mark.

Net profit is up by 55.38% to \$92.534 million whilst Earnings per share grew from \$0.07 to \$0.10.

The financial year 2023 has been a year of new beginnings and a time for many celebrations as the company continues to exceed our desired milestones. As we close out 2023, we look forward to achieving our peak earnings and celebrate our tenth year on the Junior Market of the Jamaica Stock Exchange (JSE) which has positively benefited our numerous shareholders.

Balance Sheet

Total assets improved by 10.74% from \$765.509 million to \$847.759 million on a year over year basis. Current assets continue to represent the largest portion of our asset base at \$696.929 million with our cash and short-term investments showing a balance of 196.416 million.

Our inventory balance decreased by 12.05% to \$184.969 million but this level of inventory is considered to be sufficient raw materials on hand to meet growing business demands while containing any buffer for potential supply chain disruptions.

Our receivables and prepayments balance of \$135.574 million remains of the highest quality as most of our balances remains under 60 days with a small fraction past 90 days. Non-current assets closed the quarter at \$150.830 million.

Total liabilities increased by 5.54% to \$191.375 million with current liabilities growing by 29.17% to \$106.491 million as the payables and accruals balance moved up to \$88.868 million. The company has a long-term loan with three years to repayment, but the debt-to-equity ratio stands at 0.02 times. CFF's current ratio is 6.54 times which demonstrates sufficient capital to service its current liabilities.

Shareholders' equity increased by 12.32% to \$656.384 million from the higher accumulated surplus during the reporting period. CFF declared a dividend of \$0.05 which was paid on October 13 to shareholders on record as of October 5. This is a 100% increase over that paid during the 2022 financial year and represents our continued commitment to our shareholders through annual dividend payments.

Market Performance

| | September 30, 2023 | September 30, 2022 | December 30, 2022 |
|--|-----------------------|-----------------------|----------------------|
| CFF Stock Price | \$1.35 | \$1.75 | \$1.82 |
| Junior Market Index | 3,959.34 | 4,229.54 | 3,986.44 |
| JSE Manufacturing and Distribution Index | 100.70 | 99.47 | 97.42 |
| Market Capitalization | \$1.21 Billion | \$1.57 Billion | \$1.64 Billion |

The overall equities market has continued to observe lower market performance in 2023 which stems from reduced trading volumes and value during the period. This comes at a time when interest rates remain at 'high' levels which has seen capital move to less riskier assets such as fixed income. As a result, numerous securities have hit new 52-week lows and traded at levels not seen in five years with some stocks trading below their listing prices. One Great Studio Company Limited has been the only initial public offering (IPO) in 2023 with 138 Student Living Limited's additional public offering (APO) not hitting their desired targets.

CFF's stock price traded at an intraday low of \$1.03 on September 20, but closed the quarter at \$1.35 which is 26% lower than the \$1.82 at the start of the year. As a result, our market capitalization stood at \$1.21 Billion.

The Junior Market Index marginally declined while the Manufacturing & Distribution Index improved 3.37% in the first nine months of this financial year. It should be noted that of the 48 Junior Market companies, 31 were down year-to-date with a similar number of securities down on the Main Market.

Outlook and Risks

In collaboration with International Flavours and Fragrances, we hosted our 'Let's Talk Ingredients' seminar on September 20 in the Rio Bueno Room at Pegasus Hotel which also served as our launch point for our new ingredients portfolio. Our guest speaker Claude Smith, Baking Manager at the Jamaica Biscuit Company, praised our new portfolio and educated participants on the necessary equipment for success in baking. There was also virtual presentation by Food Designer Food Protection Specialist, and Principal Application Specialist from the IFF team on bakery capabilities and product protection. We have identified these key risks to our businesses and noted how we are currently addressing them below.

Currency Risk – This arises from the settlement of transactions in a currency other than the company's functional currency which is the Jamaica Dollar (JMD). Since the JMD depreciates

against major currencies such as the United States Dollar, Canadian Dollar and Great British Pound, this creates additional cost when the transaction is to be completed. The company continues to maintain an adequate balance of foreign exchange relative to our JMD bank holdings. By maintaining our current position plus exporting more to other markets, we've limited some of the risks that come with the depreciation of the local currency.

Supply Chain Risk – Supply chain disruptions arise from the delay or inability of inventory to be delivered to the company in our desired timelines. Supply chain disruptions have been less significant in 2023 with the company benefiting from lower prices as well. We have returned to lower levels of buffer inventory which has translated to reduced inventory levels when compared to 2022. The company works closely with its clients and suppliers to improve our own flavours and fragrances to ensure that it matches their desired objectives.

