HEINEKEN SAINT LUCIA LTD.

Navigating Through Uncertainty

ANNUAL REPORT 2020


Heineken
HEINEKEN ORIGINAL
Heineken
ORIGINAL

ENJOY RESPONSIBLY
celebrating our
COMMUNITIES
HAPPY 42ND INDEPENDENCE ANNIVERSARY SAINT LUCIA
Choiseul
SAINT LUCIA
PITON BEER
#KEEP
VYBING
Piton
Let's make it happen

CORPORATE PROFILE

Windward and Leeward Brewery Limited was incorporated under the Commercial Code of Saint Lucia on March 11, 1974 and continued under the Companies Act of Saint Lucia as Company No. 21 of 1974.

In 2016, WLBL merged with Du Boulay's Bottling Company Ltd. (DBC) to create the largest total beverage manufacturer in St. Lucia and the Eastern Caribbean. DBC commenced production in 1972 and has a rich history in the soft drink business. The combined company produces and distributes high-quality alcoholic and non-alcoholic beverages. Our alcoholic portfolio includes Heineken Beer, Piton Beer, Piton Shandy Guinness, Desperados, Strongbow Cider, Amstel Bright, and Red Stripe. Our non-alcoholic portfolio includes Piton Malta, SuperMalt, Coca Cola, Sprite, ICY, Crystal Clear Water, Royal Club, Climax and Monster.

The Brewery's capacity at start-up was 50,000 hectoliters with a workforce of 60 employees. Today, with the merger the workforce has grown to over 200 employees and has the capacity to produce 500,000 hectoliters.

The major shareholders of the Company are: Heineken International B.V., DBC Investments Limited and Invest Saint Lucia. The remaining shareholders, numbering over two hundred and fifty are CARICOM nationals residing in and outside of the Caribbean region. The Company serves the domestic market as well as all the OECS countries, Barbados, Belize, Guyana, and the Republic of Trinidad and Tobago.

At the time of writing the annual report Windward and Leeward Brewery Limited and Du Boulay's Bottling Company Limited have been amalgamated and concurrently renamed to HEINEKEN Saint Lucia Limited. This historic change, to ensure that we are truly "One Company" occurred on February 1, 2021.

PART OF THE HEINEKEN COMPANY

REGISTERED OFFICE
Windward and Leeward
Brewery Limited
(now HEINEKEN Saint Lucia
Limited)
St. Jude's Highway
Vieux-Fort Industrial Estate
Vieux-Fort

AUDITORS
Grant Thornton
Pointe Seraphine
PO Box 195
Castries, St Lucia
West Indies

BANKERS
CIBCFirstCaribbean
International Bank
Bridge Street
Castries

SOLICITORS
Mc Namara & Co.
Micoud Street
Castries

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CHAIRMAN'S REPORT

Mr. Lisle Chase
CHAIRMAN

INTRODUCTION

Like many companies worldwide, 2020 was a test of our resilience, our ability to adapt quickly to external pressures and maintain business continuity in the face of a global pandemic. Our sector was hard hit by the pandemic due to the nature of our business which is predominately beer, and consumption occasions are mainly on-premise. We were able to navigate the COVID crisis in 2020, still delivering a positive operating profit despite the deep erosion in our top line which we were able to partially mitigate through aggressive cost reduction measures.

Our cash flow was under significant pressure in the early stages of the pandemic, necessitating the postponement of the final dividend payment in the customary period of May – June. Our cash position improved later in the year through strict cash management and we were able to pay the final dividend over 2019, at year end. Due to the continuation of the COVID restrictions we were unable to host an annual general meeting of shareholders. Our priority throughout this crisis remains the health and safety of our employees, shareholders and stakeholders and we will continue to be guided by the advice provided by the Ministry of Health in the conduct of our business.

Our teams remain committed to generating the best possible results in the face of this ongoing crisis. Despite the threat, our teams continue to innovate, with the launch of Guinness Smooth and Heineken 0.0. and continue to work with our customers and consumers to sell and enjoy our products in a safe way. Our team must be commended for the hard work and dedication they have shown.

FINANCIAL RESULTS

Operating profit in 2020 decreased by $11.3 million from $21.2 million in 2019, due mainly to downsides in both our domestic and export volumes. Total volume declined 20% versus 2019 with domestic volume down 19% and export 22%. Our domestic volume was negatively impacted by the six weeks dry law, one week lockdown, COVID related restrictions on bars and on premise outlets, and general economic impacts of COVID, including closure of hotels and related high unemployment. Export volume was also impacted by lower volumes due to COVID related restrictions on consumption occasions in the respective markets. Our revenue in 2020 was $16.6 million below 2019 due to these COVID impacts. Our aggressive cost mitigation efforts yielded approximately $8 million which directly impacted the bottom line.

Profit after tax decreased by $8.0 million to $6.1 million in 2020 due to the reasons outlined in the preceding paragraph.

Earnings per share ("EPS") decreased from $11.08 in 2019 to $4.78 in 2020.

In millions of EC$	2016	2017	2018	2019	2020
Turnover	107.1	123.1	112.5	119.0	**102.4**
Profit before taxation	25.5	26.9	18.6	19.9	**9.8**
Profit after taxation	17.2	20.0	12.7	14.1	**6.1**
Total assets	156.5	151.2	152.4	158.9	**168.4**
Shareholders' equity	99.9	101.4	95.8	98.2	**96.0**
Capital expenditure	12.7	14.7	16.6	18.2	**24.6**
Dividends per share (EC$)	13.5	15.7	9.9	9.2	**6.5**
Return on assets (%)*	18.2%	18.9%	11.7%	12.4%	**5.0%**

** return on asets excludes goodwill and intangibles*

INVESTMENTS

In 2020 we invested mainly in Project One, new fermentation tanks, returnable packaging material and replacing our Enterprise Resource Planning ("ERP") system. In last year's report I informed you that the company would be making the largest investment in its forty-five-year history in order to relocate the PET line to the Brewery, thereby creating the largest industrial site in the OECS and effectively closing the Castries Plant. In 2020, the Company invested over $17 million in the project which we refer to as "Project One". The project will be completed in May 2021 due to delays and logistics challenges brought about by COVID. The project features the installation of a new PET line capable of supporting lightweight bottles, thereby reducing our carbon footprint, a new raw and packaging materials warehouse, a new chemical storage building, a new PET bottling hall and an extension to our existing finished product warehouse. The total cost at completion is expected to be approximately $38 million.

