

Barbados Dairy Industries Limited

Audited Financial Statements

December 31, 2025

(expressed in Barbados dollars)



Independent auditor's report

To the Shareholders of Barbados Dairy Industries Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barbados Dairy Industries Limited (the Company) as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2025;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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Basis for opinion

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 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 opinion.

Independence

We are independent of the Company 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) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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
Revenues from the sale of goods Refer to notes 4(c) and 6 to the financial statements for disclosures of related accounting policies and balances. The Company recognised revenue from the sale of goods of \$54.6 million for the year ended December 31, 2025. 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. We focused on this area due to the magnitude of the balance and that it is a significant focus area of management in measuring the performance of the Company overall.	Our approach to addressing the matter, included the following procedures amongst others: • Updated our understanding of management's end-to-end process over revenue recognition. • Evaluated the appropriateness of the Company'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 Company's financial statements.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the 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 opinion on the 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 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 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 financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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, 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

July 13, 2026

Barbados Dairy Industries Limited

Income Statement

For the year ended December 31, 2025

(expressed in Barbados dollars)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Revenue	6	54,571,960	52,298,799
Cost of sales	7	<u>(52,107,322)</u>	<u>(49,659,050)</u>
Gross profit		2,464,638	2,639,749
Other expense		(366,605)	(103,623)
Selling, general and administrative expenses	7	(6,239,219)	(6,232,264)
Gain on disposal of assets		<u>34,043</u>	<u>—</u>
Loss from operations		(4,107,143)	(3,696,138)
Net finance income		<u>168,549</u>	<u>194,595</u>
Loss before taxation		(3,938,594)	(3,501,543)
Income tax expense	8	<u>(16,409)</u>	<u>(22,770)</u>
Net loss for the year		<u>(3,955,003)</u>	<u>(3,524,313)</u>
Loss per share			
Basic and diluted	19	<u>(0.84)</u>	<u>(0.75)</u>

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

Barbados Dairy Industries Limited

Statement of Comprehensive Income

For the year ended December 31, 2025

(expressed in Barbados dollars)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Net loss for the year		(3,955,003)	(3,524,313)
Other comprehensive loss, net of tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of post-employment expenses	15, 16	(566,863)	(267,000)
Income tax effect	8	<u>51,018</u>	<u>24,030</u>
Other comprehensive loss for the year, net of tax		<u>(515,845)</u>	<u>(242,970)</u>
Total comprehensive loss for the year, net of tax		<u>(4,470,848)</u>	<u>(3,767,283)</u>

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

Barbados Dairy Industries Limited

Statement of Financial Position

As at December 31, 2025

(expressed in Barbados dollars)

	Notes	2025	2024
Assets			
Non-current assets			
Property, plant and equipment	14	17,243,326	13,167,903
Pension plan assets	15	5,107,059	4,257,000
Deferred tax asset	8	1,580,215	1,545,606
Total non-current assets		23,930,600	18,970,509
Current assets			
Cash and cash equivalents	9	2,560,490	5,134,291
Receivables and prepayments	10	4,999,478	4,627,944
Due from related parties	18	1,913,281	5,648,425
Inventories	11	21,506,212	20,214,870
Total current assets		30,979,461	35,625,530
Total assets		54,910,061	54,596,039
Equity and liabilities			
Equity			
Share capital	17	998,028	998,028
Other reserves		(3,932,987)	(3,417,142)
Retained earnings		32,127,748	36,082,751
Equity attributable to equity holders		29,192,789	33,663,637
Non-current liabilities			
Post-employment medical liability	16	1,644,599	410,000
Lease liabilities	13	1,725,358	1,243,869
Total non-current liabilities		3,369,957	1,653,869
Current liabilities			
Trade and other payables	12	12,376,898	9,076,635
Lease liabilities	13	161,741	55,414
Due to related parties	18	9,788,282	10,126,090
Income tax payable	8	20,394	20,394
Total current liabilities		22,347,315	19,278,533
Total equity and liabilities		54,910,061	54,596,039

