

Highlights of Q1 2025

	Current Quarter		
	March 31, 2025 \$'000	March 31, 2024 \$'000	Change
Revenue	226,444	187,559	20.73%
Gross Profit	96,465	65,118	48.14%
Gross Margin	42.60%	34.72%	7.88%
Profit before Tax	44,546	16,430	171.13%
Net Profit	35,546	12,430	185.97%
Earnings Per Share	\$0.04	\$0.01	300.00%

Performance Review of Q1 2025

The Board of Directors is pleased to report on the performance of Caribbean Flavours and Fragrances Limited (CFF) for the first quarter ending March 31, 2025. Our results reflect a 20.73% increase in revenue from \$187.559 million to \$226.444 million as the company executed on many of its strategies during the reported period. We have experienced growth from many of our focused areas including special orders and our new ingredient's portfolio. The growth in the overall portfolio is a function of continuous inroads made with several local and regional manufacturers as well as the introduction of new products to several customers.

Gross profit increased by 48.14% from \$65.118 million to \$96.465 million, which reflects the efforts of our team in better managing cost of sales and the associated costs in procuring these inputs. The company's gross profit margin for the quarter improved from 34.72% to 42.60%, a demonstration of our ability to effectively diversify our supply chain as well as effectively managing the supply and logistic chain process.

Total expenses rose by 12.58% from \$50.377 million to \$56.714 million due to increase operational cost in areas such as insurance, security and staff costs. Selling and distribution expenses declined by 48.15% from \$1.726 million to \$0.895 million due to effective management of expenses such as advertising and promotion costs.

Net finance income rose by 183.84% from \$1.689 million to \$4.794 million as the company generated higher interest income on its investment securities and benefited from a higher foreign exchange gain in the period.

Our profit before tax increased by 171.13% from \$16.430 million to \$44.456 million. Net profit grew by 185.97% from \$12.430 million to \$35.546 million with earnings per share moving from \$0.01 to \$0.04. A keen reminder to note is that CFF no longer benefits from a tax remission which fully expired in October 2023.

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Board of Directors: Howard Mitchell (Chairman), Derrick Cotterell, Wilford Heaven, Anand James, Ian Kelly (Secretary), Clive Nicholas, Carlton Samuels, Tania Waldron-Gooden (Mentor)

Balance Sheet

Total assets improved by 7.6871% to \$871.341 million on a year over year basis. Current assets continue to represent the largest portion of our asset base at \$711.433 million. Inventories decreased 4.68% to \$166.022 million while receivables decreased 19.67% to \$107.116 million. Our cash balance currently stands at \$35.772 million while our short-term investments stand at \$70.276 million. Non-current assets were \$159.908 million which was higher than that which was reported in Q1 2024.

Total liabilities increased by 0.90% to \$145.170 million. Current liabilities declined by 2.82% from \$62.670 million to \$60.900 million on a comparative year over year basis but declined by 51.67% from the year-end balance of \$126.004 million as the company's trade payables balance decreased during the period.

Shareholders' equity increased by 9.34% to \$726.171 million from the higher accumulated surplus during the reporting period.

Market Performance

	March 31, 2025	December 31, 2024	March 29, 2024
CFF Stock Price	\$1.21	\$1.37	\$1.59
Junior Market Index	3,673.94	3,735.05	3,876.03
JSE Manufacturing and Distribution Index	108.79	110.44	104.05
Market Capitalization	\$1.09 Billion	\$1.23 Billion	\$1.43 Billion

CFF's stock price decreased by 23.90% on a year over year comparison but was down 11.67% during Q1 2025 compared to the \$1.37 opening price. The Junior Market Index was down 5.21% on a year over year basis while the JSE Manufacturing and Distribution Index (M&D) was up 4.56%. The Junior Market Index decreased 1.64% in Q1 2025 while the JSE M&D Index was down 1.49% which indicates a broader decline in the relevant market segments. The Junior Market had 29 stocks declining relative to 17 advancing in Q1 2025. The company's market capitalisation stood at a solid \$1.09 Billion at the end of the quarter.

The JSE had different public market offers during Q1 2025 which included the initial public offering of Atlantic Hardware & Plumbing Company Limited, the offer sale by National Road Operating and Constructing Company Limited (NROCC) of its ordinary shares in TransJamaican Highway Limited and two public bond offerings. This was an encouraging sign for the public capital markets which have seen a slowdown in the number of offers observed when compared to previous years. The market also said goodbye to tTech Limited which delisted at the end of February as it went private.