In 2020, we spent over $3.4 million installing new fermentation tanks. Each new tank is double the capacity of our biggest existing tanks and will increase our fermentation capacity to meet current and future demands. We spent circa $2 million on returnable packaging material to replenish our bottle stock.

In June 2020 we went live with our new ERP system, Heilite. We were one of three Heineken companies that did a successful go-live remotely due to COVID. The implementation process took a full year, starting with business impact workshops and ending with end user training. Heilite is being implemented in all small to medium sized Heineken companies and it does not just standardize systems but also processes, controls, and ways of working. The system was implemented in an effort to improve efficiencies and controls.

DIVIDENDS

The company declared a final dividend of $8.3 million to ordinary shareholders in respect of the year ended December 31, 2019 in December 2020, after cancelling earlier in the year due to the unexpected impact of COVID on the Company's cash flows. There was no interim dividend payment over the net profit of 2020. The Company continues to be prudent with its cash flows and will continue to pay dividends whenever the cash position allows. The lingering impact of COVID and the accompanying restrictions, continue to pose a serious and unpredictable threat to our profitability and cash flow.

CONCLUSION

In 2021, our number one priority remains the safety and well-being of our employees. While we are proud to report that we had zero COVID positive cases in 2020, we will double down on our efforts to maintain a safe environment. We expect that COVID will continue to impact our business negatively well into 2021. The biggest impact comes from dry laws and restrictions imposed by Government in their effort to control the spread of COVID-19, which is outside of our control. Therefore, reducing our cost base becomes even more critical and we have taken concrete steps with our Evergreen initiative to reduce our cost base in a sustainable manner.

MANAGING DIRECTOR'S REPORT

Mr. Thibault Mesqui
MANAGING DIRECTOR

WHAT ARE YOU MOST PROUD OF?

Many things made me proud in 2020, from which I would like to highlight the two following things.

Firstly, I am utterly proud of each and every member of our team. Proud of the incredible resilience they have shown, respecting the protocols we put in place, working in a difficult environment, adapting to new ways of working, to new ways of being, with the same level of energy, commitment and dedication as ever. They have risen to the occasion and found ways to help more vulnerable families and communities by bringing to our attention initiatives that we could support as a company, and even personally gathering funds to donate tablets for students to be able to learn from home.

As Managing Director, I am also very proud that we have been able to keep all our employees employed, fully paid and as safe as we could from COVID-19. The impact of the pandemic has been incredibly heavy on our business. We have been one of the most impacted by restrictions and lack of tourism and yet we have truly lived up to our promise of keeping the safety of our employees as our first and most important priority, never putting financial sustainability in front of our focus and care of our people.

WHAT KEEPS YOU AWAKE AT NIGHT?

I am worried for the physical and mental well-being of our employees and their families, who have been and continue to be impacted by COVID-19 in this difficult period. In 2020, we have been able to keep all our employees safe, and COVID-19 free, through the protocols, the PPEs distributed and the constant awareness about the risks, as well as the AntiGen testing when necessary. We have been able to do so with the help of our team members. In 2021, we will continue to pay the same level of attention to keep risk levels to the bare minimum while operating in a challenging context.

From a COVID-19 perspective, we have been able to keep all our employees safe in 2020. Unfortunately, we reported three accidents in the year, showing that we still have room to improve in the way we do things. In 2021, we will be very intentional about safety, welcoming back in our ranks a team member who spent some time in Jamaica as Safety Manager. I am confident that his experience will help us to be more effective in avoiding incidents and accidents.

Beyond this, I also am concerned for our customers and partners, especially the bars and restaurants who have been terribly impacted by the crisis. We have tried and will continue to support all our partners to aim at fastest possible recovery of our sector, economy and country.

OVERVIEW OF THE PERFORMANCE

Considering the context we have been operating in, and the number of restrictions and disruptions that our industry has faced, I am very proud to report a positive operating profit of Euro 3.9 million in the year 2020. After a very good start in the first quarter, we were badly hit by the first six-weeks dry law (ban on alcohol sales) and reported a net loss of Euro 1.5 million in operating profit in the month of April only. Despite all additional restrictions (bars & restaurant closures, lack of tourism), we have worked relentlessly to find new sources of revenues, used the width of our portfolio to cover our fixed costs when alcoholic beverages could not be sold and ended the year with a positive operating profit, albeit much lower than the previous year.

The impact of the economic down-turn, restrictions on the sale of alcohol and lower purchasing power coupled with a lack of tourism translated into a 20% volume loss for WLBL DBC (now HEINEKEN Saint Lucia Limited).

Looking at volumes of beer and cider would not be too relevant in light of all the restrictions that limited our potential to sell. We have seen a continued trend toward premiumization, with brands like Heineken and Guinness showing good resilience. Piton and Amstel Bright suffered visibly more from the lack of tourism. We kept innovating even in a pandemic, and launched very successfully Guinness Smooth – which is proving to be a great addition to our portfolio – partnered up with Antillia Brewery to launch the first craft lager beers in Saint Lucia, and proudly launched Heineken 0.0. This last innovation is one of the most significant that WLBL DBC launched in the past years, as being a big building block in the realization of our mission: a more sustainable future, in which consumers can have a beer at any time, in any place - for it has the same great taste as the most loved beer in Saint Lucia, and yet no alcohol.

