

Banks Holdings Limited

Audited Consolidated Financial Statements

December 31, 2023

(expressed in Barbados dollars)



Independent auditor's report

To the Shareholders of Banks Holdings Limited

Report on the audit of the consolidated financial statements

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banks Holdings Limited (the Company) and its subsidiaries (together 'the Group') as at December 31, 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

Basis for qualified opinion

We observed the counting of physical inventories at December 31, 2023, however we did not observe the counting of the physical inventories at the beginning of the year. Accordingly, we were unable to satisfy ourselves by alternative means concerning inventory quantities held at December 31, 2022. Since the opening inventories enter into the determination of the financial performance and cash flows for the year ended December 31, 2023, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the income statement and the net cash flows from operating activities reported in the statement of cash flows. Our audit opinion for the prior year and our audit opinion for the current year were modified because of the possible effects of this matter.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

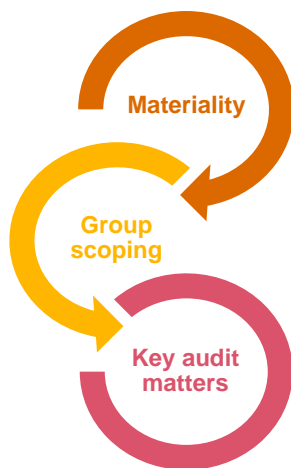
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall group materiality: \$1,585,000, which represents 1% of revenues.
-
- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
 - The number of components within the group.
 - The risk of material misstatement in the financial statements.
 - The significant accounting estimates.
 - The risk of management override of internal controls.
-
- Revenues from the sale of goods

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.



| | |
|--|--|
| Overall Group materiality | \$1,585,000 |
| How we determined it | 1% of revenues |
| Rationale for the materiality benchmark applied | We chose revenues as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds. |

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$79,229, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <i>Revenues from the sale of goods</i> <i>Refer to notes 5(d) and 7 to the consolidated financial statements for disclosures of related accounting policies and balances.</i> | |
| The Group recognised revenue from the sale of goods of \$158.1 million for the year ended December 31, 2023. | Our approach to addressing the matter involved the following procedures, amongst others: |
| Revenue from the sale of goods is recognised when control over the goods has been transferred to the customers, typically upon delivery of the goods to the customer's location or upon collection by the customer. | Obtained an understanding of management's end-to-end process over revenue recognition. |
| We focused on this area due to the magnitude of the balance and is a significant focus area of management in measuring the performance of the Group overall. | Evaluated the appropriateness of the Group's revenue recognition against the requirements of the accounting standard. |
| | Tested revenue transactions on a sample basis by agreeing to supporting documentation such as sales orders, sales invoices, shipping documents and subsequent collections. |
| | Performed cut off testing by comparing revenue recognised close to the statement of financial position date, to the respective contractual terms and underlying supporting documents. |



Evaluated the presentation and classification of the reported balance and assessed the note disclosures in the Group's consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our qualified opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other matter

This report is made solely to the Company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Gerald Mahon.

A handwritten signature in blue ink that reads "Price Waterhouse Coopers SRL". The signature is written in a cursive, flowing style.

Bridgetown, Barbados
May 14, 2025

Banks Holdings Limited

Consolidated Income Statement

For the year ended December 31, 2023

(expressed in Barbados dollars)

| | <u>Notes</u> | <u>2023</u> | <u>2022</u> |
|---|--------------|-------------------|-------------------|
| Revenue | 7 | 158,113,231 | 142,698,537 |
| Cost of sales | 8 | (111,061,860) | (101,630,652) |
| Gross profit | | 47,051,371 | 41,067,885 |
| Other income | | 1,217,436 | 2,877,461 |
| Selling, general and administrative expenses | 8 | (36,154,064) | (36,233,536) |
| Unrealised fair value (losses)/gains on investments | 13 | (5,678,634) | 23,038,228 |
| Change in fair value of investment properties | 18 | (155,000) | (1,652,529) |
| Profit from operations | | 6,281,109 | 29,097,509 |
| Finance income | | 1,038,000 | 6,132 |
| Finance expense | | (212,634) | (131,725) |
| Net finance income/(expense) | | 825,366 | (125,593) |
| Share of profits of associates | 16 | 954,823 | 335,122 |
| Income before taxation | | 8,061,298 | 29,307,038 |
| Income tax benefit/(expense) | 9 | 320,062 | (378,657) |
| Net income for the year | | 8,381,360 | 28,928,381 |
| Attributable to: | | | |
| Equity holders of the parent | | 8,088,968 | 29,909,412 |
| Non-controlling interests | | 292,392 | (981,031) |
| | | 8,381,360 | 28,928,381 |
| Earnings per share | | | |
| Basic and diluted | 23 | 0.12 | 0.46 |

The accompanying notes are an integral part of these consolidated financial statements.

Banks Holdings Limited

Consolidated Statement of Comprehensive Income For the year ended December 31, 2023

(expressed in Barbados dollars)

| | <u>Notes</u> | <u>2023</u> | <u>2022</u> |
|---|--------------|------------------|-------------------|
| Net income for the year | | 8,381,360 | 28,928,381 |
| Other comprehensive income, net of tax | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Revaluation surplus on property plant and equipment | 17 | 1,759,349 | 3,079,789 |
| Remeasurements of post-employment benefits | 19, 20 | (499,000) | 12,694,000 |
| Income tax effect | | (268,220) | (698,174) |
| Other comprehensive income for the year, net of tax | | 992,129 | 15,075,615 |
| Total comprehensive income for the year, net of tax | | 9,373,489 | 44,003,996 |
| Attributable to: | | | |
| Equity holders of the parent | | 9,049,195 | 44,421,495 |
| Non-controlling interests | | 324,294 | (417,499) |
| | | 9,373,489 | 44,003,996 |

The accompanying notes are an integral part of these consolidated financial statements.

Banks Holdings Limited

Consolidated Statement of Financial Position

As at December 31, 2023

(expressed in Barbados dollars)

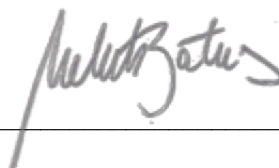
| | Notes | 2023 | 2022 |
|--|-------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 17 | 82,112,585 | 81,462,529 |
| Investments | 13 | 85,527,933 | 91,206,567 |
| Investment properties | 18 | 9,245,000 | 11,733,857 |
| Pension plan assets | 19 | 12,329,000 | 12,135,000 |
| Investments in associates and joint ventures | 16 | 2,118,792 | 1,798,676 |
| Deferred tax asset | 9 | 1,562,222 | 1,010,804 |
| Total non-current assets | | 192,895,532 | 199,347,433 |
| Current assets | | | |
| Cash and short-term deposits | 10 | 143,360,922 | 202,952,140 |
| Receivables and prepayments | 11 | 37,834,089 | 30,509,619 |
| Inventories | 12 | 35,509,706 | 33,456,415 |
| Assets held for sale | 27 | 2,384,359 | — |
| Total current assets | | 219,089,076 | 266,918,174 |
| Total assets | | 411,984,608 | 466,265,607 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 21 | 145,565,985 | 145,565,985 |
| Other reserves | | 32,263,113 | 31,302,886 |
| Retained earnings | | 125,272,385 | 117,183,417 |
| Equity attributable to equity holders | | 303,101,483 | 294,052,288 |
| Non-controlling interests | | 6,813,360 | 6,489,066 |
| Total equity | | 309,914,843 | 300,541,354 |
| Non-current liabilities | | | |
| Post-employment medical liability | 20 | 1,091,000 | 1,065,000 |
| Lease liabilities | 15 | 1,355,735 | 274,018 |
| Total non-current liabilities | | 2,446,735 | 1,339,018 |
| Current liabilities | | | |
| Trade and other payables | 14 | 98,951,243 | 163,592,030 |
| Lease liabilities | 15 | 244,217 | 580,054 |
| Income tax payable | 9 | 274,988 | 213,151 |
| Liabilities held for sale | 27 | 152,582 | — |
| Total current liabilities | | 99,623,030 | 164,385,235 |
| Total equity and liabilities | | 411,984,608 | 466,265,607 |