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

Approved by the Board of Directors on July 13, 2026



Director



Director

Barbados Dairy Industries Limited

Statement of Changes in Equity

For the year ended December 31, 2025

(expressed in Barbados dollars)

	Share capital	Other reserves	Retained earnings	Total
Balance at December 31, 2023	998,028	(3,174,172)	39,607,064	37,430,920
Net loss for the year	—	—	(3,524,313)	(3,524,313)
Other comprehensive loss for the year	—	(242,970)	—	(242,970)
Total comprehensive loss for the year	—	(242,970)	(3,524,313)	(3,767,283)
Balance at December 31, 2024	998,028	(3,417,142)	36,082,751	33,663,637
Net loss for the year	—	—	(3,955,003)	(3,955,003)
Other comprehensive loss for the year	—	(515,845)	—	(515,845)
Total comprehensive loss for the year	—	(515,845)	(3,955,003)	(4,470,848)
Balance at December 31, 2025	998,028	(3,932,987)	32,127,748	29,192,789

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

Barbados Dairy Industries Limited

Statement of Cash Flows

For the year ended December 31, 2025

(expressed in Barbados dollars)

	Notes	2025	2024
Cash flows from operating activities			
Loss before taxation		(3,938,594)	(3,501,543)
Adjustments for:			
Depreciation	14	2,107,457	1,636,208
Net finance income		(168,549)	(194,595)
Gain on disposal of assets		(34,043)	–
Post-employment medical liability expense	16	10,876	10,000
Impairment reversal of trade and other receivables		(3,309)	(10,598)
Post-employment medical liability benefits paid	16	(18,241)	(18,000)
Pension plan expense	15	135,099	95,000
Reversal of provision for inventory	11	(632,793)	(310,604)
Operating loss before working capital changes		(2,542,097)	(2,294,132)
(Increase)/decrease in receivables and prepayments		(368,223)	2,167,746
Decrease/(increase) in due from related companies		3,735,144	(1,427,807)
(Increase)/decrease in inventories		(5,525,908)	2,884,328
Increase in trade and other payables		3,300,263	168,907
Decrease in due to related companies		(337,808)	(711,453)
Cash (used in)/generated from operations activities		(1,738,629)	787,589
Cash flow from investing activities			
Proceeds received from disposal of assets		34,043	–
Purchase of property, plant and equipment		(663,542)	(1,582,409)
Net cash used in investing activities		(629,499)	(1,582,409)
Cash flows from financing activities			
Repayment of lease liabilities		(64,165)	(105,023)
Interest paid lease liabilities		(141,508)	(145,405)
Net cash used in financing activities		(205,673)	(250,428)
Decrease in cash and cash equivalents		(2,573,801)	(1,045,248)
Cash and cash equivalents at beginning of year		5,134,291	6,179,539
Cash and cash equivalents at end of year		2,560,490	5,134,291

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

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

1 Nature of operations

Barbados Dairy Industries Limited (the “Company”), a publicly listed entity in Barbados, was incorporated under the Laws of Barbados on March 12, 1964. Its parent company is Banks Holdings Limited (“BHL”). The principal activity of the Company is the manufacturing, processing and distribution of dairy products and fruit juices.

In 2015, the parent company was acquired by SLU Beverages (“SLU”), a company incorporated and domiciled in St. Lucia. SLU was a subsidiary of Cerveceria Nacional Dominicana (“CND”) headquartered in the Dominican Republic. AB InBev was the ultimate parent company incorporated and domiciled in Belgium.

Share purchase agreement

In December 2024, CND entered into a share and purchase agreement with KOSCAB Holdings Limited (“KOSCAB”) for the acquisition of SLU. Effective July 31, 2025, CND transferred a 61% stake in SLU to KOSCAB who then became majority shareholder of SLU and effectively the Company. KOSCAB is registered in St. Lucia and the administration offices are in Barbados.