Outlook and Risks

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 risk arises when there is a delay for goods to be received by the company in the expected timeline. CFF has been building a wider range of suppliers to mitigate some of the 2024 experiences which impacted the company's ability to provide certain products to the market. The company can maintain a certain amount of inventory on hand to limit some supply chain risk, but that creates its own risks of potential write-offs and tying up cash in inventory. CFF has had a better experience in managing its supply chain risks in the first quarter of 2025.

During the first quarter, there was a change in the administration of the United States of America (USA). The new administration has taken a very different approach on handling global trade which has been observed through trade tariffs on different trading partners. The USA's trade policy continues to evolve each month with different trading partners and trade blocs seeking new trade negotiations to minimize the impact of the new trade policies.

CFF has not experienced a sharp adjustment in prices from these tariffs with most of the company's customers based in the Caribbean. However, the company is monitoring the ongoing developments carefully to assess the most prudent policy forward to limit disruptions for the receipt of our inputs. This is critical since our suppliers might pass on price adjustments to account for the higher cost of business, a move which could compress our margins.

Over the last two years, CFF has been actively working to develop new products for existing and prospective clients. The company is currently working with manufacturers in Jamaica, Trinidad and St. Lucia on new products and has provided samples to see what formulation works best for each client. If these clients find our products to their preferences, the company should be able to sign on some of these clients during the second and third quarter which would bring the company closer to the \$1 billion revenue target.

We've also been actively working to explore new relationships in Guyana and Trinidad & Tobago while being mindful of the economic situations of both Caricom states. The company will be attending more trade shows and general meetings in the Eastern Caribbean to further entrench the CFF brand and quality to various manufacturers on that side of the region.

CFF should be having further prospect meetings later this quarter with one of our international partners on an expanded partnership which would take the company to new heights.

It should be noted that the minimum wage will increase from \$15,000 to \$16,000 on June 1. While this won't have a notable impact on staff costs, it will result in incremental increases in security costs and other services which are sensitive to minimum wage adjustments.

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 look forward to continuing our growth journey in 2025.

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS, SENIOR OFFICERS AS AT MARCH 31, 2025

#	Name of Shareholder	Volume	Percentage Ownership
1	DERRIMON TRADING COMPANY LIMITED	584,653,270	65.0192%
2	DIGIPOINT LIMITED	66,938,487	7.4442%
3	JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	64,046,919	7.1227%
4	IDEAL GLOBAL INVESTMENTS LIMITED	30,968,610	3.4440%
5	NIGEL O. COKE	23,556,079	2.6197%
6	IAN C. KELLY	23,228,140	2.5832%
7	TROPICAL BATTERY COMPANY LTD CONTRIBUTORY PENSION SCHEME	10,190,987	1.1333%
8	MAYBERRY INVESTMENTS LTD. PENSION SCHEME	9,461,662	1.0522%
9	SAGICOR SELECT FUND LIMITED – ('CLASS C' SHARES) MANUFACTURING AND DISTRIBUTION	7,212,860	0.8021%
10	KONRAD BERRY	6,820,588	0.7585%
Top 10 Holdings		827,077,602	91.9792%
Other Shareholders		72,122,728	8.0208%
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%



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CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE THREE MONTHS TO 31 MARCH 2025

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS TO 31 MARCH 2025

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Caribbean Flavours and Fragrances Limited

Statement of Comprehensive Income

Three months ended 31 March 2025

	Unaudited 3 months ended 31 March 2025 \$ '000	Unaudited 3 months ended 31 March 2024 \$ '000	Audited 12 months ended 31 December 2024 \$ '000
Revenue	226,444	187,559	884,681
Cost of sales	<u>(129,979)</u>	<u>(122,441)</u>	<u>(567,445)</u>
Gross profit	96,465	65,118	317,236
Other income	-	-	100
Expected credit loss assessment reversal on financial assets	-	-	1,451
Unrealised gain on investments valued at fair value through profit and loss	-	-	323
Selling and distribution costs	(895)	(1,726)	(14,855)
Administrative expenses	<u>(55,819)</u>	<u>(48,651)</u>	<u>(208,519)</u>
Operating profit	39,752	14,741	95,736
Net finance income	<u>4,794</u>	<u>1,689</u>	<u>13,642</u>
Profit before taxation	44,546	16,430	109,378
Taxation	<u>(9,000)</u>	<u>(4,000)</u>	<u>(25,502)</u>
Net profit	<u><u>35,546</u></u>	<u><u>12,430</u></u>	<u><u>83,876</u></u>
Earnings per share	\$0.04	\$0.01	\$0.09