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors on May 9, 2025



Director



Director

Banks Holdings Limited

Consolidated Statement of Changes in Equity For the year ended December 31, 2023

(expressed in Barbados dollars)

| | Attributable to equity holders of the parent | | | | Non-controlling interests | Total equity |
|---|--|-------------------|--------------------|--------------------|---------------------------|--------------------|
| | Share capital | Other reserves | Retained earnings | Total | | |
| Balance at December 31, 2021 | 145,565,985 | 16,790,803 | 87,274,005 | 249,630,793 | 7,274,407 | 256,905,200 |
| Net income/(loss) for the year | — | — | 29,909,412 | 29,909,412 | (981,031) | 28,928,381 |
| Other comprehensive income for the year | — | 14,512,083 | — | 14,512,083 | 563,532 | 15,075,615 |
| Total comprehensive income/(loss) for the year | — | 14,512,083 | 29,909,412 | 44,421,495 | (417,499) | 44,003,996 |
| Transaction with owners | | | | | | |
| Dividends (note 21) | — | — | — | — | (367,842) | (367,842) |
| Balance at December 31, 2022 | 145,565,985 | 31,302,886 | 117,183,417 | 294,052,288 | 6,489,066 | 300,541,354 |
| Net income for the year | — | — | 8,088,968 | 8,088,968 | 292,392 | 8,381,360 |
| Other comprehensive income for the year | — | 960,227 | — | 960,227 | 31,902 | 992,129 |
| Total comprehensive income for the year | — | 960,227 | 8,088,968 | 9,049,195 | 324,294 | 9,373,489 |
| Balance at December 31, 2023 | 145,565,985 | 32,263,113 | 125,272,385 | 303,101,483 | 6,813,360 | 309,914,843 |

The accompanying notes are an integral part of these consolidated financial statements.

Banks Holdings Limited

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

(expressed in Barbados dollars)

| | Notes | 2023 | 2022 |
|--|-------|---------------------|--------------------|
| Cash flows from operating activities | | | |
| Income before taxation | | 8,061,298 | 29,307,038 |
| Adjustments for: | | | |
| Depreciation | 17 | 12,741,366 | 10,170,618 |
| Share of profit of associated companies | 16 | (954,823) | (335,122) |
| Finance expense | | 212,634 | 131,725 |
| Pension plan expense | 19 | 292,000 | 528,000 |
| Post-employment medical liability (benefit)/expense | 20 | (15,000) | 155,000 |
| (Reversal)/provision for inventory obsolescence | 12 | (935,005) | 251,215 |
| Change in fair value of investment properties | 18 | 155,000 | 1,652,529 |
| Finance income | | (1,038,000) | (6,132) |
| Impairment loss and write-off of trade and other receivables | | 739,361 | 864,431 |
| Dividend income | 13 | (987,193) | (846,109) |
| Unrealised fair value losses/(gains) on investments | 13 | 5,678,634 | (23,038,228) |
| Operating profit before working capital changes | | 23,950,272 | 18,834,965 |
| Increase in receivables and prepayments | 11 | (8,114,331) | (9,414,579) |
| Increase in inventories | | (1,118,286) | (5,051,401) |
| Increase in trade and other payables | | 6,611,124 | 4,110,321 |
| Cash generated from operations | | 21,328,779 | 8,479,306 |
| Interest received | | — | 1,132 |
| Income tax paid | 9 | (398,348) | (188,483) |
| Net cash generated from operating activities | | 20,930,431 | 8,291,955 |
| Cash flows from investing activities | | | |
| Dividends received | | 1,621,900 | 1,144,125 |
| Purchase of property, plant and equipment | 17 | (10,294,115) | (6,370,849) |
| Net cash used in investing activities | | (8,672,215) | (5,226,724) |
| Cash flows from financing activities | | | |
| Interest paid on lease liabilities | | (93,945) | (131,725) |
| Repayments of lease liabilities | | (546,107) | (613,854) |
| Payment of dividends | | (71,209,382) | (367,842) |
| Net cash used in financing activities | | (71,849,434) | (1,113,421) |
| (Decrease)/increase in cash and cash equivalents | | (59,591,218) | 1,951,810 |
| Cash and cash equivalents at beginning of year | | 202,952,140 | 201,000,330 |
| Cash and cash equivalents at end of year | | 143,360,922 | 202,952,140 |

The accompanying notes are an integral part of these consolidated financial statements.

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

1 Nature of operations

The principal activity of Banks Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) consists of the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products.

In 2015, approximately 95% of the Company’s share capital was acquired by SLU Beverages Ltd. (“SLU”), a company incorporated and domiciled in St. Lucia. SLU is a subsidiary of Cerveceria Nacional Dominicana (“CND”) headquartered in the Dominican Republic. The ultimate parent is AB InBev, a company incorporated and domiciled in Belgium. The registered office of the Company is at the Pine, St. Michael, Barbados.

2 General information and compliance with IFRS Accounting Standards

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). They were authorised for issue by the Group’s Board of Directors on May 9, 2025.

3 Subsidiary and associated companies

a) Subsidiary companies

| | % of Ownership | |
|------------------------------------|----------------|--------|
| | 2023 | 2022 |
| Banks (Barbados) Breweries Limited | 100.00 | 100.00 |
| Banks Distribution Limited | 100.00 | 100.00 |
| Barbados Dairy Industries Limited | 84.43 | 84.43 |
| Plastic Containers Limited | 65.00 | 65.00 |

b) Associated companies and joint ventures

| | % of Ownership | | Principal place of business |
|--|----------------|-------|-----------------------------|
| | 2023 | 2022 | |
| Delivery and Handling Services Limited (joint venture) | 50.00 | 50.00 | Barbados |
| Tower Hill Merchants Limited | 36.70 | 36.70 | England |
| GCG Services Limited | — | 33.33 | Barbados |
| Newtech Incorporated | 26.20 | 26.20 | Barbados |

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

4 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these consolidated financial statements, several new, but not yet effective standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or interpretations have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

5 Summary of material accounting policies

a) Basis of presentation and measurement

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, freehold land and buildings, and defined benefit plans assets that have been measured at fair value. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

b) Functional and presentation currency

Unless otherwise specified, all financial information included in these financial statements has been stated in Barbados dollars, which is the Group's functional and presentation currency.

c) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2023. Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date when control ceases.

Consolidated financial statements combine items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. The carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are offset against each other in the consolidated reserves. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated income statement. Any investment retained is recognised at fair value.

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

Associates are all entities over which the Group has significant influence or joint control over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights. Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in the consolidated income statement, and the group's share of movements in other comprehensive income of the investee in the consolidated statement of comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

d) Revenue recognition

Revenue arises from the sale of goods. It is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to be received in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer. At such point the performance obligation to the customer is fulfilled. Generally, control is transferred upon delivery of the goods to the customer's location or upon pickup by the customer from our facilities.

Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. Such trade incentives are treated as variable consideration. If the consideration includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. Variable consideration is only included in the transaction price if it is highly probable that the amount of revenue recognised would not be subject to significant future reversals when the uncertainty is resolved.

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

e) Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the reporting date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction or, for those stated at fair value, at the dates the fair value was determined.

f) Taxation

Income tax expense recognised in the consolidated income statement comprises the sum of deferred tax and current tax not recognised in the consolidated statement of comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those claims from and/or obligations to fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Barbados.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expenses in the consolidated income statement, except where they relate to items that are recognised in the consolidated statement of comprehensive income (such as the remeasurement of post-employment benefits) or directly in equity, in which case the related deferred tax is also recognised in the consolidated statement of comprehensive income or equity, respectively.

g) Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Work-in-progress and finished goods comprise the direct cost of production and an attributable proportion of direct overheads appropriate to location and condition. Net realisable value is the price at which the stock can be realised in the normal course of business after deducting cost to complete and sell.

