

Unaudited Financial Statements of

COMMONWEALTH BREWERY LIMITED

Nine months ended September 30, 2023

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Financial Statements (Unaudited)

Nine months ended September 30, 2023

Financial Update

Commonwealth Brewery Ltd. (CBL) continued its strong performance in 2023 driven by our strong portfolio, solid in-market execution, and ongoing growth of tourism. In the third quarter CBL delivered double digit Net Revenue growth (+11%) when compared to the same period in 2022. Revenue growth was delivered through a combination of Revenue per hectolitre growth – to offset ongoing inflation – and volume growth in key categories such as beer, malts, and spirits. Key highlights of the period included the continued deployment of Kalik’s “Proud to Be” campaign and the acceleration of our Heineken® Silver launch.

Operating expenses has increased to \$30M for the quarter (+11%) which is primarily driven by increased production and logistics expenses coupled with increased selling and marketing expenses which was partially offset by lower personnel expenses and depreciation whilst compared to the same quarter in 2022. Certain of these increases were driven by the ongoing pressure from inflation. CBL will continue to implement cost productivity programs and other measures to mitigate any profit margin dilution.

In the third quarter, CBL recorded a Net Profit of \$2.3m which is a slight improvement versus the comparative period in 2022 (Net Profit of \$2.2m). This was mainly driven by increased selling & marketing expenses behind CBL’s strategic brands, continued cost pressure on our raw & packing materials and increased finance expenses which is mainly due to FX. Overall, CBL realized comprehensive income of \$8.8M for the first nine months of 2023 which displays the sustained growth versus the total comprehensive income of \$8.4m in the comparative period in 2022. Management will continue to execute its Evergreen strategy as we navigate the ongoing market volatility whilst building for the future.

COMMONWEALTH BREWERY LIMITED

Statement of Financial Position (Unaudited)

September 30, 2023, with corresponding figures for December 31, 2022
(Expressed in Bahamian dollars)

	September 2023	December 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,101,709	10,783,179
Trade receivables, net	2,191,347	3,491,290
Prepaid expenses and other assets	6,003,707	6,403,972
Inventories	33,111,567	26,418,447
Total current assets	51,408,330	47,096,888
Non-current assets:		
Right of use asset	7,190,617	8,972,772
Property, plant and equipment	39,838,711	41,520,503
Goodwill	4,487,242	4,487,242
Other intangible assets	1,519,196	1,878,085
Total non-current assets	53,035,766	56,858,602
Total assets	\$ 104,444,096	103,955,490
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,818,038	16,318,479
Short-term Lease Liability	2,237,764	2,440,283
Total current liabilities	18,055,802	18,758,762
Non-current liabilities:		
Long-term Lease liability	5,384,203	6,951,632
Total liabilities	23,440,005	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	9,284,461	9,284,462
Retained earnings	42,840,309	40,081,313
Total equity	81,004,091	78,245,096
Total liabilities and equity	\$ 104,444,096	103,955,490

COMMONWEALTH BREWERY LIMITED

Interim Statement of Profit or Loss (Unaudited)

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

(Expressed in Bahamian dollars)

	September 2023	September 2022
Income:		
Revenue	\$ 34,195,778	30,872,811
Excise	(1,793,151)	(1,759,960)
Net revenue	32,402,627	29,112,851
Operating expenses:		
Raw materials, consumables and services	23,710,214	20,114,883
Personnel costs	4,769,718	5,232,662
Depreciation	1,525,147	1,756,980
Amortisation	119,188	117,886
Total operating expenses	30,124,267	27,222,411
Other income/(expenses)	228,940	396,838
Results from operating activities	2,507,300	2,287,278
Finance expenses	222,072	112,182
Total net profit	\$ 2,285,228	2,175,096
Other comprehensive income		
Gain on revaluation of property	-	-
Total net profit and comprehensive income	2,285,228	2,175,096
Basic and diluted earning per share	\$ 0.08	0.07

COMMONWEALTH BREWERY LIMITED

Interim Statement of Profit or Loss (Unaudited)

For the nine months ended September 30, 2023, with corresponding figures for the nine months ended September 30, 2022

(Expressed in Bahamian dollars)

	September 2023	September 2022
Income:		
Revenue	\$ 102,072,751	95,033,926
Excise	(5,427,409)	(7,803,891)
Net revenue	96,645,342	87,230,035
Operating expenses:		
Raw materials, consumables and services	67,819,016	59,403,303
Personnel costs	14,528,376	14,120,838
Depreciation	4,717,230	4,851,127
Amortisation	358,889	338,679
Total operating expenses	87,423,511	78,713,947
Other income	334,672	368,384
Results from operating activities	9,556,503	8,884,472
Finance expenses	797,507	512,193
Total net profit	\$ 8,758,996	8,372,279
Other comprehensive income		
Gain on revaluation of property	-	-
Total net profit and comprehensive income	8,758,996	8,372,279
Basic and diluted earning per share	\$ 0.29	0.28

COMMONWEALTH BREWERY LIMITED

Interim Statement of Changes in Equity (Unaudited)

For the nine months ended September 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	-	-	-	-	8,758,995	8,758,995
Transactions with owners recorded directly to equity						
Dividends declared \$0.20 per share	-	-	-	-	(6,000,000)	(6,000,000)
Balance at September 30, 2023	150,000	12,377,952	16,351,369	9,284,462	42,840,308	81,004,091

COMMONWEALTH BREWERY LIMITED

Statement of Cash Flows (Unaudited)

For the nine months ended September 30, 2023, with corresponding figures for the nine months ended September 30, 2022

(Expressed in Bahamian dollars)

	September 2023	September 2022
Cash flows from operating activities		
Net income	\$ 8,758,996	8,372,279
Adjustments for:		
Depreciation	4,717,230	4,851,127
Amortisation	358,889	338,679
Impairment loss recognized on cash and cash equivalents and trade receivables	872,944	(42,566)
Loss on disposal of property, plant and equipment	48	(713)
Interest expense	287,840	514,727
Net cash from operations before changes in working capital	14,995,946	14,033,533
Changes in non-cash working capital	(6,568,817)	(8,318,128)
Net cash from operationing activities	8,427,129	5,715,405
Cash flows from financing activities		
Proceeds from loans and borrowings	-	-
Payment of Dividends	(6,000,000)	(6,000,000)
Repayment of loans and borrowings	-	(4,999,995)
Interest paid	(287,840)	(514,727)
Net cash used (from)/in financing activities	(6,287,840)	(11,514,722)
Cash flow from investing activities		
Additions to property, plant and equipment (excl. ROU asset)	(1,253,283)	(1,385,009)
Additions to property, plant and equipment - ROU asset	0	(2,294,502)
Additions to intangible assets	-	(2,844)
Repayment of lease liability	(1,567,429)	491,836
Gain/(Loss) from sale of property, plant and equipment	(48)	713
Net cash used in investing activities	(2,820,760)	(3,189,806)
Net increase/(decrease) in cash and cash equivalents	(681,470)	(8,989,122)
Cash and cash equivalents, beginning of year	10,783,179	12,333,392
Cash and cash equivalents, end of year	10,101,709	3,344,270

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.