2 General information and compliance with IFRS Accounting Standards

The financial statements of the Company 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 Company’s board of directors on July 13, 2026.

3 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 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 Company. 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 Company’s financial statements.

4 Summary of material accounting policies

a) Basis of presentation and measurement

The financial statements have been prepared on a historical cost basis, except for defined benefit plans assets that have been measured at fair value. These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the normal course of business and do not purport to represent the amounts which would be realised on liquidation or other disposition of the Company’s assets.

The Company has sustained losses in 2024 and 2025, however, management has developed operational plans to return the Company to a profitable position after an anticipated program of investment into the physical plant and its operations. The directors of the Company received confirmation from the parent company of its intention to continue supporting the Company, where necessary, over the next twelve months. In management’s view this will enable the Company to execute the necessary investment into the physical plant and its operations and allow the Company to continue to be able to discharge its future obligations in the normal course of business.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

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 Company's functional and presentation currency.

c) 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 Company 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 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 Company 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.

d) 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 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.

e) Taxation

Income tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other 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 financial statements.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

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 statement of income, except where they relate to items that are recognised in other 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 other comprehensive income or equity, respectively.

f) 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.

g) Trade receivables

The Company'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 Company 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 company applies a simplified approach in calculating Expected Credit Losses (ECLs) for trade receivables. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

h) 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.

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 Company 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 statement of income during the financial period in which they are incurred.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

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:

Leasehold buildings	10 to 50 years
Plant and equipment, fixtures, fittings and others	3 to 25 years
Motor vehicles	5 years
Containers	3 to 5 years
Right of use assets	2 to 15 years
Spare parts	5 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 statement of income.

i) Segment reporting

The Company derives its revenue in two major segments - (1) manufacturing and processing of dairy products and (2) the manufacturing and processing of fruit juices. The Company'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.

j) Employee benefits

Short-term employee benefits

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

Post-employment benefits

The Company 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 Company 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 15.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the 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 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 statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

The Company also provides post-employment healthcare benefits to its employees, pensioners and their registered dependants. These benefits are funded by contributions from the Company 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.

k) Leases

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company 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 Company 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 basis 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 Company uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Company 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 Company is reasonably certain to exercise these options.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

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

l) Cash and cash equivalents

Cash and cash equivalents comprise 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.

m) Impairment of other non-financial assets

The Company 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 been recognised.

n) Provisions

Provisions are recognised when (i) the Company 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 Company 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.

o) Financial instruments

i) Recognition

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

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(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, transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortised cost, 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 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 Company's statement of financial position) when the rights to receive cash flows from the asset have expired or the Company 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.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

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5 Critical accounting judgements, estimates and assumptions

The preparation of the Company's 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:

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.

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 Company 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 Company considers the interest rates of government securities which have terms to maturity approximating the terms of the related pension obligation. See also note 15.

6 Revenue

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

Country	2025	2024
Barbados	45,320,970	40,860,794
Other Caribbean countries (<i>excluding Barbados</i>)	9,104,858	11,195,196
Other countries outside Caribbean	146,132	242,809
	<u>54,571,960</u>	<u>52,298,799</u>

Barbados Dairy Industries Limited

Notes to the Financial Statements

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(expressed in Barbados dollars)

7 Operating expenses

The details of operating expenses by nature are shown below.

	2025	2024
Materials	35,396,492	34,498,428
Staff costs (i)	7,431,765	6,971,258
Production overhead	8,605,866	7,573,927
Advertising and promotions	990,131	1,411,553
Depreciation (note 14)	2,107,457	1,636,208
Other operating expenses (ii)	3,814,830	3,799,940
	<u>58,346,541</u>	<u>55,891,314</u>

- i. The Company comprises 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.
- ii. The Company consolidates expenses such as professional and management fees, administrative and offices expenses, and other miscellaneous expenses within the Other operating expenses line item. Audit fees for the Company for the year ended December 31, 2025 totalled \$175,500 (2024 - \$267,000). There were no other fees paid to the auditor for non-assurance services during the period.