Supplies are valued at cost. Provisions are made for obsolete, slow moving and defective items as considered appropriate in the circumstances.

Banks Holdings Limited

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h) Trade receivables

The Group's trade receivables represent amounts due from customers for the goods sold in the ordinary course of business. They are generally due for settlement within 30 to 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless, they contain significant financing components, when they are recognised at the amount adjusted for the time value of money. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade and other receivables are carried at amortised cost less impairment losses. The Group applies a simplified approach in calculating Expected Credit Losses (ECL's) for trade receivables. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECL's at each reporting date.

i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The Group has elected to remeasure its freehold land and buildings at fair value. This remeasurement is based on valuations determined by independent real estate appraisers.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold land and buildings are recognised in the consolidated statement of comprehensive income and accumulated in other reserves in equity. Decreases that offset previous increases of the same asset are recognised in the consolidated statement of comprehensive income and reduce the other reserves in equity; all other decreases are charged in the consolidated income statement.

Depreciation of property, plant and equipment is charged using the straight-line method over the useful lives of the assets which are estimated as follows:

| | |
|--|----------------|
| Freehold buildings | 20 to 50 years |
| Leasehold buildings | 3 to 50 years |
| Plant and equipment, fixtures, fittings and others | 3 to 25 years |
| Motor vehicles | 5 to 10 years |
| Containers | 2 to 10 years |
| Right of use assets | 2 to 15 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

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(expressed in Barbados dollars)

j) Segment reporting

The Group derives its revenue in two major segments - (1) the brewing and bottling of alcoholic and non-alcoholic beverages and (2) the manufacturing and processing of dairy products and fruit juices. The Group's operations are located in Barbados.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors which is responsible for allocating resources and assessing performance of the operating segments has been identified as the chief operating decision-maker.

k) Employee benefits

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in trade and other payables, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Post-employment benefits

The Group operates a defined benefit plan, the assets of which are held in a separate fund administered by Trustees. The plan was closed to new entrants in 2003. When necessary, the Group meets the balance of the cost of funding the plan and pays contributions to the plan. The funding requirements are based on regular actuarial valuations of the pension plan every three years, and the assumptions used to determine the funding may differ to those set out in Note 18.

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plans every three years. The amounts charged to the consolidated income statement include current service cost in staff cost and, net interest cost (income) in net finance income/(expense). The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The pension obligation is measured as the present value of the estimated future cash flows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest) are recognised in full in the period in which they occur in the consolidated statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group also operates a contributory defined contribution pension scheme. Contributions are charged to the consolidated income statement in the year to which they relate.

The Group also provides post-employment healthcare benefits to its employees, pensioners and their registered dependants. These benefits are funded by contributions from the Group to Coralisle Medical Insurance Company Ltd. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued by independent qualified actuaries.

Banks Holdings Limited

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For the year ended December 31, 2023

(expressed in Barbados dollars)

l) Leases

Leases are accounted for as follows:

i) Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated on a straight-line starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates. Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities are recognised on the face of the consolidated statement of financial position.

ii) Group as a lessor

Leases where the Group transfers substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases of assets under which all the risks and rewards of ownership are substantially retained by the Group are classified as operating leases. Lease income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term.

m) Cash and cash equivalents

Cash and cash equivalents comprise of cash at a reputable bank and in hand and short-term deposits net of bank overdrafts, if any. The short-term deposits consist of highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash.

n) Investment properties

Properties that are held by the Group to earn third party rental income and/or for capital appreciation are classified as investment properties.

Banks Holdings Limited

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(expressed in Barbados dollars)

Investment properties are measured initially at cost, including transactions costs, and subsequently at fair value with any change therein recognised in the consolidated income statement. Fair values are based on market value which is determined by independent valuers. Transfers are made to investment property when there is a change in use, evidenced by ending of owner occupation.

Investment properties are derecognised either when they have been disposed of or whether they are permanently withdrawn from use and no further economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

o) Impairment of other non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated cash flows are discounted to their present value taking into account the time value of money and the risks specific to the asset. In determining fair value less costs to sell an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

p) Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for disputes and litigation is recognised when it is more likely than not that the Group will be required to make future payments as a result of past events, such items may include but are not limited to, several claims, suits and actions relating to antitrust laws, violations of distribution and license agreements, environmental matters, employment related disputes, claims from tax authorities related to indirect taxes, and alcohol industry litigation matters.

q) Financial instruments

i) Recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Banks Holdings Limited

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(expressed in Barbados dollars)

ii) Classification and measurement

Except for trade receivables, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVPL. The classification is based on two criteria: the objective of the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the company's financial assets is as follows:

- Debt instruments at amortised cost: comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognised in profit or loss.
- Financial assets and liabilities at FVPL: comprise derivative instruments and equity instruments which were not designated as FVOCI. This category also includes debt instruments which do not meet the cash flow or the business model tests.

iii) Offsetting

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

iv) Derecognition

A financial asset is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

v) Impairment of other financial assets

For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

r) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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(expressed in Barbados dollars)

The criteria for held for sale classification is met only when the sale is highly probable, and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition. The gain or loss is recognised in Loss on assets classified as held for sale in the consolidated income statement.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

6 Critical accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

Estimated impairment of inventories

Management recognises a provision for inventory losses when the realisable values of inventory items become lower than cost due to obsolescence or other causes. Obsolescence is based on the physical condition of inventory items. Obsolescence is also established when inventory items can no longer be utilised. Obsolete goods when identified are charged to the consolidated income statement. The Group believes such estimates represent a fair charge for the level of inventory losses in a given year. The Group's policy is to review on an annual basis the condition of its inventory.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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Employee retirement benefits

The present value of the defined benefit funded obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government securities which have terms to maturity approximating the terms of the related pension obligation. See also note 19.

Leases

The company has several leases which are reported in its financial statements in accordance IFRS 16. Under this standard management must make assumptions on the company's incremental borrowing rate as disclosed in note 15. This rate determines the value capitalized on the balance sheet as right-of-use (ROU) assets, and lease liabilities. This rate also determines the value of depreciation expense and interest expense reported on the consolidated income statement for the company's right-of-use (ROU) assets, and lease liabilities.

Valuation of properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated income statement. In addition, it measures freehold land and buildings at revalued amounts with changes to fair value being recognised in the consolidated statement of comprehensive income. The investment properties and the freehold land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in notes 17 and 18.

7 Revenue

The Group's sales disaggregated by primary geographical market is as follows:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------------|---------------------------|
| Country | | |
| Barbados | 143,807,140 | 131,474,314 |
| Other Caribbean countries (<i>excluding Barbados</i>) | 13,579,132 | 10,442,821 |
| Other countries outside Caribbean | 726,959 | 781,402 |
| | <u>158,113,231</u> | <u>142,698,537</u> |

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

8 Operating expenses

The details of operating expenses by nature are shown below.

| | 2023 | 2022 |
|------------------------------------|--------------------|--------------------|
| Materials | 51,299,342 | 50,087,755 |
| Staff costs (i) | 26,979,277 | 25,876,487 |
| Production overhead | 21,899,188 | 17,500,545 |
| Advertising and promotions | 14,256,371 | 14,794,933 |
| Depreciation (note 17) | 12,741,366 | 10,170,618 |
| Administrative and office expenses | 7,590,861 | 8,030,571 |
| Taxes and licenses | 8,222,760 | 8,601,734 |
| Other operating expenses (ii) | 4,226,759 | 2,801,545 |
| | 147,215,924 | 137,864,188 |

- The Group consolidates staff costs of expenses related to salaries, wages and allowances, bonus and gratuity, NIS contributions, pension - current service cost, post-employment medical, and other staff costs.
- The Group consolidates expenses such as professional fees, royalties, vehicle expenses, provision for inventory obsolescence, impairment of trade receivables and write off of other receivables within the Other operating expenses line item. Audit fees for the consolidated group for the year ended December 31, 2023 totalled \$892,500 (2022 - \$1,306,000). There were no other fees paid to the auditor for non-assurance services during the period.