Caribbean Flavours and Fragrances Limited

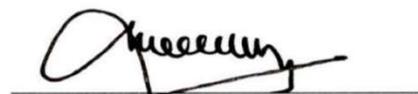
Statement of Financial Position

As at 31 March 2025

	Note	Unaudited 31 March 2025 \$ '000	Unaudited 31 March 2024 \$ '000	Audited 31 December 2024 \$ '000
ASSETS				
Non-Current Assets				
Property, plant and equipment		54,796	44,755	53,740
Rights-of-use asset		60,112	66,525	61,737
Investment securities		45,000	45,000	45,000
Deferred tax assets		-	343	-
		<u>159,908</u>	<u>156,623</u>	<u>160,477</u>
Current Assets				
Inventories		166,022	174,172	211,433
Receivables		107,116	133,341	128,948
Taxation recoverable		2,972	6,070	2,343
Due from related parties		329,275	229,529	299,085
Cash and cash equivalents		35,772	28,662	31,254
Short term investments		70,276	79,619	70,276
		<u>711,433</u>	<u>651,393</u>	<u>743,339</u>
TOTAL ASSETS		<u><u>871,341</u></u>	<u><u>808,016</u></u>	<u><u>903,816</u></u>
EQUITY AND LIABILITIES				
Stockholder's Equity				
Share capital		56,200	56,200	56,200
Retained earnings		669,971	607,939	634,425
		<u>726,171</u>	<u>664,139</u>	<u>690,625</u>
Non-Current Liabilities				
Deferrred tax liabilities		3,749		3,749
Long term loans		11,869	8,201	13,632
Lease liability		68,653	73,006	69,806
		<u>84,270</u>	<u>81,207</u>	<u>87,187</u>
Current Liabilities				
Payables and accruals		41,652	44,294	105,668
Taxation payable		7,000	9,623	8,088
Current portion of long term loan		7,404	4,165	7,404
Current portion of lease liability		4,844	4,588	4,844
		<u>60,900</u>	<u>62,670</u>	<u>126,004</u>
TOTAL EQUITY AND LIABILITIES		<u><u>871,341</u></u>	<u><u>808,016</u></u>	<u><u>903,816</u></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

Three months ended 31 March 2025

	Unaudited 31 March 2025		Unaudited 31 March 2024		Audited 31 December 2024	
	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	634,425	56,200	595,509	56,200	595,509
Issue of shares					-	
Net profit		35,546		12,430	-	83,876
Dividends paid	-		-	-	-	(44,960)
	<u>56,200</u>	<u>669,971</u>	<u>56,200</u>	<u>607,939</u>	<u>56,200</u>	<u>634,425</u>

Caribbean Flavours and Fragrances Limited

Statement of Cash Flows

Three months ended 31 March 2025

	3 months ended 31 March 2025 \$ '000	3 months ended 31 March 2024 \$ '000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Cash Flows from Operating Activities		
Profit after taxation	35,546	12,430
Adjustment for non-cash income and expenses		
Depreciation	2,940	2,222
Lease interest expense	(1,153)	(1,332)
Amortization of right-of-use assets	1,625	1,623
Interest income	(3,540)	(3,336)
	<u>35,417</u>	<u>11,607</u>
Changes in operating assets and liabilities		
Inventories	45,411	42,813
Receivables and prepayments	21,832	30,951
Due from related parties	(30,190)	7,588
Payables and accruals	(64,016)	(95,490)
Taxation payable	(1,088)	(2,319)
Tax recoverable	(629)	-
	<u>(28,680)</u>	<u>(16,457)</u>
Net cash provided by/(used in) operating activities	<u>6,737</u>	<u>(4,850)</u>
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(3,996)	(1,689)
Purchase of investments	-	-
Dividends paid	-	-
Interest received	3,540	3,336
Net cash (used in)/provided by investing activities	<u>(456)</u>	<u>1,647</u>
Cash Flows from Financing Activities:		
Bank loan	(1,763)	(1,092)
Net cash used in financing activities	<u>(1,763)</u>	<u>(1,092)</u>
Net decrease in cash and cash equivalents	4,518	(4,295)
Cash and cash equivalents at beginning of year	31,254	32,957
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>35,772</u>	<u>28,662</u>
Represented by:		
Cash on hand	1,416	981
Bank balances	34,356	27,681
	<u>35,772</u>	<u>28,662</u>

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Three months ended 31 March 2025

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 fragrances and ingredients.

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, 2024.

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

Three months ended 31 March 2025

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 measurable 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

Three months ended 31 March 2025

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

Three months ended 31 March 2025

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>2025</u>	<u>2024</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

Three months ended 31 March 2025

5. 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 March 31, 2025	Quarter ended March 31, 2024	Year ended December 31, 2024
	\$'000	\$'000	\$'000
Net profit	35,546	12,430	83,876
Weighted average number of shares	899,200,330	899,200,330	899,200,330
Earnings Per share	\$0.04	\$0.01	\$0.09