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

	2025	2024
Cost of sales	52,107,322	49,659,050
Selling, general and administrative expenses	6,239,219	6,232,264
	<u>58,346,541</u>	<u>55,891,314</u>

8 Income tax

	2025	2024
Statement of income		
The taxation charge on net income consists of:		
Current tax expense for the year	—	—
Deferred tax expense for the year	16,409	22,770
Total taxation expense on net income	<u>16,409</u>	<u>22,770</u>

Barbados Dairy Industries Limited

Notes to the Financial Statements

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

	2025	2024
Loss before taxation	(3,938,594)	(3,501,543)
Taxed at statutory rates of 9% (2024 - 9%)	(354,473)	(315,139)
Depreciation on assets not qualifying for capital allowances	189,671	147,322
Non-deductible expenses	(16,409)	11,061
Pension and post-employment medical benefits	16,409	22,770
Others	181,211	156,756
	16,409	22,770
	2025	2024
Deferred tax asset		
Balance at beginning of year	1,545,606	1,544,346
Deferred tax charge recognised in the statement of income:		
Pension plan assets and post-employment medical liability	(16,409)	(22,770)
	(16,409)	(22,770)
Deferred tax credit recognised in other comprehensive income		
Pension plan asset and post-retirement medical liability	51,018	24,030
	51,018	24,030
Balance at end of year	1,580,215	1,545,606

The deferred tax asset is analysed as follows:

	2025	2024
Accelerated depreciation for accounting purposes	2,473,576	2,338,076
Unutilised tax losses	1,132,336	1,104,279
Pension plan assets and post-retirement medical liability	(311,621)	(346,230)
Deferred tax asset not recognised	(1,714,076)	(1,550,519)
	1,580,215	1,545,606

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

The Company has unutilised tax losses of \$12,581,512 (2024 - \$12,367,558) available to be carried forward 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
2019	4,025,524	2026
2021	2,009,348	2028
2022	2,514,067	2029
2023	10,717	2030
2024	1,994,725	2031
2025	2,027,132	2030
	<u>12,581,513</u>	

The Company has not recognised the full value of the deferred tax asset arising 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 \$1,714,076 (2024 - \$1,550,519). The movement of income tax payable as at December 31, is shown below.

	2025	2024
Balance at beginning and end of year	<u>20,394</u>	<u>20,394</u>

Effective January 1, 2024, Barbados enacted legislation introducing a qualified domestic minimum top-up tax (QDMTT) in alignment with the Organisation for Economic Co-operation and Development's ("OECD") Pillar Two Global Anti-Base Erosion (GloBE) rules. This legislation imposes a minimum effective tax rate of 15% on in-scope multinational enterprise groups with annual consolidated revenues exceeding €750 million.

For part of the reporting period, up to the date of change in the ultimate controlling party (note 1), the Company was subject to the QDMTT. Although the top-up tax arises from the consolidated activities of all Barbados-based entities, BHL has elected to assume (where required) the full amount of the jurisdictional top-up tax without any reimbursement or allocation to the other constituent entities which includes the Company.

9 Cash and cash equivalents

	2025	2024
Cash on hand	6,549	4,994
Cash at bank	<u>2,553,941</u>	<u>5,129,297</u>
	<u>2,560,490</u>	<u>5,134,291</u>

Cash at bank is held with a local commercial bank in non-interest-bearing accounts.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

10 Receivables and prepayments

	2025	2024
Trade receivables, net (note 21)	4,065,111	4,089,621
Other receivables, net (note 21)	315,766	307,174
Prepayments	618,601	231,149
	<u>4,999,478</u>	<u>4,627,944</u>

11 Inventories

	2025	2024
Raw materials	15,414,584	9,217,769
Fuel and factory supplies	692,669	7,684,101
Finished goods	5,419,691	3,966,469
Marketing materials	—	56
Provision for inventory obsolescence	(20,732)	(653,525)
	<u>21,506,212</u>	<u>20,214,870</u>

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

	2025	2024
Balance at beginning of year	653,525	964,129
Reversal of provision for the year	(632,793)	(310,604)
Balance at end of year	<u>20,732</u>	<u>653,525</u>

During the financial year, the Company voluntarily changed its accounting treatment of spares previously classified as inventory to align with the accounting policy of its Parent. Spares are now classified as property, plant and equipment as they are expected to be used over more than one reporting period and are integral to the operation of key assets.