These expenses are classified in the consolidated income statement as follows:

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Cost of sales (i) | 111,061,860 | 101,630,652 |
| Selling, general and administrative expenses | 36,154,064 | 36,233,536 |
| | 147,215,924 | 137,864,188 |

- The 2023 cost of sales includes \$1,568,000 pertaining to certain costs that were incorrectly recorded as VAT tax credits in 2022. The amount was excluded from 2022 cost of sales and corrected in 2023.

9 Income tax

| | 2023 | 2022 |
|---|------------------|----------------|
| Consolidated income statement | | |
| The taxation charge on net income consists of: | | |
| Current tax expense for the year | 499,576 | 241,347 |
| Deferred tax (credit)/charge for the year | (819,638) | 137,310 |
| Total taxation (benefit)/expense on net income | (320,062) | 378,657 |

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Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

The tax on the income before taxation differs from the theoretical amount that would arise using the basic corporation tax rate as follows:

| | 2023 | 2022 |
|--|------------------|-------------|
| Income before taxation | 8,061,298 | 29,307,038 |
| Taxed at statutory rates of 5.5% (2022 - 5.5%) | 443,371 | 1,611,887 |
| Others | 255,751 | 638,161 |
| (Unutilised)/utilised losses | (69,029) | 1,626 |
| Tax effect of capital allowances | (428,214) | (574,871) |
| Tax effect of non-taxable income | (340,356) | (1,298,146) |
| Remeasurement of deferred tax at the new enacted rate | (181,585) | — |
| | (320,062) | 378,657 |
| | 2023 | 2022 |
| Deferred tax asset | | |
| Balance at beginning of year | 1,010,804 | 1,846,288 |
| Deferred tax credit/(charge) recognised in the consolidated income statement: | | |
| Accelerated depreciation for accounting purposes | 547,499 | (182,777) |
| Unutilised tax losses | 69,599 | 57,100 |
| Leases | — | (48,927) |
| Pension plan asset and post-employment medical liability | 20,955 | 37,294 |
| Remeasurement of deferred tax at the new enacted rate | 181,585 | — |
| | 819,638 | (137,310) |
| Deferred tax charge recognised in consolidated statement of comprehensive income | | |
| Post-employment benefits and post-employment medical liability | 86,614 | (698,174) |
| Remeasurement of deferred tax at the new enacted rate | (354,834) | — |
| | (268,220) | (698,174) |
| Balance at end of year | 1,562,222 | 1,010,804 |

The deferred tax asset is analysed as follows:

| | 2023 | 2022 |
|--|--------------------|-------------|
| Unutilised tax losses | 1,240,676 | 1,197,230 |
| Accelerated depreciation for income tax purposes | 1,332,966 | 422,424 |
| Pension plan asset and post-employment medical liability | (1,011,420) | (608,850) |
| | 1,562,222 | 1,010,804 |

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The Group has unutilised tax losses of \$23,277,763 (2022 - \$21,767,815) available to be carried forward by certain subsidiaries and applied against future taxable income of those companies. The losses have not been agreed by the Revenue Commissioner of the Barbados Revenue Authority, but they are not in dispute. The losses and their expiry dates are as follows:

| Income year | Amount (\$) | Expiry date |
|-------------|-------------------|-------------|
| 2018 | 6,221,545 | 2025 |
| 2019 | 8,433,355 | 2026 |
| 2020 | 256,570 | 2027 |
| 2021 | 3,583,974 | 2028 |
| 2022 | 3,272,371 | 2029 |
| 2023 | 1,509,948 | 2030 |
| | <u>23,277,763</u> | |

The Group has not recognised the full value of the deferred tax asset in some subsidiaries from accelerated depreciation for accounting purposes and unutilised tax losses as the recovery of the amounts arising from future taxable income is uncertain. The deferred tax asset not recognised amounts to \$1,467,511 (2022 - \$Nil).

The movement of income tax payable as at December 31, is shown below.

| | 2023 | 2022 |
|---|----------------|----------------|
| Balance at beginning of year | 213,151 | 160,287 |
| Current tax expense | 499,576 | 241,347 |
| Income tax paid | (398,348) | (188,483) |
| Transfer to liabilities "held for sale" (note 27) | (39,391) | — |
| Balance at end of year | <u>274,988</u> | <u>213,151</u> |

10 Cash and cash equivalents

| | 2023 | 2022 |
|---------------------|--------------------|--------------------|
| Cash at banks | 143,349,417 | 202,838,380 |
| Short-term deposits | — | 108,456 |
| Cash on hand | 11,505 | 5,304 |
| | <u>143,360,922</u> | <u>202,952,140</u> |

Cash at bank is held with a local commercial bank in non-interest-bearing accounts. The Group is currently awaiting permission from the Central Bank of Barbados to remit dividends payable to its parent. See also note 14.

The cash and cash equivalents disclosed above and in the statement of cash flows include \$1,669,260 (2022 - \$1,669,260) restricted to secure lines of credit with FirstCaribbean International Bank to fund the Group's working capital requirements, payment of operating expenses, and for general use. The lines of credit are established with the Company, Banks Barbados Breweries Limited, and Banks Distribution Limited.

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

11 Receivables and prepayments

| | 2023 | 2022 |
|----------------------------------|-------------------|-------------------|
| Trade receivables, net (note 25) | 32,230,002 | 23,977,334 |
| Other receivables, net (note 25) | 3,153,084 | 3,427,314 |
| Prepayments | 2,451,003 | 3,104,971 |
| | 37,834,089 | 30,509,619 |

Included within the trade and other receivables balances are receivables from associated companies and other related parties under common ownership amounting to \$11,000,892 (2022 - \$10,462,447) (note 21).

12 Inventories

| | 2023 | 2022 |
|--------------------------------------|-------------------|-------------------|
| Raw materials | 15,451,075 | 15,737,209 |
| Fuel and factory supplies | 13,540,801 | 12,994,460 |
| Finished goods | 7,026,519 | 5,873,357 |
| Marketing materials | 761,624 | 1,053,939 |
| Work-in progress | 567,111 | 569,879 |
| Provision for inventory obsolescence | (1,837,424) | (2,772,429) |
| | 35,509,706 | 33,456,415 |

The movement in the provision for inventory obsolescence is shown below.

| | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Balance at beginning of year | 2,772,429 | 2,521,214 |
| Provision for the year | — | 251,215 |
| Reversal during the year | (935,005) | — |
| Balance at end of year | 1,837,424 | 2,772,429 |

The provision for inventory obsolescence for the year is included in cost of sales.

13 Investments

The Group accounts for the 5.9% equity investment in Banks DIH Limited at FVTPL. The fair value as at December 31, 2023, amounted to \$85,527,933 (2022 - \$91,206,567). The Company recognised an unrealised fair value loss on financial assets at FVTPL amounting to \$5,678,634 during the year (2022 fair value gain of - \$23,038,228). During the year, dividends received from Banks DIH Limited amounted to \$987,193 (2022 - \$846,109).

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For the year ended December 31, 2023

(expressed in Barbados dollars)

14 Trade and other payables

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|--------------------------|---------------------------|
| Dividends payable | 54,875,413 | 126,084,795 |
| Accruals and other payables | 16,564,007 | 20,762,740 |
| Trade payables | 27,511,823 | 16,744,495 |
| | <u>98,951,243</u> | <u>163,592,030</u> |

Included within the trade payables and dividends payable balances are amounts due to associated companies and related parties amounting to \$14,780,229 and \$47,418,888, respectively (2022 - \$5,507,451 and \$118,547,220) (note 22).

Trade and other payables are non-interest bearing and are normally settled on 30 - 180-day terms. The Group is currently awaiting permission from the Central Bank of Barbados to remit dividends payable to its parent.