2020 has also pushed us to leverage our full portfolio more than ever. Water, CSD and Malta have been critical categories, as they enabled us to remain open for most of the year, and also keep some levels of revenue when beer and cider were not allowed. While we have been suffering on water, partly as demand went down due to economic down-turn, we have seen an incredible resilience of our soft drink business led by our two iconic brands Icy and Coca Cola. The overall soft drink volumes remained stable (down 3% versus 2019), with a growth of 3% for Coca Cola vs 2019, and 7% increase for Icy. This shows that Saint Lucians love these brands and that our soft drinks could bring them some enjoyment when the context we are living in needed much uplifting. We also started to distribute Monster, strengthening our offer in energy drinks and a perfect addition to our Climax brand.

In 2020, we have also developed a whole new muscle: pro-active cost management. We have changed the way in which we track and direct our business, with monthly rolling forecasts, adapted, re-adapted on an ongoing basis. This enabled us to take quick actions based on the context, review activities to stop, to start, to accelerate. Together with the great efforts from all our teams to continue pushing our top line, this new cost management muscle helped us to remain in a position of paying the salaries of all our employees, maintain our commitment to suppliers, as well as supporting partners and communities.

In the midst of the pandemic, we kept our long term strategic direction continuing to invest in our future. We made significant progress to the upgrade of our facility in Vieux Fort, preparing the relocation of our soft drink and water line to the South in Q2 2021. This project was planned to be completed in 2020, but when COVID hit, with the lock down, closure of our boarders, we had to delay it altogether. This remains the most significant investment of our history and I am very proud and grateful that we have been able to continue investing to prepare for our long term success.

Notwithstanding the financial pressure, WLBL DBC kept its pledge to support the communities we operate in. We believe that our company is as strong as the country we operate in and is committed to help building a more sustainable future for Saint Lucia. We have been donating products to communities, vulnerable families, front liners (hospitals, police force, fire fighters). We have executed the "My Safe Shop" and "My Safe Bar" programs in more than 400 outlets - donating PPEs and placing protective shields so that our Mom and Pop stores could continue operating in a safe way and to remind consumers of the safety protocols. We have supported families through the Piton Malta Nourishing Campaign, donated tablets to more than 150 students so they can attend online classes. We used our brands and communication channels to spread safety messages and collaborated with Saint Lucia Distillers to distribute hand sanitizers to front lines and homes for elderly since the very start of the pandemic. We also pledged our support to the Replast OECS project, as we are committed to finding the right systems for our business and Saint Lucia to be a more sustainable place.

WHY THE INTEGRATION INTO HEINEKEN SAINT LUCIA?

With a ninety year combined history, WLBL DBC has been growing with Saint Lucia, putting quality front and center, customers and consumers at heart, in any product we launch and any experience we sponsor. We strive to operate in maximum safety and always pledge our support to our communities, as well as playing our role in advocating responsibility. We have set for ourselves the mission of building our sustainable future which, among other things, relies on being truly the best place to work for our team members. As a result of the aforementioned, our Management Team, backed up by our Board of Directors, took the bold decision to become one single entity – embodying all our values and turning the company in the future to a more sustainable one.

MANAGING DIRECTOR'S REPORT

2021 is thus the time where we take all our values, our 90 year combined legacy and look to the future as one. We remain the same proud local manufacturer and create the best possible conditions for our team members to thrive and grow.

WHERE ARE THE OPPORTUNITIES FOR HEINEKEN SAINT LUCIA?

In 2021, we will accelerate on the realization of our vision and mission which is to build our sustainable future, for our people, our company and our communities. It is clear that the pandemic will have long lasting effects and our business will be under significant pressure for most part of 2021. However, when the pandemic is under control, I see a very bright and sustainable future for HEINEKEN Saint Lucia and a clear path towards the realization of this mission, which we spent time in 2020 articulating with the Management Team. The way forward is to take our incredible values, our strengths, our history and focus our efforts on five pillars.

- We will continue to be a growth-led company. With consumers and customers at heart. We will keep innovating and bring the best quality products to delight and enhance any possible occasion. We will also look to increase our position as the preferred production hub for the CARICOM markets, having – after completion of Project 1- the most complete production facility in the region able to produce alcoholic and non-alcoholic beverages in many different pack types, both for HEINEKEN brands, as well as third party brands.
- We will accelerate on our efforts to continuously improve our end-to-end productivity. Already embedded in our Supply Chain operations, this mindset will be extended to the entire company, with a view to embeding all the learnings from 2020 in cost management, whilst growing our top line.
- We want to be the best and most enjoyable place to work in Saint Lucia. We have at heart to develop our talent, to grow the leadership skills of our employees so that each team member is learning, delivering results, growing as a professional and individual. We do so with increased attention to our climate, respect, and work life balance.
- Confirming the important role we play in advocating responsible consumption, engaging our consumers around smart choices they can make about drinking alcohol, as well as sugar consumption, we will double down on our efforts around responsibility. As it is our goal to build a more sustainable Saint Lucia, we will continue supporting our communities, schools and front liners, as well as embracing our role in sustainability, reducing our energy and water consumption, and our plastic footprint (Light Weighting of our PET format, Active Role in Replast Initiative)
- Last, but not least, we will challenge ourselves to reinvent what we do and how we do it. With consumers and customers at heart, and with a view of futureproofing our ways of working. We started in 2020, changing our whole ERP system, and we want to leverage digital to simplify, accelerate, improve our operations.


Now
you
can
0.0
Heineken
HEINEKEN 0.0 BEER
EST. 1873
Heineken
0.0
PURE MALT LAGER
Great taste. Zero alcohol.
Heineken
0.0

PEOPLE, OUR NUMBER ONE PRIORITY

Never have we as a company had to be truer to our commitment to safety than in the year 2020. COVID19 demanded that we engage with our team members, our number one priority, to ensure their physical and psychological safety at work and beyond. For us this meant going beyond the provision of safety equipment to dedicated, consistent communication to inform, educate and stay connected with our teams working onsite, in our communities and at home, through our COVID19 Taskforce and Company Doctor.