Spares with a total carrying value of \$4,876,356 were reclassified from inventory to property, plant and equipment. These assets are now being depreciated over their estimated useful lives. This reclassification had no material impact on the overall net assets or profitability of the Company but resulted in a corresponding decrease in inventory and increase in property, plant and equipment as at December 31, 2025 and a reallocation of spare part consumption costs from cost of sales to depreciation expense.

The change in this policy was applied prospectively, rather than retrospectively as required by IAS 8, as the Company believes that the impact of retrospective application is not material to the financial statements as a whole.

Barbados Dairy Industries Limited

Notes to the Financial Statements

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(expressed in Barbados dollars)

12 Trade and other payables

	<u>2025</u>	<u>2024</u>
Dividends payable	100,128	214,530
Accruals and other payables	6,597,763	3,966,634
Trade payables	<u>5,679,007</u>	<u>4,895,471</u>
	<u>12,376,898</u>	<u>9,076,635</u>

Trade and other payables are non-interest bearing and are normally settled on 30 - 180 day terms.

13 Leases

The Company classifies its right-of-use assets in a separate class in the property, plant and equipment (see note 14). The breakdown of lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
Current	161,741	55,414
Non-current	<u>1,725,358</u>	<u>1,243,869</u>
	<u>1,887,099</u>	<u>1,299,283</u>

The Company's leasing activities by type of right-of-use asset are recognised on the statement of financial position under property, plant and equipment. These assets include motor vehicles, equipment, and property. During the year, the Company had one leased motor vehicle, one agreement for land and a building, and five leased equipment assets. The incremental borrowing rates applied to these leases range from 10.92% to 11.90%.

The remaining lease term for the land and building is 12.42 years.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

14 Property, plant and equipment

	Buildings on leasehold land	Plant and machinery	Furniture, fittings and other equipment	Motor vehicles	Containers	Capital works in progress	Right-of-use assets	Total
At December 31, 2023								
Cost	16,020,796	44,701,880	2,543,864	116,661	1,022,600	1,030,474	1,951,618	67,387,893
Accumulated depreciation	(12,470,228)	(38,201,718)	(2,144,347)	(116,661)	(659,535)	—	(573,702)	(54,166,191)
Net book value	3,550,568	6,500,162	399,517	—	363,065	1,030,474	1,377,916	13,221,702
Year ended December 31, 2024								
Opening net book value	3,550,568	6,500,162	399,517	—	363,065	1,030,474	1,377,916	13,221,702
Additions	—	—	—	—	—	1,582,409	—	1,582,409
Transfers	165,426	947,372	10,432	—	99,519	(1,222,749)	—	—
Depreciation charges	(429,610)	(791,501)	(125,351)	—	(140,446)	—	(149,300)	(1,636,208)
Net book value	3,286,384	6,656,033	284,598	—	322,138	1,390,134	1,228,616	13,167,903
At December 31, 2024								
Cost	16,186,222	45,649,252	2,554,296	116,661	1,122,119	1,390,134	1,951,618	68,970,302
Accumulated depreciation	(12,899,838)	(38,993,219)	(2,269,698)	(116,661)	(799,981)	—	(723,002)	(55,802,399)
Net book value	3,286,384	6,656,033	284,598	—	322,138	1,390,134	1,228,616	13,167,903