15 Leases

The Group classifies its right-of-use assets in a separate class in property, plant and equipment (see note 17). The breakdown of lease liabilities is as follows:

| | <u>2023</u> | <u>2022</u> |
|-------------|-------------------------|-----------------------|
| Current | 244,217 | 580,054 |
| Non-current | 1,355,735 | 274,018 |
| | <u>1,599,952</u> | <u>854,072</u> |

The Group's leasing activities by type of right-of-use asset recognised on the statement of financial position under property, plant and equipment comprise of motor vehicles, equipment, and property. During the year, the Group had 11 leased motor vehicles, 10 leased equipment assets, and a leased building (2022 - 11 motor vehicles and 11 equipment assets). The Group entered in a new building lease with a term of 15 years during the year. The incremental borrowing rates applied to these leases range from 10.92% to 14.86%.

Leased motor vehicles retain a range of 0.5 - 1.83 years remaining on the lease term for an average of 1.29 years (2022 - 1.15 - 2.83 years remaining on the lease term for an average of 2.33 years). Leased equipment assets retain 0.5 years on the lease term (2022 - 0.83 - 1.51 years remaining on the lease term for an average of 1.45 years). Leased property has a remaining lease term of 14.67 years. The lease agreements do not hold an option to purchase or to terminate the agreement and are not subject to a variable payment method.

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

16 Investments in associates and joint ventures

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|------------------|
| Cost of investments | 4,433,967 | 4,433,967 |
| Decrease in equity value over cost from acquisition to end of year | (2,315,175) | (2,635,291) |
| | <u>2,118,792</u> | <u>1,798,676</u> |

Movement in investments in associated companies and joint ventures during the year is as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------------------|------------------|
| Balance at beginning of the year | 1,798,676 | 1,761,570 |
| Dividends received | (634,707) | (298,016) |
| Share of net profit | 954,823 | 335,122 |
| Balance at end of the year | <u>2,118,792</u> | <u>1,798,676</u> |

Associated companies and joint ventures consist of the associated companies as disclosed in Note 3(b).

GCG Services Limited dissolved during 2023 and held no property and no liabilities. The Group had previously written off the investment as fully impaired. The Group did not recognise any further losses related to the dissolution of GCG Services Limited.

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Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

17 Property, plant and equipment

| | Freehold land and buildings | Buildings on leasehold land | Plant and equipment, fixtures, fittings and others | Motor vehicles | Containers | Capital works in progress | Right-of- use assets | Total |
|-------------------------------|-----------------------------------|-----------------------------------|---|-------------------|------------------|---------------------------------|-------------------------|-------------------|
| At December 31, 2021 | | | | | | | | |
| Cost or valuation | 34,959,682 | 24,606,961 | 131,211,164 | 3,958,236 | 28,758,074 | 5,828,279 | 1,340,971 | 230,663,367 |
| Accumulated depreciation | (1,551,897) | (18,112,028) | (103,164,482) | (2,936,084) | (22,788,704) | – | (815,891) | (149,369,086) |
| Net book value | 33,407,785 | 6,494,933 | 28,046,682 | 1,022,152 | 5,969,370 | 5,828,279 | 525,080 | 81,294,281 |
| At December 31, 2022 | | | | | | | | |
| Opening net book value | 33,407,785 | 6,494,933 | 28,046,682 | 1,022,152 | 5,969,370 | 5,828,279 | 525,080 | 81,294,281 |
| Additions | – | – | – | – | – | 6,370,849 | 885,845 | 7,256,694 |
| Adjustments to cost | – | – | – | – | – | 2,383 | – | 2,383 |
| Revaluation surplus | 3,079,789 | – | – | – | – | – | – | 3,079,789 |
| Transfer of cost | 17,048 | 423,557 | 2,336,372 | – | – | (2,776,977) | – | – |
| Transfer of depreciation | (11,494) | (5,357) | 16,851 | – | – | – | – | – |
| Depreciation charges (note 8) | (636,743) | (1,069,347) | (5,159,761) | (233,379) | (2,446,135) | – | (625,253) | (10,170,618) |
| Net book value | 35,856,385 | 5,843,786 | 25,240,144 | 788,773 | 3,523,235 | 9,424,534 | 785,672 | 81,462,529 |
| At December 31, 2022 | | | | | | | | |
| Cost or valuation | 38,056,519 | 25,030,518 | 133,547,536 | 3,958,236 | 28,758,074 | 9,424,534 | 2,226,816 | 241,002,233 |
| Accumulated depreciation | (2,200,134) | (19,186,732) | (108,307,392) | (3,169,463) | (25,234,839) | – | (1,441,144) | (159,539,704) |
| Net book value | 35,856,385 | 5,843,786 | 25,240,144 | 788,773 | 3,523,235 | 9,424,534 | 785,672 | 81,462,529 |

Banks Holdings Limited

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(expressed in Barbados dollars)

| | Freehold land and buildings | Buildings on leasehold land | Plant and equipment, fixtures, fittings and others | Motor vehicles | Containers | Capital works in progress | Right-of- use assets | Total |
|-------------------------------|-----------------------------------|-----------------------------------|---|-------------------|------------------|---------------------------------|-------------------------|-------------------|
| At December 31, 2023 | | | | | | | | |
| Opening net book value | 35,856,385 | 5,843,786 | 25,240,144 | 788,773 | 3,523,235 | 9,424,534 | 785,672 | 81,462,529 |
| Additions | — | — | 488,232 | — | — | 9,813,434 | 1,337,958 | 11,639,624 |
| Adjustments to cost | — | — | — | — | — | (7,180) | (371) | (7,551) |
| Revaluation surplus | 1,759,349 | — | — | — | — | — | — | 1,759,349 |
| Transfer of cost | — | 853,287 | 5,785,799 | — | 9,881,954 | (16,521,040) | — | — |
| Depreciation charges (note 8) | (480,638) | (989,754) | (6,086,048) | (322,022) | (4,281,572) | — | (581,332) | (12,741,366) |
| Net book value | 37,135,096 | 5,707,319 | 25,428,127 | 466,751 | 9,123,617 | 2,709,748 | 1,541,927 | 82,112,585 |
| At December 31, 2023 | | | | | | | | |
| Cost or valuation | 39,815,868 | 25,883,805 | 139,821,567 | 3,958,236 | 38,640,028 | 2,709,748 | 3,564,403 | 254,393,655 |
| Accumulated depreciation | (2,680,772) | (20,176,486) | (114,393,440) | (3,491,485) | (29,516,411) | — | (2,022,476) | (172,281,070) |
| Net book value | 37,135,096 | 5,707,319 | 25,428,127 | 466,751 | 9,123,617 | 2,709,748 | 1,541,927 | 82,112,585 |

Banks Holdings Limited

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(expressed in Barbados dollars)

If the freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

| | Freehold land | Freehold buildings | Total |
|--------------------------------|--------------------------|-------------------------------|-------------------|
| As at December 31, 2022 | | | |
| Opening net book value | 6,005,286 | 13,280,140 | 19,285,426 |
| Depreciation | — | (405,645) | (405,645) |
| Net book value | 6,005,286 | 12,874,495 | 18,879,781 |
| As at December 31, 2023 | | | |
| Opening net book value | 6,005,286 | 12,874,495 | 18,879,781 |
| Depreciation | — | (405,645) | (405,645) |
| Net book value | 6,005,286 | 12,468,850 | 18,474,136 |

The Group's freehold land and buildings at Wildey and Newton were revalued at a fair value of \$36,045,000 based on valuations performed by an accredited independent valuer in December 2023. Management determined that these constitute one class of asset under IFRS 13, Fair Value Measurement, Level 3, based on the nature, characteristics and risks of the properties. The fair value of the land and building was determined using the market comparable approach and replacement cost approach.

| | |
|--------------------------------------|-----------|
| Significant valuation inputs: | \$ |
| Price per square foot (land) | 12 - 19 |
| Price per square foot (building) | 80 - 230 |

18 Investment properties

| | 2023 | 2022 |
|--|--------------------|-------------------|
| Balance at beginning of the year | 11,733,857 | 13,386,386 |
| Change in fair value of investment properties | (155,000) | (1,652,529) |
| Reclassification of PCL as "held for sale" (note 27) | (2,333,857) | — |
| Balance at end of the year | 9,245,000 | 11,733,857 |

As at December 31, 2023, the Group's investment properties located at Wildey and Thornbury Hill were revalued based on valuations performed by an accredited independent valuer.