As St. Lucia announced its first COVID19 case in March 2020, we knew as a company that we needed a clear inclusive strategy based on safety first and sound medical advice from our company Doctor, with our people at the heart. We could not have foreseen the totality of business impacts that would affect our overall profitability, however, we were committed to keeping all of our employees meaningfully employed for the duration of the year. We ensured that our high-risk team members had access to medical advice on their safety, access to work from home or time off to minimise their individual risk when risks were at their highest. All positions that were able to work from home were immediately transitioned to work from home with working schedules needing to be considerate of the adjustments that now had to be made by these team members.

For all our team members required to continue working on site and in our communities our priority became ensuring they had access to protective masks, hand washing stations, sanitizer and customary protective wear. We also implemented non-negotiable entry protocols through security teams to ensure all persons entering our premises felt safe on entry and knew that we would take all necessary steps to ensure they felt safe at work. While on site, we were relentless in adhering to physical distancing so that each individual could return home safely to his or her family.

We could not have imagined the psychological toll that the pandemic would have had on our team and so it became critical that we found new ways to keep connected with each other when our traditional, in person touch points were no longer possible. As a company, we sought to maintain stability for our teams throughout the year, keeping all of our team members employed and transparently communicating during periods of national interruption to minimize the impact on our teams. Our team embraced remote celebrations and with support from our Inclusion & Diversity Power Team, sought new ways of recognizing each other, supporting and understanding who we were, what we brought to the table and what we are capable of when we work together to keep each other safe.

As a company, we recognized that all team members played a part in our business' ability to continue to operate in 2020. For those who came out to ensure we were producing locally and for our export markets, those who continued to serve our customers with pride, those who adapted to working from home and those who led during challenging and unscripted times, we extend our sincerest thanks. With deepest pride we continued to build on our safety culture, expand our understanding through COVID19 and move forward as a unified team.

NEW
GUINNESS
SMOOTH
FOR A DISTINCTIVELY SMOOTH AND REFRESHING TASTE
SMOOTH
GUINNESS
SMOOTH
STOUT
DISTINCTIVE QUALITY
GUINNESS
SMOOTH

CORPORATE SOCIAL RESPONSIBILITY

At WLBL DBC, we have been able to leverage our business reputation, connections and relationships to foster and drive sustainable change in many communities and individuals lives in Saint Lucia. Through job creation, supporting the safe reopening of community marts and bars, product donations to communities and front liners and advocating responsible consumption, our presence is far reaching.

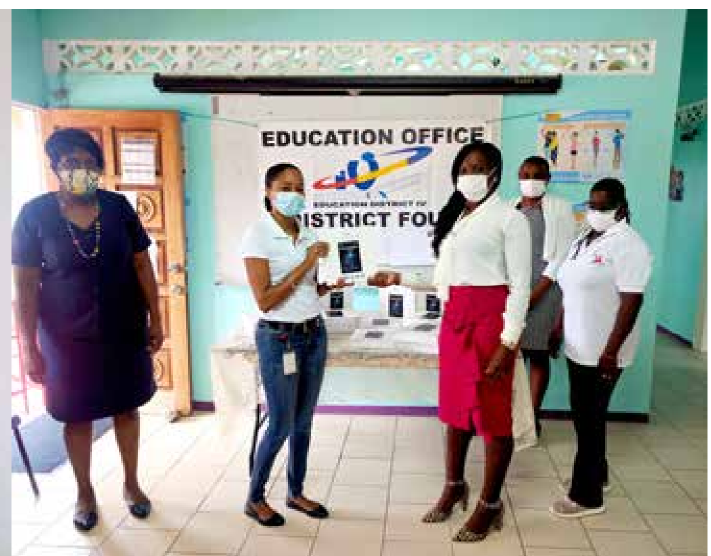
In 2020, WLBL DBC and its brands played an active role in supporting the communities in which we operate with key activities that benefitted customers, front liners, the elderly and strategic stakeholder organisations through four programs: Piton Nourishing Futures, My Safe Shop, My Safe Bar and Front Liner Product Donations.

1. Piton Nourishing Futures Campaign: ECD$60,400

A. Through this campaign, WLBL DBC through its Piton Malta brand, through the Ministry of Education, was able to donate 150 tablets to sixteen schools around the island;

B. Partnered with the St. Lucia Social Development Fund (SSDF) who selected six needy families in every district around the island and provided food hampers to those families

C. Collaborated with NEMO to assist families in need through Piton Malta promotion where for a specified period of time, for every Piton Malta purchased, $0.05 cents was donated to NEMO.



CORPORATE SOCIAL RESPONSIBILITY

2. My Safe Shop: ECD$170,000

The Coca-Cola and Piton Beer brands, worked with 300 storekeepers to develop action plans that supported the continuity of their operations during the COVID 19 pandemic. This included the installation of countertop protectors, distribution of locally made reusable face masks and hand sanitizer further supporting local businesses.

3. My Safe Bar: ECD$60,000

A partnership with St. Lucia Distillers Ltd. specifically developed to help support bar owners in ensuring adherence to safety protocols. Over 220 bars across the island were provided with safety packages. Targeted safety messaging was developed and the program supported the grab & go mechanism implemented by the Government.

4. Front Liner Donations: ECD$75,000

Over $75,000 of non-alcoholic product was donated to the Ministry of Health and its respiratory centres and hospitals, Tapion Hospital, Royal St. Lucia Police Force, St. Lucia Fire Service, Boys Training Centre, Holy Family Children's Home, Marion Home, Adelaide & Francis Home, St. Lucy's Home and Johnson's Home for the elderly to support them in the fight against COVID 19.