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

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	Buildings on leasehold land	Plant and machinery	Furniture, fittings and other equipment	Motor vehicles	Containers	Capital works in progress	Right-of-use assets	Total
Year ended December 31, 2025								
Opening net book value	3,286,384	6,656,033	284,598	–	322,138	1,390,134	1,228,616	13,167,903
Additions	–	–	–	–	–	663,542	651,982	1,315,524
Transfer from Inventory (note 11)	–	4,867,356	–	–	–	–	–	4,867,356
Depreciation charges	(398,545)	(1,323,624)	(177,761)	–	(97,878)	–	(109,649)	(2,107,457)
Net book value	2,887,839	10,199,765	106,837	–	224,260	2,053,676	1,770,949	17,243,326
At December 31, 2025								
Cost	16,186,222	50,516,608	2,554,296	116,661	1,122,119	2,053,676	2,603,600	75,153,182
Accumulated depreciation	(13,298,383)	(40,316,843)	(2,447,459)	(116,661)	(897,859)	–	(832,651)	(57,909,856)
Net book value	2,887,839	10,199,765	106,837	–	224,260	2,053,676	1,770,949	17,243,326

By way of support for the dairy industry, the National Housing Corporation (or 'NHC', then The Housing Authority) and Barbados Dairy Industries Limited ('BDIL') entered into a lease agreement in 1964 for 50 years. Under the terms of this lease, at the cost of \$1 per year, BDIL was permitted to develop its manufacturing infrastructure on Crown land, on the condition that it also cover all land taxes, building insurance and on-going maintenance costs related to the buildings erected. Under the lease terms, the ownership of the land and the buildings were due to revert to the NHC in 2014 (i.e., at expiration). After the lease expired, negotiations with the NHC concluded in 2023, resulting in a new lease agreement. Effective September 2023, NHC and BDIL entered into a new 15-year lease at a rate of \$15,000 per month.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

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15 Pension plan assets

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

	<u>2025</u>	<u>2024</u>
Fair value of plan assets	12,403,689	12,430,000
Present value of funded obligations	<u>(7,296,630)</u>	<u>(8,173,000)</u>
Net asset recognised in the statement of financial position	<u>5,107,059</u>	<u>4,257,000</u>

The amounts recognised in the income statement are as follows:

	<u>2025</u>	<u>2024</u>
Interest cost	(646,294)	(725,000)
Current service cost	(20,270)	(52,000)
Administrative fees	(114,829)	(43,000)
Interest income on plan assets	<u>990,320</u>	<u>1,102,000</u>
Total, in income statement	<u>208,927</u>	<u>282,000</u>
Of which:		
Operating expenses	<u>(135,099)</u>	<u>(95,000)</u>
Net finance income	<u>344,026</u>	<u>377,000</u>

The amount recognised in other comprehensive income is shown below.

	<u>2025</u>	<u>2024</u>
Return on plan assets below expected return	297,492	628,000
Gain from change in assumptions	<u>(938,623)</u>	<u>(339,000)</u>
Other comprehensive (income)/loss	<u>(641,131)</u>	<u>289,000</u>

Movements in the net asset are as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	4,257,000	4,264,000
Net income recognised in the income statement	208,928	282,000
Other comprehensive income/(loss)	<u>641,131</u>	<u>(289,000)</u>
Balance at end of year	<u>5,107,059</u>	<u>4,257,000</u>

Barbados Dairy Industries Limited

Notes to the Financial Statements

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

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	8,173,000	8,279,000
Actuarial gain on obligation	(938,623)	(339,000)
Interest cost	646,294	725,000
Current service cost	20,270	52,000
Administrative fees	—	43,000
Employee contributions	23,172	23,000
Transfer in	133,096	—
Benefits paid	(760,579)	(610,000)
Balance at end of year	<u>7,296,630</u>	<u>8,173,000</u>

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

	<u>2025</u>	<u>2024</u>
Fair value of plan assets at beginning of year	12,430,000	12,543,000
Interest income on plan assets	990,320	1,102,000
Return on plan assets below expected return	(297,492)	(628,000)
Contributions by employer and employee	23,172	23,000
Administration fees	(114,829)	—
Transfer In	133,097	—
Benefits paid	(760,579)	(610,000)
Fair value of plan assets at end of year	<u>12,403,689</u>	<u>12,430,000</u>

A quantitative sensitivity analysis for significant assumptions on the present value of the funded obligations as at December 31, 2025 is shown below.