The fair value of the land and buildings was determined, in accordance with IFRS 13, Fair Value Measurement, Level 3, using the market comparable approach, which is based on the price a property would sell in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash and achievable in a reasonable time.

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Included in profit from operations are the following amounts arising on investment properties:

| | <u>2023</u> | <u>2022</u> |
|---|------------------|-------------|
| Rental income | 575,821 | 691,420 |
| Operating expenses | (161,798) | (115,383) |
| Profit arising from investment properties carried at fair value | 414,023 | 576,037 |

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

| | |
|--------------------------------------|-----------|
| Significant valuation inputs: | \$ |
| Price per square foot (land) | 10 - 39 |
| Price per square foot (building) | 200 - 250 |

19 Pension plan assets

The amounts recognised in the consolidated statement of financial position are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|--------------|
| Fair value of plan assets | 39,208,000 | 39,110,000 |
| Present value of funded obligations | (26,879,000) | (26,975,000) |
| Net asset recognised in the consolidated statement of financial position | 12,329,000 | 12,135,000 |

The amounts recognised in the consolidated income statement are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|-------------|
| Interest cost | (2,317,000) | (2,535,000) |
| Current service cost | (218,000) | (459,000) |
| Administrative fees | (74,000) | (69,000) |
| Interest income on plan assets | 3,355,000 | 2,540,000 |
| Total, in consolidated income statement | 746,000 | (523,000) |
| Of which: | | |
| Operating expenses | (292,000) | (528,000) |
| Net finance income | 1,038,000 | 5,000 |

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(expressed in Barbados dollars)

The amount recognised in consolidated statement of comprehensive income is shown below.

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|--------------|
| Gain from change in assumptions | (1,465,000) | (15,666,000) |
| Return on plan assets below interest income | 2,017,000 | 3,617,000 |
| Other comprehensive loss/(income) | 552,000 | (12,049,000) |

Movements in the net asset are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------|
| Balance at beginning of year | 12,135,000 | 609,000 |
| Net income/(expense) recognised in the consolidated income statement | 746,000 | (523,000) |
| Other comprehensive (loss)/income | (552,000) | 12,049,000 |
| Balance at end of year | 12,329,000 | 12,135,000 |

Changes in the present value of the funded obligations are as follows:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|--------------------|--------------|
| Balance at beginning of year | 26,975,000 | 40,829,000 |
| Actuarial gain on obligation | (1,465,000) | (15,666,000) |
| Interest cost | 2,317,000 | 2,535,000 |
| Current service cost | 218,000 | 459,000 |
| Administrative fees | 74,000 | 69,000 |
| Employee contributions | 73,000 | 84,000 |
| Benefits paid | (1,313,000) | (1,335,000) |
| Balance at end of year | 26,879,000 | 26,975,000 |

Changes in the fair value of plan assets are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|-------------|
| Fair value of plan assets at beginning of year | 39,110,000 | 41,438,000 |
| Interest income on plan assets | 3,355,000 | 2,540,000 |
| Return on plan assets below interest income | (2,017,000) | (3,617,000) |
| Other: | | |
| Contributions by employer and employee | 73,000 | 84,000 |
| Benefits paid | (1,313,000) | (1,335,000) |
| Fair value of plan assets at end of year | 39,208,000 | 39,110,000 |

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(expressed in Barbados dollars)

A quantitative sensitivity analysis for significant assumptions on the present value of the funded obligations as at December 31, 2023 is shown below.

| | <u>Increase</u> | <u>Decrease</u> |
|-----------------------------------|-----------------|-----------------|
| Change in discount rate by 1% | (3,008,415) | 3,627,331 |
| Change in salary increase by 0.5% | 435,684 | (483,566) |

The remaining life expectancy at age 65 for current male pensioners is 19.2 years, while for female pensioners it is 21.7 years. The weighted duration of the defined benefit obligation is 13.8 years.

The Company expects to contribute \$Nil to its defined benefit pension plans in 2024.

The major categories of plan assets as a percentage of the fair value of plan assets are as follows:

| | <u>2023</u> % | <u>2022</u> % |
|--------------|------------------|------------------|
| Bonds | 37 | 36 |
| Mortgages | 23 | 21 |
| Real estate | 16 | 17 |
| Mutual funds | 19 | 18 |
| Equities | 3 | 5 |
| Others | 2 | 3 |

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

| Experience history | <u>2023</u> % | <u>2022</u> % |
|--|------------------|------------------|
| Principal actuarial assumptions as at December 31: | | |
| Discount rate at end of year | 9 | 8.75 |
| Future promotional salary increases | 5 | 5 |
| Future inflationary salary increases | 3 | 3 |
| Future increases in NIS ceiling for earnings | 4.25 | 4.25 |
| Future pension increases | 3.75 | 3.75 |
| Mortality | UP94-AA | UP94-AA |

Through its defined benefit plan, the Group is exposed to various risks:

- Longevity risk;
- Inflation risk;
- Interest rate risk due to the liabilities being of longer duration than the date securities; and
- Investment risk in order to counter the inflation risk and improve the investment return.

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20 Post-employment medical liability

Liability recognised in the consolidated statement of financial position represents the present value of unfunded obligations.

The amounts recognised in the consolidated income statement are as follows:

| | 2023 | 2022 |
|--|---------|---------|
| Interest cost | 94,000 | 128,000 |
| Current service cost | 33,000 | 71,000 |
| Total, included in consolidated income statement | 127,000 | 199,000 |

Changes in the present value of the unfunded obligations are as follows:

| | 2023 | 2022 |
|------------------------------|-----------|-----------|
| Balance at beginning of year | 1,065,000 | 1,555,000 |
| Interest cost | 94,000 | 128,000 |
| Current service cost | 33,000 | 71,000 |
| Benefits paid | (48,000) | (44,000) |
| Actuarial gain (i) | (53,000) | (645,000) |
| Balance at end of year | 1,091,000 | 1,065,000 |

(i) The actuarial gain is recognised in consolidated statement of comprehensive income.

Principal actuarial assumptions used for accounting purposes at December 31, were as follows:

| | 2023 | 2022 |
|---|-------|-------|
| Discount rate at end of year | 9.00% | 8.75% |
| Future medical claims/premium inflation | 4.25% | 4.25% |

A one percentage point change in the assumed rate of the following assumptions would have the following effect on the present value of the obligation:

| | Increase | Decrease |
|-----------------------------------|-----------|-----------|
| Change of medical inflation by 1% | 171,230 | (148,879) |
| Change of discount rate by 1% | (133,370) | 152,908 |

The weighted duration of the defined benefit obligation was 14 years.

Assuming no changes in the premium rates, the Group expects to pay premiums of \$20,000 during the 2024 financial year.

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21 Equity

Share capital

Authorised:

The Company is authorised to issue an unlimited number of shares of one class designated as common shares.

Stated and issued:

| | Number of shares | | Stated value | |
|--------------------------------------|-------------------|------------|--------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Balance at beginning and end of year | 64,960,760 | 64,960,760 | 145,565,985 | 145,565,985 |

For the 2023 and 2022 financial period, the Company's Board of Directors has not declared any dividends.