While raw material prices continue to fluctuate, CFF apply moderate price increases where relevant. We reversed our January price increase in May due to lower prices negotiated with a few of our key external partners. With these price reductions, our major customers remain grateful for our decision to pass on these savings and the ability for CFF to service their needs. We have been able to manufacture consistently due to our prudent inventory management.

Guyana remains a key market that CFF has been exploring based on the expected growth in commercial activity which will arise as the economy continues to expand. Our company is set to benefit from the expanded production capacity of our largest customers who have spent more than US\$70 million in re-tooling over the last two years to meet growing demand in Jamaica and the wider Caribbean. We're currently putting plans in place to build further traction in the Spanish-Speaking markets which represents a new dimension of growth once it is fully executed.

As our major local and international distribution partners move to distribute larger portfolios going forward, we are set to install a new automated filling system in the fourth quarter of 2023. We also continued to invest in the training of our staff to ensure we're ready to meet the projected growth which is set to come over the next three (3) to five (5) years.

We hosted our annual general meeting (AGM) on September 27 at the Terra Nova Hotel where we saw many more shareholders compared to the prior years. We reviewed our 2022 performance, served our shareholders and guests with some of our product offerings and discussed our plans to continue growing shareholder wealth.

We would like to congratulate Group Chief Financial Officer Ian Kelly on his award of Order of Distinction in the Rank of Commander for contribution to social and community service fostering national development on October 16. We also recognize CFF's Chairman Howard Mitchell who was inducted into the Private Sector Organisation of Jamaica's Hall of Fame on October 25 as the 29th inductee.

CFF's 10-year tax remission ended on October 14 which means that the company will be taxed at the statutory 25% rate going forward. However, CFF in 2023 is a very different Company from that which was listed in 2013 with the company hitting new milestones each year.

CFF is currently on track to achieve record revenues by the end of this year and surpass \$100 million in net profit for the first time when compared to the \$229.891 million revenue, \$50.388 profit before taxes recorded in October 2013 and Safe Quality Foods certification during this ten (10) years period. The continued growth in business is likely to see CFF surpass \$1 billion in

revenue and total assets by 2025 with the company likely to earn at least \$100 million in revenue per month.

CFF continues to remain in compliance with JSE rules, safety standards and other statutory requirements.

We continue to thank our employees for their commitment and dedication bearing in mind the challenges faced during this reporting period and to our shareholders, customers and other stakeholders for their support as we continue to expand our business and bring greater value to all parties. We've done well so far this year, and we are very optimistic for the remainder of 2023.

Howard Mitchell

Chairman

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS TO 30 SEPTEMBER 2023

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS TO 30 SEPTEMBER 2023

INDEX

| | <u>PAGE</u> |
|---|-------------|
| <u>UNAUDITED FINANCIAL STATEMENTS</u> | |
| Statement of Profit and Loss and Comprehensive Income | 1 |
| Statement of Financial Position | 2 |
| Statement of Changes in Equity | 3 |
| Statement of Cash Flows | 4 |
| Notes to the Financial Statements | 5-10 |

Caribbean Flavours and Fragrances Limited

Statement of Comprehensive Income

Nine months ended 30 September 2023

| | Unaudited 3 months ended 30 September 2023 \$ '000 | Unaudited 3 months ended 30 September 2022 \$ '000 | Unaudited 9 months ended 30 September 2023 \$ '000 | Unaudited 9 months ended 30 September 2022 \$ '000 | Audited 12 months ended 31 December 2022 \$ '000 |
|--------------------------------|---|---|---|---|---|
| REVENUE | 236,189 | 202,084 | 668,268 | 561,936 | 772,229 |
| Cost of sales | <u>(150,035)</u> | <u>(144,498)</u> | <u>(438,265)</u> | <u>(388,560)</u> | <u>(543,217)</u> |
| Gross profit | 86,154 | 57,586 | 230,003 | 173,376 | 229,012 |
| Selling and distribution costs | (1,902) | (1,233) | (3,990) | (3,343) | (9,133) |
| Administrative expenses | (47,483) | (43,699) | (132,258) | (107,747) | (153,644) |
| Net finance income | <u>1,053</u> | <u>4,150</u> | <u>12,279</u> | <u>5,269</u> | <u>6,185</u> |
| Profit before tax | 37,822 | 16,804 | 106,034 | 67,555 | 70,730 |
| Taxation | (6,000) | (2,000) | (13,500) | (8,000) | (9,032) |
| Net profit | 31,822 | 14,804 | 92,534 | 59,555 | 61,698 |
| Earnings per share | \$0.04 | \$0.02 | \$0.10 | \$0.07 | \$0.07 |