	<u>Increase</u>	<u>Decrease</u>
Change in discount rate by 1%	(621,566)	811,901
Change in salary increase by 0.5%	76,938	(57,805)

The remaining life expectancy at age 65 for current male pensioners is 20.76 years, while for female pensioners it is 22.66 years. The weighted duration of the defined benefit obligation is 10.04 years.

The Company expects to pay out \$Nil in benefits from the defined pension plan in 2026.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

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

	2025 %	2024 %
Bonds	34	37
Mortgages	28	24
Real estate	14	16
Mutual funds	20	19
Equities	2	2
Others	2	2

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	2025 %	2024 %
Principal actuarial assumptions as at December 31:		
Discount rate at end of year	8.25	8.25
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 Company is exposed to various risks:

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

16 Post-employment medical liability

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

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

	2025	2024
Interest cost	33,970	37,000
Current service cost	10,876	10,000
Total, included in income statement	44,846	47,000

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

	2025	2024
Balance at beginning of year	410,000	403,000
Interest cost	33,970	37,000
Current service cost	10,876	10,000
Benefits paid	(18,241)	(18,000)
Actuarial loss/(gain) (i)	1,207,994	(22,000)
Balance at end of year	1,644,599	410,000

(i) The actuarial loss/(gain) is recognised in other comprehensive income.

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

	2025	2024
Discount rate at end of year	8.25%	8.25%
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%	212,952	(175,261)
Change of discount rate by 1%	(177,486)	219,098

The weighted duration of the defined benefit obligation was 13.69 years.

Assuming no changes in the premium rates, the Company expects to pay premiums of \$95,295 during the 2026 financial year.

17 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	
	2025	2024	2025	2024
Balance at beginning and end of year	4,691,094	4,691,094	998,028	998,028

For the 2025 and 2024 financial period, the Company's Board of Directors has not declared any dividends.

Barbados Dairy Industries Limited

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18 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, the parent company and its key management personnel, directors and shareholders. Related party balances:

	2025	2024
Receivables	1,913,281	5,648,425
Payables	9,788,282	10,126,090

The amounts due to/from related parties are unsecured, interest-free and have no fixed terms of repayments.

During the year, the Company entered into the following transactions with its parent and fellow subsidiaries:

	2025	2024
Sales to related companies	19,346,006	16,724,538
Purchases from related companies	1,224,554	540,638
Management fees paid to related company	750,000	750,000
Management fee paid to parent company	642,800	624,000
Rent charged to related parties	148,058	75,852

Compensation paid to key management of the Company:

	2025	2024
Short-term employment benefits	793,129	682,055

19 Loss per share

	2025	2024
Net loss for the year	(3,955,003)	(3,524,313)
Divided by weighted average number of outstanding shares	4,691,094	4,691,094
Basic and diluted loss per share	(0.84)	(0.75)

The Company has no dilutive potential ordinary shares as at December 31, 2025 and 2024.

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20 Contingencies

Legal claims

There are pending claims and legal actions filed by the Company or against the Company arising from the normal course of business. These include claims filed against the Company 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 financial statements as at December 31, 2025 and 2024, in respect of these claims as the amount and outcome is not presently determinable.

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

Other contingencies

The Company's shares were suspended on the BSE effective December 2019 for non-compliance with financial statement filing requirements. The suspension was lifted on July 22, 2022. Subsequent filing of the 2022 to 2024 financial statements has been completed. The Company's 2025 annual financial statements have not yet been filed in line with the March 31, 2026 requirements. Management is taking corrective actions to ensure compliance with the regulatory deadlines.