22 Related party balances and transactions

Related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, parent company and its key management personnel, directors and shareholders. Related party balances are:

| | 2023 | 2022 |
|---------------------------------|-------------------|-------------|
| Receivables | | |
| Other related parties (note 11) | 11,000,892 | 10,462,447 |
| | 11,000,892 | 10,462,447 |
| Payables | | |
| Parent company (note 14) | 47,418,888 | 118,547,220 |
| Other related parties (note 14) | 14,780,229 | 5,507,451 |
| | 62,199,117 | 124,054,671 |

Payables to parent company and other related parties related mainly to dividends payable.

During the year, the Group entered into the following transactions with its associates and related companies:

| | 2023 | 2022 |
|--------------------------------------|-------------------|-----------|
| Sales to other related parties | 1,475,438 | 99,953 |
| Purchases from associated companies | 13,695,274 | 9,744,494 |
| Purchases from other related parties | 6,326,130 | 4,166,797 |

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The sales to and purchases from related parties are made under normal market prices. Outstanding balances at the year-end are unsecured, interest free and have no fixed terms of repayments. There have been no guarantees provided or received for any related party receivables or payables and the Group has not made any provision for doubtful debts relating to amounts owed by related parties for the year ended December 31, 2023 and 2022.

Compensation paid to key management of the Group:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|------------------|------------------|
| Short-term employment benefits | <u>3,729,847</u> | <u>5,237,113</u> |

23 Earnings per share

| | <u>2023</u> | <u>2022</u> |
|--|--------------------------|-------------------|
| Net income for the year attributable to equity holders of the parent | 8,088,968 | 29,909,412 |
| Divided by weighted average number of outstanding shares | <u>64,960,760</u> | <u>64,960,760</u> |
| Basic and diluted earnings per share | <u>0.12</u> | <u>0.46</u> |

The Group has no dilutive potential ordinary shares as at December 31, 2023 and 2022.

24 Contingencies

Legal claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of business. These include claims filed against the Group for unfair or wrongful dismissal of employees, breaches of contract and damages for personal injuries, and other related matters. No provision has been made in the consolidated financial statements as at December 31, 2023, in respect of these claims as the amount and outcome is not presently determinable.

As at the date of approval of the consolidated financial statements, the Group does not believe that any of the litigation matters will have a material effect on its consolidated income statement or consolidated statement of financial position.

Other contingencies

Effective December 2019, the Group had its shares suspended on the Barbados Stock Exchange Inc. (BSE) pursuant to Rule 3.01.5 1(a) and (b) of the Rules of the BSE as a consequence of the requirement to submit the quarterly and annual audited financial statements to the Financial Services Commission (FSC) and annual audited consolidated financial statements to the BSE within the time period stipulated by those regulatory bodies.

On July 22, 2022, the suspension regarding the trading of the Group's shares on the BSE was lifted.

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(expressed in Barbados dollars)

25 Financial risk management

a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The Group has not entered into derivative contracts to reduce risk exposures. The Group's risk management focuses on actively seeking to minimise potential adverse effects on its financial performance.

The Group's risk management is coordinated with the Board of Directors and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

i) Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates primarily in the Barbados market and is therefore not subject to significant foreign currency risk.

The Group has transactional currency exposures; however, the majority of those transactions are in the United States dollar which has a fixed exchange rate to the functional currency, the Barbados dollar. Exposures to foreign currencies other than the United States dollar are not considered significant.

Foreign currency exposure also arises from investments by the Group in currencies other than the unit's functional currency, the Barbados dollar, which includes the investment at FVTPL denominated in Guyana dollars for which there is significant foreign currency risk.

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(expressed in Barbados dollars)

The aggregate value of financial assets and liabilities denoted in Barbados dollars is as follows:

| As at December 31, 2023 | USD | BBD | EURO | XCD | CAD | GBP | GYD | Total |
|------------------------------------|-------------------|--------------------|----------------|----------------|---------------|---------------|-------------------|--------------------|
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 1,660,106 | 141,643,453 | — | — | 57,363 | — | — | 143,360,922 |
| Trade and other receivables | 3,117,152 | 32,127,689 | — | 108,715 | 29,530 | — | — | 35,383,086 |
| Investments | — | — | — | — | — | — | 85,527,933 | 85,527,933 |
| Total financial assets | 4,777,258 | 173,771,142 | — | 108,715 | 86,893 | — | 85,527,933 | 264,271,941 |
| Financial liabilities | | | | | | | | |
| Trade and other payables | 5,961,856 | 92,491,836 | 424,607 | 47,762 | — | 25,182 | — | 98,951,243 |
| Lease liabilities | — | 1,599,952 | — | — | — | — | — | 1,599,952 |
| Total financial liabilities | 5,961,856 | 94,091,788 | 424,607 | 47,762 | — | 25,182 | — | 100,551,195 |
| As at December 31, 2022 | USD | BBD | EURO | XCD | CAD | GBP | GYD | Total |
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 460,869 | 202,491,271 | — | — | — | — | — | 202,952,140 |
| Trade and other receivables | 12,265,423 | 15,139,225 | — | — | — | — | — | 27,404,648 |
| Investments | — | — | — | — | — | — | 91,206,567 | 91,206,567 |
| Total financial assets | 12,726,292 | 217,630,496 | — | — | — | — | 91,206,567 | 321,563,355 |
| Financial liabilities | | | | | | | | |
| Trade and other payables | 8,799,659 | 154,662,399 | 116,926 | — | 1,039 | — | 12,007 | 163,592,030 |
| Lease liabilities | — | 854,072 | — | — | — | — | — | 854,072 |
| Total financial liabilities | 8,799,659 | 155,516,471 | 116,926 | — | 1,039 | — | 12,007 | 164,446,102 |

Banks Holdings Limited

Notes to the Consolidated Financial Statements

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(expressed in Barbados dollars)

b) Price risk

The Group is exposed to equity securities price risk because of equity investments held by the Group and classified in the consolidated statement of financial position as financial assets at FVTPL. The Group's portfolio includes equity securities that are quoted on the Guyana Stock Exchange, and its exposure to these equity securities price risk is material due to the significant value of these securities in relation to its consolidated statement of financial position and because of the volatility in this market. If market prices as at December 31, 2023 had been 10% higher/lower with all other variables held constant, the change in financial assets at FVTPL would have been higher/lower by \$8,552,793 (2022 - \$9,120,657).

ii) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The Group's credit risk arises from cash at banks, as well as credit exposures to customers and receivables.

Cash at bank is only held with a well-known reputable bank and financial institution. If no independent rating exists for customers, management assesses the credit quality of customers on an individual basis, taking into account their financial position, credit history and other factors. The utilisation of credit limits is regularly monitored. Products rendered to customers are settled primarily in cash and cheques.

Credit risk management

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial position. The carrying amount is presented net of impairment losses recognised, as summarised below.

| | 2023 | 2022 |
|--------------------------------------|--------------------|--------------------|
| Cash at bank and short-term deposits | 143,349,417 | 202,946,836 |
| Trade and other receivables | 35,383,086 | 27,404,648 |
| | 178,732,503 | 230,351,484 |

The allowance for impairment recognised during the period on trade and other receivables was as follows:

| | 2023 | 2022 |
|---|----------------|---------------|
| Loss allowance as at January 1 | 39,544 | 46,609 |
| Loss allowance recognised during the year | 407,895 | 63,799 |
| Reversal of loss allowance recognised during the year | (147,429) | (70,864) |
| Loss allowance as at December 31 (note 11) | 300,010 | 39,544 |

Other receivables loss allowance amounts to \$93,119 of the \$300,010 (2022 - \$Nil). During 2023, other receivables were written-off by \$478,895 (2022 - \$871,496). There was no significant concentration of credit risks with any single counterparty as at December 31, 2023 and 2022.

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(expressed in Barbados dollars)

iii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Group utilises available credit facilities such as loans, overdrafts and other financing options.

The Group believes that cash flows from operating activities, cash and cash equivalents, along with access to borrowing facilities, will be sufficient to fund accounts and lease payables going forward.