WLBL DBC remains a partner for growth in Saint Lucia, supporting the development of the people and the country while striving to improve performance. We understand the importance of creating shared sustainable value for our company and the communities in which we operate. Our CSR strategy will continue to focus on areas where we can make the greatest difference while advocating responsible consumption, growing with communities, promoting health and safety and protecting our planet.


BOARD OF DIRECTORS

THIBAULT MESQUI

Mr. Mesqui, Managing Director of WLBL, joined HEINEKEN in 2012 at Heineken Croatia as Marketing Manager – Premium Brands. Among relevant achievements, he successfully set the premium strategy to position our brands as market leaders in that segment. In 2016, he moved to Amsterdam as Global Innovation Manager Heineken®, where he has led the redefinition of both Heineken® Light and Heineken®3 strategies. Prior to joining WLBL, he served as Manager Home Draught in Global Commerce Innovation since 2017, leading the strategy, commercial roll out and execution of the home draught business worldwide.

Before joining Heineken, he had an extensive marketing career with world-class FMCG companies such as L'OREAL, where he was Regional Marketing Manager for Eastern and South Eastern Europe, based in Zagreb Croatia. He holds a MSc. in Management from HEC Paris and a Msc. in International Business Management from CEMS.

DAVID LISLE CHASE

FCCA, CA, TEP

Mr. Chase is a qualified Accountant and Chief Executive of Financial Centre Corporation since 1999. He is an active member of the Society of Trust and Estate Practitioners (TEP), an internationally recognised body of qualified professionals, and an active Rotarian. He has served as chairman of the Board from October 1, 2006.

ANDREA VOGLIAZZO

Mr. Vogliazzo is the General Manager, Americas Export. He joined Heineken in 1998 and has served in various Management positions within the company. Prior to his current role, he served as General Manager of Heineken, Canada. He holds a BSc. in Macroeconomics from the University of Turin, Italy.

YOLANDA TALAMO

Mrs. Talamo joined Heineken in 2016 as the Senior VP Human Resources Americas where she was responsible for setting the regional Human Resources and organisational direction for Heineken operating companies in the Americas. Prior to joining Heineken, she served as Senior VP of Latin America for SAB Miller from 2012 until 2016.

In 2021, Mrs. Talamo was appointed to the Executive Board of HEINEKEN as the Chief People Officer.

She holds a BSc in Psychology from Universidad Catolica Andres Bello, Caracas, Venezuela.

ADELLA ST. ROSE

Mrs. St. Rose is an experienced Human Resource professional with well over 18 years in the field. She has served in the capacity of Divisional Human Resource Manager for the Goddard Group Automotive Building Supplies and Service Division, and Human Resource Development Manager and Assistant Human Resource Manager for the M&C Group of Companies. Her passion lies in people, individual potential, growth and development.

She holds a Bachelor's Degree in Management Sciences from the Warwick Business School, United Kingdom. She joins the WLBL team as the Human Resource Manager.

MARVIN JOSEPH

Mr. Joseph joined HEINEKEN in 1998 and was appointed Finance Manager in 2011. Prior to that he served as the Accounting Manager from 2010 and also in various local and regional IT roles. He has also served as the Regional IT Project Manager for the HEINEKEN Caribbean Region, where he was responsible for managing the implementation of the Exact ERP system across all HEINEKEN Breweries and Sales Offices in the Caribbean.

He holds a BSc. In Biology and Computer Science (1st Class Honours) from the University of the West Indies and a Masters in Business Administration from Durham University (with Distinction).

DUNSTAN DU BOULAY

Mr. Dunstan Boulay, former Senator and Minister of Trade Industry and Commerce in St. Lucia is one of the co-founding members of Du Boulay's Bottling Company Limited (DBC), leading soft drinks manufacturer in St. Lucia. Mr. Du Boulay who has held the position of Managing Director for the past 45 years is also a Director/Co-Founder of CPJ (St. Lucia) Ltd., an integrated food service distributor to the hospitality industry.

RICHARD DU BOULAY

Mr. Richard Du Boulay has a background in finance, where he worked as an Auditor, Finance Manager and then moved on to become the General Manager of Du Boulay's Bottling Company Limited in 2011. Mr. Du Boulay, who also has an extensive experience in business has served as the President of the St. Lucia Manufacturers Association, Chairman of TEPA (Trade Export Promotions Agency) and Chairman of CPJ Saint Lucia, an integrated food service distributor to the hospitality industry. He is currently the General Manager of CPJ St. Lucia.

PINKLEY FRANCIS

Mr. Pinkley Francis is the owner and CEO of SIXT Car Rental St. Lucia, Europe's fastest growing rental car agency, as well as Innovative Business Solutions St. Lucia Inc., a technology integrator and business solutions enterprise. He is also a Director at Island Marine Supplies, the sole distributor for Mercury Marine in Saint Lucia. Prior to becoming self-employed, he spent over fifteen (15) years in the private sector, holding several senior managerial positions with Cable & Wireless. For a period of two years, Mr. Francis was the country manager for Antilles Crossing and TeleStlucia, a wholesale internet service provider.

