

Unaudited Financial Statements of

COMMONWEALTH BREWERY LIMITED

Nine months ended September 30, 2020

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Financial Statements (Unaudited)

Nine months ended September 30, 2020

The ongoing COVID-19 pandemic continues to have substantial impact on the economy and the operations of Commonwealth Brewery Limited (CBL). During the third quarter of 2020, the government of the Bahamas continued measures to curtail the spread of COVID-19 by instituting additional lockdowns, curfews and limitations on social gatherings. These factors contributed to a less than favorable third quarter for the Company given that commercial activities were limited due to the factors described and the strain on consumer's disposable income. CBL's management and staff will continue to navigate through the constant changing circumstances with the goal of weathering the pandemic and return to profitability at the earliest possible time.

CBL's management has been able to achieve financial stability through early actions taken during the first quarter of the year by increasing short-term financing. This proved pivotal to CBL's ability to navigate periods of lock-down during which revenue has severely reduced due to the halt of economic activity. This short-term financing strategy has been sustainable through the third quarter with the Company not requiring further financing.

Net revenue during the third quarter declined by 27.8%, while operating expenses reduced by 19.8% compared to the third quarter 2019. As a result, we experienced a total comprehensive loss of \$766 thousand, compared to a positive result of \$1.68 million during the corresponding period of 2019. The overall impact to CBL from the effects of COVID-19 has been a net loss of \$3.4 million for the first nine months of 2020.

The focus of the Company will continue to be on cost reduction and increasing value to customers through our diverse product offerings. As we move towards the final quarter of the year, CBL will continue to adapt to the changes brought on by the pandemic as we navigate our way to a return to profitability.

COMMONWEALTH BREWERY LIMITED

Statement of Financial Position (Unaudited)

September 30, 2020, with corresponding figures for December 31, 2019

(Expressed in Bahamian dollars)

	September 2020	December 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,058,694	5,979,119
Trade receivables, net	2,429,755	6,866,047
Prepaid expenses and other assets	2,305,985	5,575,456
Inventories	28,190,886	28,748,459
Total current assets	34,985,320	47,169,081
Non-current assets:		
Property, plant and equipment	48,839,624	49,744,732
Right of use asset	6,963,463	6,290,324
Goodwill	4,487,242	4,487,242
Other intangible assets	2,059,595	2,319,731
Total non-current assets	62,349,924	62,842,029
Total assets	\$ 97,335,244	110,011,110
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 14,438,941	28,909,306
Short-term lease liability	2,483,636	1,854,766
Loans and borrowings	12,741,895	7,836,255
Total current liabilities	29,664,472	38,600,327
Non-current liabilities:		
Long-term lease liability	4,713,088	4,529,834
Total liabilities	34,377,560	43,130,161
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	12,473,768	12,473,768
Retained earnings	21,604,595	25,527,860
Total equity	62,957,684	66,880,949
Total liabilities and equity	\$ 97,335,244	110,011,110

COMMONWEALTH BREWERY LIMITED

Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the three months ended September 30, 2020, with corresponding figures for the three months ended September 30, 2019

(Expressed in Bahamian dollars)

	September 2020	September 2019
Income:		
Revenue	\$ 22,533,163	30,997,816
Excise	(2,436,463)	(3,154,221)
Net revenue	20,096,700	27,843,595
Operating expenses:		
Raw materials, consumables and services	14,502,425	19,042,510
Personnel costs	4,565,364	5,468,759
Depreciation	1,612,162	1,397,600
Amortisation	102,252	19,465
Total operating expenses	20,782,203	25,928,334
Other income/(expense), net	72,964	(70,069)
Results from operating activities	(612,539)	1,845,192
Finance expenses	154,426	164,184
Total comprehensive (loss)/income	\$ (766,965)	1,681,008
Basic and diluted earnings per share	\$ (0.03)	0.06

COMMONWEALTH BREWERY LIMITED

Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the nine months ended September 30, 2020, with corresponding figures for the nine months ended September 30, 2019

(Expressed in Bahamian dollars)

	September 2020	September 2019
Income:		
Revenue	\$ 69,420,233	98,220,427
Excise	(7,043,326)	(9,540,613)
Net revenue	62,376,907	88,679,814
Operating expenses:		
Raw materials, consumables and services	46,642,303	62,400,186
Personnel costs	14,143,960	17,433,700
Depreciation	4,675,561	3,995,816
Amortisation	296,768	68,333
Total operating expenses	65,758,592	83,898,035
Other (expense)/income net	(41,952)	200,068
Results from operating activities	(3,423,637)	4,981,847
Finance expenses	499,628	443,335
Total comprehensive (loss)/income	\$ (3,923,265)	4,538,512
Basic and diluted earnings per share	\$ (0.13)	0.15

COMMONWEALTH BREWERY LIMITED

Interim Statement of Changes in Equity (Unaudited)

For the nine months ended September 30, 2020

(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 31, 2019	150,000	12,377,952	16,351,369	12,473,768	25,527,860	66,880,949
Comprehensive (loss)	—	—	-	-	(3,923,265)	(3,923,265)
Balance at September 30, 2020	\$ 150,000	12,377,952	16,351,369	12,473,768	21,604,595	62,957,684

COMMONWEALTH BREWERY LIMITED

Statement of Cash Flows (Unaudited)

For the nine months ended September 30 2020, with corresponding figures for the nine months ended September 30, 2019

(Expressed in Bahamian dollars)

	2020	2019
Cash flows from operating activities		
Net (loss)/income	\$ (3,923,265)	4,538,512
Adjustments for:		
Depreciation	4,675,561	3,995,816
Amortisation	296,768	68,333
Impairment loss recognized on trade receivables	848,799	3,381
Gain on disposal of property, plant and equipment	(27,526)	(7,360)
Finance expense	499,628	443,335
Net cash from operation activities	2,369,965	9,042,017
Changes in non-cash working capital	(6,861,791)	9,379,197
Net cash from operations before changes in working capital	(4,491,826)	18,421,214
Cash flows from financing activities		
Interest paid	(499,628)	(443,335)
Dividends paid	-	(8,325,000)
Proceeds from loans and borrowings	8,000,000	-
Repayment of loans and borrowings	(3,094,360)	(7,460,000)
Net cash used in financing activities	4,406,012	(16,228,335)
Cash flows from investing activities		
Additions to property, plant and equipment	(2,031,185)	(2,601,237)
Additions to intangible assets	(36,632)	(1,495,936)
Repayment of lease liabilities	(1,768,532)	(1,164,915)
Proceeds from sale of property, plant and equipment	1,738	7,360
Net cash used in investing activities	(3,834,611)	(5,254,728)
Net decrease in cash and cash equivalents	(3,920,425)	(3,061,849)
Cash and cash equivalents, beginning of year	5,979,119	9,090,464
Cash and cash equivalents, end of period	\$ 2,058,694	6,028,615

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.