The table below summarises the maturity profile of the Group's financial liabilities at December 31, based on contractual undiscounted payments.

| | Within 1 year | 2 to 5 Years | More than 5 Years | Total |
|--------------------------------|--------------------------|-------------------------|------------------------------|--------------------|
| As at December 31, 2023 | | | | |
| Dividends payable | 54,875,413 | — | — | 54,875,413 |
| Trade and other payables | 38,165,641 | — | — | 38,165,641 |
| Lease liability | 244,217 | 273,789 | 1,081,946 | 1,599,952 |
| | 93,285,271 | 273,789 | 1,081,946 | 94,641,006 |
| As at December 31, 2022 | | | | |
| Dividends payable | 126,084,795 | — | — | 126,084,795 |
| Trade and other payables | 19,620,672 | — | — | 19,620,672 |
| Lease liability | 580,054 | 274,018 | — | 854,072 |
| | 146,285,521 | 274,018 | — | 146,559,539 |

b) Capital management

The Group's capital primarily consists of its share capital and retained earnings. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2023.

Banks Holdings Limited

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For the year ended December 31, 2023

(expressed in Barbados dollars)

c) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured, using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring fair value, the Group uses observable market data as far as possible.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identifiable assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Fair value measurement of financial and non-financial assets

As at December 31, the Group held the following equity securities carried at fair value on the consolidated statement of financial position:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|-------------------|---------|---------|-------------------|
| As at December 31, 2023 | | | | |
| Investments | 85,527,933 | – | – | 85,527,933 |
| As at December 31, 2022 | | | | |
| Investments | 91,206,567 | – | – | 91,206,567 |

During the reporting year ended December 31, 2023, and 2022, there were no transfers between Level 1 and 2 fair value adjustments.

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and lease liabilities are considered to be a reasonable approximation of their fair value.

26 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Segment performance is evaluated based on revenue and profit or loss before tax and is measured consistently with profit or loss in the consolidated financial statements.

Inter-segment revenues are eliminated upon consolidation and are reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

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For the year ended December 31, 2023

(expressed in Barbados dollars)

| | Dairy products and fruit juices | Brewery beverages and head office(i) | Adjustments and eliminations | Total |
|--|---------------------------------------|--|------------------------------------|--------------------|
| Operating segments - 2023 | | | | |
| Sales | 61,259,183 | 177,921,265 | (81,067,217) | 158,113,231 |
| Cost of sales | (54,497,818) | (136,686,485) | 80,122,443 | (111,061,860) |
| Gross profit | 6,761,365 | 41,234,780 | (944,774) | 47,051,371 |
| Other income | (85,046) | 9,338,479 | (8,035,997) | 1,217,436 |
| Selling, general and administrative expenses | (6,520,896) | (35,104,423) | 5,471,255 | (36,154,064) |
| Segment gain before undernoted items | 155,423 | 15,468,836 | (3,509,516) | 12,114,743 |
| Unrealised fair value losses on investments | – | (5,678,634) | – | (5,678,634) |
| Finance income | 317,000 | 1,404,045 | (683,045) | 1,038,000 |
| Finance expense | (99,352) | (3,257,705) | 3,144,423 | (212,634) |
| Change in value of investment properties | – | (155,000) | – | (155,000) |
| Segment profit before taxation | 373,071 | 7,781,542 | (1,048,138) | 7,106,475 |
| Share of profits of associated companies | | | | 954,823 |
| Income before taxation | | | | 8,061,298 |
| Segment assets | 59,003,891 | 621,375,726 | (270,513,801) | 409,865,816 |
| Investments in associates and joint ventures | | | | 2,118,792 |
| Total assets | | | | 411,984,608 |
| Segment liabilities | 21,572,971 | 323,823,167 | (243,326,373) | 102,069,765 |

- i. The Brewery beverages and head office segment includes Plastic Containers Limited, reclassified as an asset for sale in 2023 (note 27).

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

| | Dairy products and fruit juices | Brewery beverages and head office | Adjustments and eliminations | Total |
|--|--|--|---|--------------------|
| Operating segments - 2022 | | | | |
| Sales | 53,000,365 | 164,379,133 | (74,680,961) | 142,698,537 |
| Cost of sales | (50,537,423) | (125,339,171) | 74,245,942 | (101,630,652) |
| Gross profit | 2,462,942 | 39,039,962 | (435,019) | 41,067,885 |
| Other income | (48,777) | 11,302,692 | (8,376,454) | 2,877,461 |
| Selling, general and administrative expenses | (6,148,005) | (35,592,360) | 5,506,829 | (36,233,536) |
| Segment (loss)/gain before undernoted items | (3,733,840) | 14,750,294 | (3,304,644) | 7,711,810 |
| Unrealised fair value gains on investments | – | 23,038,228 | – | 23,038,228 |
| Finance income | – | 6,132 | – | 6,132 |
| Finance expense | (14,116) | (3,543,602) | 3,425,993 | (131,725) |
| Change in value of investment properties | – | (1,652,529) | – | (1,652,529) |
| Segment (loss)/profit before taxation | (3,747,956) | 32,598,523 | 121,349 | 28,971,916 |
| Share of profits of associated companies | | | | 335,122 |
| Income before taxation | | | | 29,307,038 |
| Segment assets | 59,618,189 | 681,024,732 | (276,175,990) | 464,466,931 |
| Investments in associates and joint ventures | | | | 1,798,676 |
| Total assets | | | | 466,265,607 |
| Segment liabilities | 22,748,680 | 391,865,996 | (248,890,423) | 165,724,253 |

27 Assets and liabilities held for sale

During the fourth quarter of 2023, the Group entered into an agreement to sell its 65% investment ownership in Plastic Containers Limited, a consolidated subsidiary of the Group, which was a part of the Brewery beverages and head office segment. In April 2024, the Group sold all the shares held in Plastic Containers Limited to a third party for a consideration of \$1,462,500. During the fourth quarter of 2023, the assets and liabilities of the Plastic Containers Limited met the criteria to be presented as “held for sale.” As a result, as at December 31, 2023 such assets and liabilities were classified as held for sale on the consolidated statement of financial position.

Included in the Group’s consolidated statement of financial position as at December 31, 2023, are the following carrying amounts of the assets and liabilities held for sale:

Banks Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(expressed in Barbados dollars)

| | 2023 |
|--|------------------|
| Assets: | |
| Investment properties | 2,333,857 |
| Receivables and prepayments | 50,502 |
| Total assets held for sale | 2,384,359 |
| Liabilities: | |
| Trade and other payables | 113,191 |
| Income tax payable | 39,391 |
| Total liabilities held for sale | 152,582 |

28 Post reporting date events

Legal and regulatory environment

Barbados Corporation Tax Reform

On November 7, 2023, the Government of Barbados announced tax measures in response to the OECD's Pillar Two global minimum tax initiative, including an increase of the Barbados corporate tax rate to 9% reflected in the Barbados - Corporation Tax Reform 2024 Framework. All companies, except those that meet a specific criteria, will be subject to the application of this 9% rate. Based on the nature of the Company, it will be subject to the 9% rate from January 1, 2024.

Global Minimum Tax

The Government of Barbados has also introduced a Qualified Domestic Minimum Top-Up Tax that applies to large multinational enterprise (MNE) groups with global consolidated revenues over €750 million for tax years beginning on or after January 1, 2024 which will top-up the Barbados effective tax rate payable by an entity subject to Pillar Two, to 15%.

The Company has concluded that it is part of a group which is within the scope of the Pillar Two model rules, and as such, the effective tax rate payable from January 1, 2024 will be 15%.

Investment in subsidiaries

In April 2024, the Group sold all the shares held in Plastic Containers Limited to a third party for a consideration of \$1,462,500.

Share and purchase agreement

In December 2024, CND has entered into a share and purchase agreement with a potential buyer for the acquisition of the Group. The transaction is currently undergoing regulatory approval process and is anticipated to be completed in 2025.

Dividends

In December 2024, the Company's Board of Directors approved a cash dividend amounting to \$86,397,810.