MANAGEMENT TEAM

Mr. Thibault Mesqui
Managing Director

Mr. Marvin Joseph
Finance Manager

Mr. Jeffrey Tito
Supply Chain Manager
(Outgoing) Dec. 21, 2020

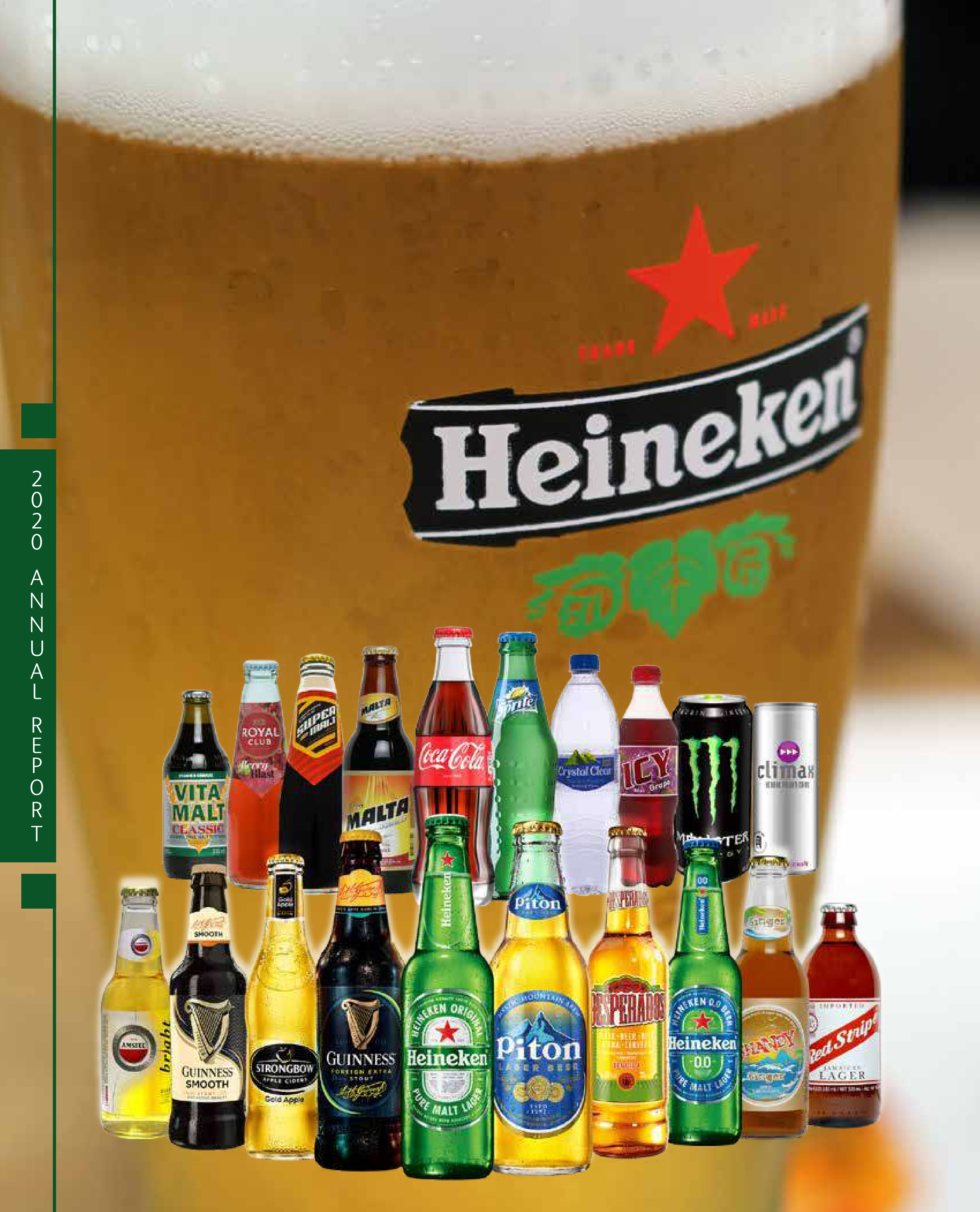
Mr. Ezra Bernard
Supply Chain Manager
(Incoming) Jan. 1, 2021

Mrs. Adella St. Rose
Human Resource Manager

Mr. Gael Gillet
Commercial Manager


QUALITY WATER • LOCALLY PRODUCED • SODIUM FREE
Crystal Clear
Crystal Clear®
Our choice is Clear
crystalclear758

2020 ANNUAL REPORT



HEINEKEN
SAINT LUCIA LTD.

Windward & Leeward Brewery Limited (now HEINEKEN Saint Lucia Limited)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 (expressed in Eastern Caribbean dollars)

May 21, 2021

Grant Thornton
Pointe Seraphine
PO Box 195
Castries, St. Lucia
West Indies

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Independent Auditor's Report

To the Shareholders of
Windward & Leeward Brewery Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Windward & Leeward Brewery Limited and its subsidiary** (together, the Group) which comprise the consolidated balance sheet as of December 31, 2020 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respect, the financial position of **Windward & Leeward Brewery Limited and its subsidiary** as of December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 financial statements, including the disclosures, and whether the consolidated 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.

Grant Thornton

Chartered Accountants

Windward & Leeward Brewery Limited
Consolidated Balance Sheet
As of December 31, 2020
(expressed in Eastern Caribbean dollars)

	2020 $	2019 $
Assets		
Non-current assets		
Property, plant and equipment (Note 5)	**82,070,244**	70,411,630
Intangible assets (Note 6)	**2,036,026**	608,833
Retirement benefit assets (Note 7)	**3,568,743**	3,210,370
Goodwill (Note 9)	**44,076,862**	44,076,862
Other non-current assets (Note 10)	**953,368**	1,380,516
	132,705,243	119,688,211
Current assets		
Inventories (Note 12)	**15,087,250**	13,556,245
Due from related parties (Note 13)	**3,887,566**	4,547,857
Income tax recoverable	**–**	304,839
Trade and other receivables (Note 14)	**10,716,653**	11,876,530
Cash (Note 15)	**6,016,967**	8,963,200
	35,708,436	39,248,671
Total assets	**168,413,679**	158,936,882
Liabilities		
Non-current liabilities		
Borrowings (Note 16)		
Deferred tax liabilities - net (Note 17)	**30,040,096**	17,992,196
Other non-current liabilities (Note 18)	**3,756,107**	4,239,649
	92,519	735,083
	33,888,722	22,966,928
Current liabilities		
Borrowings (Note 16)	**2,927,410**	7,581,418
Trade and other payables (Note 19)	**27,664,975**	18,944,566
Refundable packaging deposits (Note 20)	**2,824,564**	4,892,338
Due to related parties (Note 13)	**3,936,776**	4,241,180
Dividends payable	**942,960**	2,124,481
Income tax payable	**256,887**	–
	38,553,572	37,783,983
Total liabilities	**72,442,294**	60,750,911
Equity		
Share capital (Note 21)	**54,527,520**	54,527,520
Retained earnings	**41,443,865**	43,658,451
Total equity	**95,971,385**	98,185,971
Total liabilities and equity	**168,413,679**	158,936,882