Caribbean Flavours and Fragrances Limited

Statement of Financial Position

As at 30 September 2023

| Note | Unaudited 30 September 2023 \$ '000 | Unaudited 30 September 2022 \$ '000 | Audited 31 December 2022 \$ '000 |
|------------------------------------|---|---|--|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and bank balances | 81,407 | 47,030 | 76,184 |
| Short term investments | 193,049 | 229,885 | 152,830 |
| Tax recoverable | 5,086 | 3,617 | 4,486 |
| Due from related party | 96,844 | 25,482 | 54,537 |
| Receivables and prepayments | 135,574 | 113,614 | 129,385 |
| Inventories | 184,969 | 210,310 | 179,360 |
| | <u>696,929</u> | <u>629,938</u> | <u>596,782</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 34,341 | 42,897 | 39,289 |
| Right of use assets | 69,749 | 76,793 | 74,638 |
| Investment | 45,000 | 15,000 | 45,000 |
| Deferred tax assets | 1,740 | 881 | 1,740 |
| | <u>150,830</u> | <u>135,571</u> | <u>160,667</u> |
| | <u>847,759</u> | <u>765,509</u> | <u>757,449</u> |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Payables and accruals | 88,868 | 75,357 | 87,995 |
| Taxation payable | 8,399 | 2,440 | 4,330 |
| Current portion of long term loan | 4,250 | - | 4,250 |
| Current portion of lease liability | 4,974 | 4,648 | 4,974 |
| | <u>106,491</u> | <u>82,445</u> | <u>101,549</u> |
| LONG TERM LIABILITIES | | | |
| Long term bank loan | 10,480 | 18,467 | 13,360 |
| Lease liability | 74,404 | 80,410 | 78,690 |
| | <u>84,884</u> | <u>98,877</u> | <u>92,050</u> |
| EQUITY | | | |
| Share capital | 56,200 | 56,200 | 56,200 |
| Retained earnings | 600,184 | 527,987 | 507,650 |
| | <u>656,384</u> | <u>584,187</u> | <u>563,850</u> |
| Total liabilities and equity | <u>847,759</u> | <u>765,509</u> | <u>757,449</u> |

Approved and signed on behalf of the Board by:


Anand James - Director


Ian Kelly - Director

Caribbean Flavours and Fragrances Limited

Statement of Changes in Equity

Nine months ended 30 September 2023

| | Unaudited 30 September 2023 | | Unaudited 30 September 2022 | | Audited 31 December 2022 | |
|--------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|-----------------------------|---------------------------------|
| | Share Capital \$ '000 | Retained Earnings \$ '000 | Share Capital \$ '000 | Retained Earnings \$ '000 | Share Capital \$ '000 | Retained Earnings \$ '000 |
| Balance at beginning of period | 56,200 | 507,650 | 56,200 | 468,432 | 56,200 | 468,432 |
| Issue of shares | | | | | - | |
| Net profit | | 92,534 | | 59,555 | - | 61,698 |
| Dividends paid | - | | - | | - | (22,480) |
| | <u>56,200</u> | <u>600,184</u> | <u>56,200</u> | <u>527,987</u> | <u>56,200</u> | <u>507,650</u> |