21 Financial risk management

a) Financial risk factors

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

The Company's risk management is coordinated with the Board of Directors and focuses on actively securing the Company'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 Company 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 Company is exposed are described below.

i) Market risk

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 Company operates primarily in the Barbados market and is therefore not subject to significant foreign currency risk.

The Company has transactional currency exposures, however, the majority of those transaction 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.

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

ii) Credit risk

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

Cash at banks are 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 statement of financial position. The carrying amount is presented net of impairment losses recognised, as summarised below.

	2025	2024
Cash at bank	2,553,941	5,129,297
Trade and other receivables	4,380,877	4,396,795
Due from related parties	1,913,281	5,648,425
	<u>8,848,099</u>	<u>15,174,517</u>

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

	2025	2024
Loss allowance as at January 1	97,771	108,369
Loss allowance recognised during the year	53,802	–
Reversal of loss allowance recognised during the year	(3,309)	(10,598)
Loss allowance as at December 31 (note 10)	<u>148,264</u>	<u>97,771</u>

There was no significant concentration of credit risks with any single counterparty as at December 31, 2025 and 2024.

Due from related parties are considered to have low credit risk. There is no impairment allowance for the due from related parties as the counterparties have access to sufficient highly liquid assets in order to repay the receivables, if demanded at the reporting date.

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(expressed in Barbados dollars)

iii) Liquidity risk

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

The Company 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 Company's financial liabilities at December 31, based on contractual undiscounted payments.

	<u>Within 1 year</u>	<u>2 to 5 Years</u>	<u>More than 5 years</u>	<u>Total</u>
As at December 31, 2025				
Trade and other payables	10,885,396	—	—	10,885,396
Due to related parties	9,788,282	—	—	9,788,282
Lease liabilities	161,741	710,223	1,015,135	1,887,099
Total	<u>20,835,419</u>	<u>710,223</u>	<u>1,015,135</u>	<u>22,560,777</u>
As at December 31, 2024				
Trade and other payables	7,292,127	—	—	7,292,127
Due to related parties	10,126,090	—	—	10,126,090
Lease liabilities	55,414	228,735	1,015,134	1,299,283
Total	<u>17,473,631</u>	<u>228,735</u>	<u>1,015,134</u>	<u>18,717,500</u>

b) Capital management

The Company's capital consists of its share capital and retained earnings. The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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, 2025.

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Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

c) Fair value

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 Company uses observable market data as far as possible.

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

22 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 financial statements.

Operating segments - 2025	Juice beverages	Dairy products	Total
Revenue	28,751,560	25,820,400	54,571,960
Cost of sales	(29,180,100)	(22,927,222)	(52,107,322)
Gross (loss)/profit	(428,540)	2,893,178	2,464,638
Selling, general and administrative expenses	(4,180,277)	(2,058,942)	(6,239,219)
(Loss)/gain from operations	(4,608,817)	834,236	(3,774,581)
Other expenses			(366,605)
Net finance income			168,549
Gain on disposal of assets			34,043
Segment loss before taxation			(3,938,594)
 Operating segments - 2024	 Juice beverages	 Dairy products	 Total
Revenue	29,200,900	23,097,899	52,298,799
Cost of sales	(27,955,566)	(21,703,484)	(49,659,050)
Gross profit	1,245,334	1,394,415	2,639,749
Selling, general and administrative expenses	(4,146,860)	(2,085,404)	(6,232,264)
Loss from operations	(2,901,526)	(690,989)	(3,592,515)
Other expenses			(103,623)
Net finance income			194,595
Segment loss before taxation			(3,501,543)

Barbados Dairy Industries Limited

Notes to the Financial Statements

For the year ended December 31, 2025

(expressed in Barbados dollars)

23 Post reporting date events

The Company has evaluated events after the reporting period through the date of authorisation for issue of the financial statements, and has determined that there are no events that require disclosure or adjustment in the financial statements.