

Unaudited Financial Statements of

COMMONWEALTH BREWERY LIMITED

Six months ended June 30, 2023

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Financial Statements (Unaudited)

Six months ended June 30, 2023

Financial Update

Commonwealth Brewery Ltd. (CBL) continued to experience strong growth in Net Revenue during the period ending 30th June 2023 (+11%) when compared to the same period of 2022. Key drivers were the continued economic recovery, the market alignment of excise tax, and the ongoing growth of tourism. Revenue growth was delivered through a combination of margin per hectolitre – to offset ongoing inflation – and volume growth in key categories such as beer, malts, and spirits.

Operating expenses increased to \$57m for the period (+11%), primarily driven by increased production and logistics, selling and marketing, as well as payroll expenses. Certain of these increases reflect the ongoing pressure from inflation. CBL will continue to implement cost productivity programs and other measures to mitigate any profit margin dilution.

In the second quarter, CBL recorded a Net Profit of \$4.6m which is a slight decline versus the comparative period in 2022 (Net Profit of \$4.9m). This was mainly driven by increased selling & marketing expenses, continued cost pressure on raw & packing materials, personnel expenses and increased finance expenses, mainly related to foreign exchange. As a result of this second quarter performance, comprehensive income for the first half of 2023, at \$6.5m, was up marginally versus the \$6.2m earned in the comparative period of 2022. Management will continue to execute its Evergreen strategy to drive sustainable, balanced growth by identifying specific cost mitigations as we navigate the ongoing market volatility whilst building for the future.

COMMONWEALTH BREWERY LIMITED

Statement of Financial Position (Unaudited)

June 30, 2023, with corresponding figures for December 31, 2022

(Expressed in Bahamian dollars)

	June 2023	December 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,729,999	10,783,179
Trade receivables, net	3,118,116	3,491,290
Prepaid expenses and other assets	6,697,743	6,403,972
Inventories	34,951,081	26,418,447
Total current assets	53,496,939	47,096,888
Non-current assets:		
Right of use asset	7,779,846	8,972,772
Property, plant and equipment	40,329,594	41,520,503
Goodwill	4,487,242	4,487,242
Other intangible assets	1,638,384	1,878,085
Total non-current assets	54,235,066	56,858,602
Total assets	\$ 107,732,005	103,955,490
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 14,799,522	16,318,479
Short-term Lease Liability	2,321,253	2,440,283
Total current liabilities	17,120,775	18,758,762
Non-current liabilities:		
Long-term Lease liability	5,892,367	6,951,632
Total liabilities	23,013,142	25,710,394
Equity:		
Share capital	150,000	150,000
Share premium	12,377,952	12,377,952
Contributed surplus	16,351,369	16,351,369
Revaluation surplus	9,284,462	9,284,462
Retained earnings	46,555,080	40,081,313
Total equity	84,718,863	78,245,096
Total liabilities and equity	\$ 107,732,005	103,955,490

COMMONWEALTH BREWERY LIMITED

Interim Statement of Profit or Loss (Unaudited)

For the three months ended June 30, 2023, with corresponding figures for the three months ended June 30, 2022

(Expressed in Bahamian dollars)

	June 2023	June 2022
Income:		
Revenue	\$ 36,497,859	35,131,875
Excise	(2,017,139)	(3,131,873)
Net revenue	34,480,721	32,000,002
Operating expenses:		
Raw materials, consumables and services	23,111,474	20,890,577
Personnel costs	4,898,689	4,445,218
Depreciation	1,614,531	1,547,706
Amortisation	119,188	117,887
Total operating expenses	29,743,882	27,001,388
Other income/(expenses)	107,109	(22,919)
Results from operating activities	4,843,948	4,975,695
Finance expenses	292,467	68,359
Total net profit	\$ 4,551,481	4,907,336
Other comprehensive income		
Gain on revaluation of property	-	-
Total net profit and comprehensive income	4,551,481	4,907,336
Basic and diluted earning per share	\$ 0.15	0.16

COMMONWEALTH BREWERY LIMITED

Interim Statement of Profit or Loss (Unaudited)

For the six months ended June 30, 2023, with corresponding figures for the six months ended June 30, 2022

(Expressed in Bahamian dollars)

	June 2023	June 2022
Income:		
Revenue	\$ 67,876,974	64,161,115
Excise	(3,634,258)	(6,043,932)
Net revenue	64,242,715	58,117,183
Operating expenses:		
Raw materials, consumables and services	44,108,802	39,288,420
Personnel costs	9,758,658	8,888,177
Depreciation	3,192,083	3,094,147
Amortisation	239,701	220,794
Total operating expenses	57,299,244	51,491,538
Other income	105,731	243
Results from operating activities	7,049,202	6,625,888
Finance expenses	575,435	428,708
Total net profit	\$ 6,473,767	6,197,180
Other comprehensive income		
Gain on revaluation of property	-	-
Total net profit and comprehensive income	6,473,767	6,197,180
Basic and diluted earning per share	\$ 0.22	0.21

COMMONWEALTH BREWERY LIMITED

Interim Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2023

(Expressed in Bahamian dollars)

	Share Capital	Share premium	Contributed Surplus	Revaluation surplus	Retained earnings	Total equity
Balance as at 31 December 2022	150,000	12,377,952	16,351,369	9,284,462	40,081,313	78,245,096
Comprehensive income	-	-	-	-	6,473,767	6,473,767
Balance at June 30, 2023	150,000	12,377,952	16,351,369	9,284,462	46,555,080	84,718,863

COMMONWEALTH BREWERY LIMITED

Statement of Cash Flows (Unaudited)

For the six months ended June 30, 2023, with corresponding figures for the six months ended June 31, 2022

(Expressed in Bahamian dollars)

	June 2023	June 2022
Cash flows from operating activities		
Net income	\$ 6,473,767	6,197,180
Adjustments for:		
Depreciation	3,192,083	3,094,147
Amortisation	239,701	220,794
Impairment loss recognized on cash and cash equivalents and trade receivables	(356,875)	(54,516)
Finance expense	575,435	428,708
Net cash from operations before changes in working capital	10,124,111	9,886,313
Changes in non-cash working capital	(9,989,204)	1,694,570
Net cash from operating activities	134,907	11,580,883
Cash flows from financing activities		
Repayment of loans and borrowings	-	(6,830,261)
Interest paid	(186,879)	(428,708)
Net cash used (from)/in financing activities	(186,879)	(7,258,969)
Cash flow from investing activities		
Additions to property, plant and equipment	(808,248)	(191,251)
Additions to intangible assets	-	206,759
Repayment of lease liability	(1,192,926)	(1,129,082)
Gain/(Loss) from sale of property, plant and equipment	(33)	22
Net cash used in investing activities	(2,001,209)	(1,113,552)
Net increase/(decrease) in cash and cash equivalents	(2,053,180)	3,208,362
Cash and cash equivalents, beginning of year	10,783,179	9,387,062
Cash and cash equivalents, end of year	8,729,999	12,595,424

1. Accounting Policies

These interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by IFRS for consolidated financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company’s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these unaudited consolidated financial statements.