Approved by the Board of Directors on May 21st, 2021

________________ DIRECTOR ________________ DIRECTOR

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

Windward & Leeward Brewery Limited
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2020
(expressed in Eastern Caribbean dollars)

	2020 $	2019 $
Revenue	**105,066,833**	122,503,662
Excise tax expense	**(2,630,866)**	(3,507,882)
Net revenue	**102,435,967**	118,995,780
Other income - net (Note 23)	**2,011,218**	1,706,566
Operating expenses (Note 24)		
Raw materials, consumables and services	**(57,748,832)**	(64,509,263)
Personnel expenses	**(23,542,326)**	(21,502,565)
Depreciation and amortisation	**(13,200,357)**	(13,467,717)
	(94,491,515)	(99,479,545)
Operating profit	**9,955,670**	21,222,801
Finance costs - net (Note 26)	**(186,077)**	(1,310,871)
Profit before income tax	**9,769,593**	19,911,930
Income tax expense (Note 27)	**(3,681,865)**	(5,797,068)
Profit for the year	**6,087,728**	14,114,862
Other comprehensive loss		
Actuarial loss on postemployment benefit obligation (Note 7)	**(100,167)**	(19,177)
Deferred tax benefit (Note 17)	**30,050**	5,753
Net actuarial loss on postemployment benefit obligation	**(70,117)**	(13,424)
Total comprehensive income	**6,017,611**	14,101,438
Earnings per share for profit attributable to the equity holders of the Group during the year (Note 28) **(expressed in EC$ per share)**		
- basic and diluted	**4.78**	11.08

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

Windward & Leeward Brewery Limited
Consolidated Statement of Changes in Equity
As of December 31, 2020
(expressed in Eastern Caribbean dollars)

	Share capital $	Retained earnings $	Total $
Balance at January 1, 2019	54,527,520	41,284,253	95,811,773
Comprehensive income:			
Profit for the year	–	14,114,862	14,114,862
Other comprehensive loss for the year	–	(13,424)	(13,424)
Total comprehensive income	–	14,101,438	14,101,438
Transactions with owners:			
Dividends (Note 22)	–	(11,771,677)	(11,771,677)
Transfer from retained earnings	–	44,437	44,437
	–	(11,727,240)	(11,727,240)
Balance at December 31, 2019	**54,527,520**	**43,658,451**	**98,185,971**
Balance at January 1, 2020	54,527,520	43,658,451	98,185,971
Comprehensive income:			
Profit for the year	–	6,087,728	6,087,728
Other comprehensive loss for the year	–	(70,117)	(70,117)
Total comprehensive income	–	6,017,611	6,017,611
Transactions with owners:			
Dividends (Note 22)	–	(8,289,859)	(8,289,859)
Transfer to retained earnings	–	57,662	57,662
	–	(8,232,197)	(8,232,197)
Balance at December 31, 2020	**53,527,520**	**41,443,865**	**95,971,385**

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

Windward & Leeward Brewery Limited
Consolidated Statement of Cash Flows
For the year ended December 31, 2020
(expressed in Eastern Caribbean dollars)

	2020 $	2019 $
Cash flows from operating activities		
Profit before income tax	**9,769,593**	19,911,930
Adjustments for:		
Depreciation (Notes 5 and 24)	**12,902,845**	13,252,966
Interest expenses (Note 26)	**799,849**	1,727,730
Provision for bad debts (Note 24)	**789,606**	287,979
Amortisation of intangible assets (Notes 6 and 24)	**297,512**	214,751
Interest income on retirement benefit assets - net (Note 26)	**(224,726)**	(202,930)
Unrealised currency translation losses	**(178,150)**	(33,302)
Interest income (Note 26)	**(126,122)**	(157,064)
Foreign exchange gain on derivative financial instrument (Note 26)	**–**	(520,448)
Gain on disposal of property, plant and equipment (Note 23)	**–**	(203,793)
Operating profit before working capital changes	**24,030,407**	34,277,819
Decrease/(increase) in trade and other receivables	**353,093**	(95,368)
Decrease in loan receivables	**258,175**	238,700
(Increase)/decrease in inventories	**(1,531,005)**	1,431,822
Increase in trade and other payables	**10,050,927**	2,909,675
Decrease in refundable packaging deposits	**(2,067,774)**	(875,654)
Increase in due to related parties, net	**440,291**	68,700
Contributions paid to retirement obligation (Note 7)	**(233,814)**	(227,633)
Cash generated from operations	**31,300,300**	37,728,061
Income tax paid	**(3,573,631)**	(6,960,002)
Finance costs paid	**(884,253)**	(1,785,990)
Interest income received	**126,122**	157,064
Net cash provided by operating activities	**26,968,538**	29,139,133
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 5)	**(26,116,843)**	(18,198,080)
Purchase of intangible assets (Note 6)	**(276,368)**	(576,708)
Proceeds from sale of property, plant and equipment	**24,367**	203,793
Net cash used in investing activities	**(26,368,844)**	(18,570,995)
Cash flows from financing activities		
Proceeds from related party borrowings	**12,226,050**	–
Dividends paid	**(9,471,380)**	(10,211,969)
(Decrease)/increase in lease payables - net	**(1,535,905)**	1,888,641
Decrease in long-term incentive plan accruals	**(110,684)**	(178,284)
Net cash provided by/(used in) financing activities	**1,108,081**	(8,501,612)
Net increase in cash	**1,707,775**	2,066,526
Cash, beginning of year	**1,381,782**	(684,744)
Cash, end of year (Note 15)	**3,089,557**	1,381,782

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

HEINEKEN SAINT LUCIA LTD.

