

Unaudited Financial Statements of

COMMONWEALTH BREWERY LIMITED

Six months ended June 30, 2021

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Financial Statements (Unaudited)

Six months ended June 30, 2021

Financial Performance

Commonwealth Brewery Ltd. (CBL) experienced a dramatic increase in Net Revenue during the second quarter – up 63.7% when compared to the second quarter of 2020. This increase was expected as the country continues its slow return to normalcy inclusive of the ease of government levied restrictions, the reduction in unemployment, and a sharp boost in tourist arrivals. This is in stark contrast to the same period last year during which the country was in the middle of the economic downturn due to the Covid-19 pandemic, in particular the halt of tourism, and the cessation by government of alcoholic sales.

In the second quarter operating expenses increased by more than \$4 million or 20.9% compared to the same period in 2020. The uptick in expenses during the period was due to increase in the cost of raw materials, consumables, and services. These were inclusive of an increase in production and utility costs as we ramped up business to meet consumer demand during this period as opposed to last year when our business came to a halt due to the restrictions imposed to curb the spread of Covid-19. However, it must be noted that there was only a marginal increase of 0.1% in costs for the first half of 2021 over the comparative period in 2020, illustrating that our cost mitigating strategies have been effective.

Consequently, in the second quarter CBL experienced a net profit of \$3,248,355 which is in stark comparison to the net loss of \$3,005,477 suffered during the same period last year. Overall, CBL realized comprehensive income of \$4,164,197 for the first six months in 2021. This was inclusive of a revaluation gain of \$1,200,000 on one of our main properties in Grand Bahama. Management will continue to adjust its business strategies as we continue to restore operating results to pre-Covid 19 levels.

COMMONWEALTH BREWERY LIMITED

Statement of Financial Position (Unaudited)

June 30, 2021, with corresponding figures for December 31, 2020
(Expressed in Bahamian dollars)

	June 2021	December 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,387,062	5,599,574
Trade receivables, net	3,233,196	3,030,847
Prepaid expenses and other assets	3,454,430	5,485,331
Inventories	23,769,226	23,963,687
Total current assets	39,843,914	38,079,439
Non-current assets:		
Property, plant and equipment	43,945,544	43,790,031
Right of use asset	6,054,860	6,612,032
Goodwill	4,487,242	4,487,242
Other intangible assets	1,907,588	1,957,788
Total non-current assets	56,395,234	56,847,093
Total assets	\$ 96,239,148	94,926,532
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 17,753,705	17,872,736
Short-term lease liability	2,137,301	2,408,602
Loans and borrowings	6,830,261	9,026,583
Total current liabilities	26,721,267	29,307,921
Non-current liabilities:		
Long-term lease liability	4,192,898	4,457,825
Total liabilities	30,914,165	33,765,746
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	8,084,462
Retained earnings	27,161,200	24,197,003
Total equity	65,324,983	61,160,786
Total liabilities and equity	\$ 96,239,148	94,926,532

COMMONWEALTH BREWERY LIMITED

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

For the three months ended June 30, 2021, with corresponding figures for the three months ended June 30, 2020

(Expressed in Bahamian dollars)

	June 2021	June 2020
Income:		
Revenue	\$ 29,964,733	18,217,358
Excise	(2,901,369)	(1,690,831)
Net revenue	27,063,364	16,526,527
Operating expenses:		
Raw materials, consumables and services	17,350,610	13,463,071
Personnel costs	4,402,306	4,313,872
Depreciation	1,634,071	1,562,387
Amortisation	106,025	98,376
Total operating expenses	23,493,012	19,437,706
Other (expense)/income, net	(118,097)	78,037
Results from operating activities	3,452,255	(2,833,142)
Finance expenses	203,900	172,335
Total net profit/(loss)	3,248,355	(3,005,477)
Other Comprehensive Income		
Gain on revaluation of property	1,200,000	-
Total comprehensive income/(loss)	\$ 4,448,355	(3,005,477)
Basic and diluted earnings per share	\$ 0.15	(0.10)

COMMONWEALTH BREWERY LIMITED

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

For the six months ended June 30, 2021, with corresponding figures for the six months ended June 30, 2020

(Expressed in Bahamian dollars)

	June 2021	June 2020
Income:		
Revenue	\$ 54,208,983	46,887,070
Excise	(5,350,806)	(4,606,862)
Net revenue	48,858,177	42,280,208
Operating expenses:		
Raw materials, consumables and services	32,972,665	32,139,878
Personnel costs	8,514,203	9,578,596
Depreciation	3,316,559	3,063,399
Amortisation	210,963	194,515
Total operating expenses	45,014,390	44,976,388
Other (expense), net	(552,179)	(114,916)
Results from operating activities	3,291,608	(2,811,096)
Finance expenses	327,411	345,204
Total net profit/(loss)	2,964,197	(3,156,300)
Other Comprehensive Income		
Gain on revaluation of property	1,200,000	-
Total comprehensive income/(loss)	\$ 4,164,197	(3,156,300)
Basic and diluted earnings per share	\$ 0.14	(0.11)

COMMONWEALTH BREWERY LIMITED

Interim Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2021

(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 31, 2020	150,000	12,377,952	16,351,369	8,084,462	24,197,003	61,160,786
Net Profit	-	-	-	-	2,964,197	2,964,197
Revaluation Gain	-	-	-	1,200,000	-	1,200,000
Balance at June 30, 2021	\$ 150,000	12,377,952	16,351,369	9,284,462	27,161,200	65,324,983

COMMONWEALTH BREWERY LIMITED

Statement of Cash Flows (Unaudited)

For the six months ended June 30 2021, with corresponding figures for the six months ended June 30, 2020

(Expressed in Bahamian dollars)

	2021	2020
Cash flows from operating activities		
Net income/(loss)	\$ 2,964,197	(3,156,300)
Adjustments for:		
Depreciation	3,316,559	3,063,399
Amortisation	210,963	194,515
Impairment loss recognized on trade receivables	121,465	603,221
Gain on disposal of property, plant and equipment	(10,346)	(27,526)
Finance expense	327,411	345,203
Net cash from operation activities	6,930,249	1,022,512
Changes in non-cash working capital	3,003,461	(7,837,022)
Net cash from operations before changes in working capital	9,933,710	(6,814,510)
Cash flows from financing activities		
Interest paid	(327,411)	(345,203)
Proceeds from loans and borrowings	-	8,000,000
Repayment of loans and borrowings	(2,196,322)	(2,052,962)
Net cash used in financing activities	(2,523,733)	5,601,835
Cash flows from investing activities		
Additions to property, plant and equipment	(2,243,069)	(1,237,187)
Additions to intangible assets	(160,763)	(36,632)
Repayment of lease liabilities	(1,229,003)	(1,149,106)
Proceeds from sale of property, plant and equipment	10,346	5,500
Net cash used in investing activities	(3,622,489)	(2,417,425)
Net decrease in cash and cash equivalents	3,787,488	(3,630,100)
Cash and cash equivalents, beginning of period	5,599,574	5,979,119
Cash and cash equivalents, end of period	\$ 9,387,062	2,349,019

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.