Caribbean Flavours and Fragrances Limited

Statement of Cash Flows

Nine months ended 30 September 2023

| | 9 months ended 30 September 2023 \$ '000 | 9 months ended 30 September 2022 \$ '000 |
|---|--|--|
| CASH RESOURCES WERE PROVIDED BY/(USED IN): | | |
| OPERATING ACTIVITIES | | |
| Profit after taxation | 92,534 | 59,555 |
| Adjustment for non-cash income and expenses | | |
| Depreciation | 9,347 | 8,328 |
| Lease interest expense | (4,290) | (3,244) |
| Amortization of right-of-use assets | 4,889 | 4,363 |
| Interest income | (9,700) | (6) |
| | <u>92,780</u> | <u>68,996</u> |
| Changes in operating assets and liabilities | | |
| Inventories | (5,609) | (24,878) |
| Receivables and prepayments | (6,189) | (9,451) |
| Due from related party | (42,307) | (5,482) |
| Payables and accruals | 873 | (5,963) |
| Tax recoverable | (600) | (3) |
| Taxation | 4,069 | (6,776) |
| | <u>(49,763)</u> | <u>(52,553)</u> |
| Net cash provided by operating activities | <u>43,017</u> | <u>16,443</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (4,399) | (6,543) |
| Purchase of short term investments | (40,219) | 31,908 |
| Interest received | 9,700 | 6 |
| Net cash (used in)/provided by investing activities | <u>(34,918)</u> | <u>25,371</u> |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Bank loan | (2,880) | (3,371) |
| Net cash used in financing activity | <u>(2,880)</u> | <u>(3,371)</u> |
| NET INCREASE IN NET CASH AND CASH EQUIVALENTS | 5,219 | 38,443 |
| Cash and cash equivalents at beginning of year | 76,184 | 8,587 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>81,403</u> | <u>47,030</u> |
| Represented by: | | |
| Cash on hand | 2,114 | 1,416 |
| Bank balances | 79,289 | 45,614 |
| | <u>81,403</u> | <u>47,030</u> |

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Nine months ended 30 September 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Caribbean Flavours and Fragrances Limited (“the Company”) is a company limited by shares, incorporated, and domiciled in Jamaica. Its registered office is located at 226 Spanish Town Road, Kingston 11. The principal activity of the company is the manufacture of and distribution of flavours mainly for the beverage, baking and confectionery industries. The company also sells food colouring and food ingredients as well as fragrances primarily for household and general cleaning and sanitation purposes.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements of Caribbean Flavours and Fragrances Limited have been prepared in accordance with and compliance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of certain financial assets. The same accounting policies and methods of computation are followed in the unaudited financial statements as were applied in the audited financial statements for the year ended December 31, 2022.

New Standards

IAS 1 (Amended)

Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012), amendments to revise the way other comprehensive income is presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below:

Critical Accounting Estimates and Judgements in Applying Accounting Policies

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Nine months ended 30 September 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and have been consistently applied for all the years presented.

IFRS 16, 'Leases' (effective for accounting periods beginning on or after 1 January 2019) IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead, all leases are treated in a similar way to finance leases in accordance with IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets US\$5,000 and short-term leases (i.e., leases with a lease term of 12 months or less).

Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Upon adoption of IFRS 16, the lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The adoption of IFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. Management has decided it will apply the modified retrospective adoption method, and therefore, the revised requirements are not reflected in the prior year financial statements.

Depreciable assets

Management exercises judgement in determining whether cost incurred can accrue significant future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and their expected utility to the Company resulting in the depreciation determined thereon.

Allowance for losses

In determining amounts recorded for provision for impairment of receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measureable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of likely future cash flows from impaired receivables as well as the time of such cash flows. Historical cost experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Nine months ended 30 September 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Comparative information

Comparative figures have been reclassified, where necessary, to conform to changes in presentation in the current year.

Valuation of property, plant and equipment

Management exercises judgement in determining whether cost incurred can accrue significant future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and their expected utility to the Company resulting in the depreciation determined thereon.

Depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at annual rates estimated to write-off the cost of fixed assets over their expected useful lives. The annual rates are as follows:

| | |
|---|------|
| Leasehold property & improvements | 10% |
| Plant and machinery, furniture & fixtures, office equipment | 10% |
| Computer equipment | 33⅓% |
| Motor vehicles | 25% |

The assets' residual values and useful lives are reviewed periodically for impairment. Where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

Repairs and maintenance expenditure are charged to statement of comprehensive income during the financial period in which they are incurred.

Revenue recognition

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

Foreign currency translation

Balances in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the exchange rate prevailing at the date of the transactions. Gains or losses on translation are dealt with in the statement of comprehensive income. Exchange rates are determined by the weighted average rate at which Commercial Banks trade in foreign currencies as published by the Central Bank.

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Nine months ended 30 September 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Trade receivables

Trade receivables are carried at anticipated realizable value. A provision is made for impairment of trade receivables when it is established that there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

4. SHARE CAPITAL

| | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| | \$'000 | \$'000 |
| <u>Authorised:</u> | | |
| 2,600,000,000 ordinary shares of no par value (2022: 2,600,000,000) | | |
| <u>Issued and fully paid:</u> | | |
| 899,200,330 | 56,200 | 56,200 |

On October 7, 2020, the Company held an Annual General Meeting which resulted in the following resolutions being approved:

(a) The authorized share capital of the Company was increased from 91,452,000 shares to 2,600,000,000 shares, by the creation of an additional 2,508,548,000 ordinary shares each ranking pari passu in all respects with the existing ordinary shares or stock units in the capital of the Company.

(b) The issued ordinary shares in the capital of the Company was subdivided into 10 ordinary shares with effect from the close of business on October 13, 2020 resulting in the total issued shares capital of the Company being increased from 89,920,033 ordinary shares of no par value to 899,200,330 ordinary shares of no par value.

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Nine months ended 30 September 2023

5. TAXATION

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on October 7, 2013. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years.

Years 1 to 5 (October 7, 2013 – October 6, 2018) – 100%

Years 6 to 10 (October 7, 2018 – October 6, 2023) – 50%

The Company's 50% remission of income taxes will expire 6 October 2023 and as a consequence the Company's taxable profit will be subject to the statutory 25% rate going forward.

6. EARNINGS PER STOCK UNIT

Earnings per stock unit are calculated by dividing the profit for the period by the weighted average number of shares issued for the period.

| | Quarter ended September 30, 2023 | Quarter ended September 30, 2022 | 9 Months ended September 30, 2023 | 9 Months ended September 30, 2022 | Year ended December 31, 2022 |
|--------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Net profit | 31,822 | 14,804 | 92,534 | 59,555 | 61,698 |
| Weighted average number of shares | 899,200,330 | 899,200,330 | 899,200,330 | 899,200,330 | 899,200,330 |
| Earnings Per share | \$0.04 | \$0.02 | \$0.10 | \$0.07 | \$0.07 |

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS, SENIOR OFFICERS AS AT SEPTEMBER 30, 2023

| # | Name of Shareholder | Volume | Percentage Ownership |
|--------------------|---|-------------|----------------------|
| 1 | DERRIMON TRADING COMPANY LIMITED | 584,653,270 | 65.0192% |
| 2 | DIGIPOINT LIMITED | 69,220,000 | 7.6980% |
| 3 | JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND | 49,173,709 | 5.4686% |
| 4 | IDEAL GLOBAL INVESTMENTS LIMITED | 30,968,610 | 3.4440% |
| 5 | NIGEL O. COKE | 23,438,138 | 2.6066% |
| 6 | IAN C. KELLY | 23,228,140 | 2.5832% |
| 7 | MAYBERRY MANAGED CLIENTS ACCOUNT | 12,051,925 | 1.3403% |
| 8 | TROPICAL BATTERY COMPANY LTD CONTRIBUTORY PENSION SCHEME | 10,190,987 | 1.1333% |
| 9 | MAYBERRY INVESTMENTS LTD PENSION SCHEME | 9,729,450 | 1.0820% |
| 10 | SAGICOR SELECT FUND LIMITED – ('CLASS C' SHARES) MANUFACTURING AND DISTRIBUTION | 7,212,860 | 0.8021% |
| Top 10 Holdings | | 819,867,089 | 91.1774% |
| Other Shareholders | | 79,333,241 | 8.8226% |
| Total | | 899,200,330 | 100% |

| Directors | Direct | Connected Parties | Total | Percentage |
|--------------------------------|------------|-------------------|-------------|------------|
| DERRICK COTTERELL ¹ | 0 | 584,653,270 | 584,653,270 | 65.0192% |
| ANAND JAMES | 0 | 0 | 0 | 0% |
| IAN C. KELLY ¹ | 23,228,140 | 0 | 23,228,140 | 2.5832% |
| HOWARD MITCHELL | 1,450,000 | 0 | 1,450,000 | 0.1613% |
| CLIVE C. NICHOLAS | 329,756 | 0 | 329,756 | 0.0367% |
| CARLTON E. SAMUELS | 250,000 | 0 | 250,000 | 0.0278% |
| WILFORD HEAVEN | 0 | 0 | 0 | 0% |
| TANIA WALDRON-GOODEN | 0 | 0 | 0 | 0% |

1. Executive Directors of Derrimon Trading Company Limited.

| Senior Manager | Shareholding | Percentage |
|---------------------|--------------|------------|
| JANICE LEE | 110,000 | 0.0122% |
| ANAND JAMES | 0 | 0% |
| RHONDE MCPHERSON | 0 | 0% |
| CHRISTOPHER CARLESS | 0 | 0% |
| RECHAL TURNER | 0 | 0% |