1. General information

Windward & Leeward Brewery Limited (the Company) and its subsidiary, Du Boulay's Bottling Company Limited (together, the Group), manufacture and distribute Heineken, Piton, other beers, Malta, carbonated beverages and water. The Group also acts as distributor for a number of imported beers, ciders, maltas, carbonated drinks and juices.

The parent company was incorporated under the Commercial Code of Saint Lucia on March 11, 1974 and continued under the Companies Act of Saint Lucia 1996. Heineken International B.V., a company incorporated in the Netherlands owns 72.56% of the issued share capital of the Company.

The registered office and principal place of business of the Group is St. Jude's Highway, Vieux-Fort Industrial Estate, Vieux Fort, Saint Lucia.

Impact of COVID-19
On March 11, 2020, the World Health Organization (WHO) declared the coronavirus, COVID-19, a global pandemic. This pandemic has negatively impacted business and commercial activities worldwide resulting in travel and border restrictions, disruption in the supply chain, quarantines and closure of commercial and educational institutions.

In 2020, the Group implemented very stringent COVID protocols at all its sites and managed to end the year without a single case of COVID amongst its staff. On the business side, COVID restrictions resulted in significant volume and financial losses in 2020 with the biggest impact being registered in April 2020 when Saint Lucia was under a six-week "dry law" including a one-week country wide lockdown. The Group registered a negative operating profit of $4.4 million in the month of April 2020. With a second wave in November and December 2020, the Group experienced a further decline in operating profit due to COVID restrictions especially in on-premise outlets. The estimated volume loss due to COVID was 63 thousand hectolitres, which translates into a revenue loss of $27 million and operating profit loss of $14.7 million.

Despite the loss of top line, the Group was able to register a positive operating profit partly due to aggressive cost mitigations amounting to $7 million. The Group remains in a strong position to weather the impact of COVID and has continued with its largest investment project, Project One, which is expected to be completed in May 2021. The investment will result in one production site, the largest in the OECS, which will position the Group to capture current and future growth opportunities.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The consolidated financial statements of Windward & Leeward Brewery Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments. The consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 Summary of significant accounting policies *...continued*

Changes in Accounting policies and disclosures

(a) New and revised standards that are effective for annual periods beginning on or after January 1, 2020

Some accounting pronouncements which have become effective from January 1, 2020 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

(b) New standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of the authorisation of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards 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.

Consolidation

(a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the group's accounting policies.

2 Summary of significant accounting policies *...continued*

Changes in Accounting policies and disclosures *...continued*

(b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries
When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Cash
Cash includes cash on hand and deposits held at call with banks.

Financial instruments

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

In the periods presented, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- The entity's business model for managing the financial asset.
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

2 Summary of significant accounting policies *...continued*

Financial instruments *...continued*

Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets
IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2 Summary of significant accounting policies *...continued*

Financial instruments *...continued*

Trade receivables
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument or not. The Group designates its derivatives as derivatives that do not quality for hedge accounting. Changes in the fair value of all such derivatives are recognized immediately in the statement of comprehensive income.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-process comprises raw materials, direct labour, other direct costs and related production overheads on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2 Summary of significant accounting policies *...continued*

Property, plant and equipment
Land and buildings comprise mainly factories, office and residential properties. Land, buildings and plant and machinery are shown at historical cost less accumulated depreciation for buildings.

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

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 reliably measured. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they were incurred.

Land is not depreciated. No depreciation is also provided on capital work-in-progress until the assets involved have been completed and are put into use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	5 - 40 years
Leasehold improvements	10 years
Plant and machinery	3 - 30 years
Motor vehicles	5 years
Furniture and equipment	5 - 10 years

The 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 proceeds with carrying amount. These are included in the statement of comprehensive income.

2 Summary of significant accounting policies *...continued*

Leased assets

(a) The Group as a lessee
The Company assesses whether a contract is or contains a lease at the inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciated the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset fir impairment when such indicator exists.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Company's incremental borrowing rate. The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity should have a different risk profile to that of the Company.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and financial costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero, then any excess is recognised in profit or loss. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the non-consolidated balance sheet, right-of-use assets have been included in property, plant and equipment and lease liability have been included in trade and other payables.

(b) The Company as a lessor
The Company also earns rental income from sub-lease of its leased properties. The Company recognises the lease receivable at the present value of the lease receivables from the sub-lease at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Company's incremental borrowing rate.

2 Summary of significant accounting policies *...continued*

Leased assets

Intangible asset
Acquired computer programs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives for a period of 3 years.

Costs associated with developing or maintaining computer software licences are recognised as an expense as incurred.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

Goodwill
Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Interest expense is recorded on an accruals basis over the period it becomes due.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are recognised in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognised initially at fair value and subsequently measured at amortised cost using effective interest. Trade and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

Returnable packaging materials
Certain products of the Group are sold in returnable containers in specified markets. The cost of returnable containers in circulation is included in property, plant and equipment and the related refundable deposits are carried as refundable packaging deposits in the balance sheet.

Related party relationships 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 relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2 Summary of significant accounting policies *...continued*

Income taxes

(a) Current tax
The current income tax expense is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary timing differences arise from depreciation on property, plant and equipment and retirement benefit asset or liability.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Share capital
Ordinary shares are classified as equity.

Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders.

Revenue and expense recognition
Revenue arises mainly from the sale of goods on wholesale and retail, interest and dividend income.

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
5. Recognising revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

2 Summary of significant accounting policies *...continued*

Revenue and expense recognition *...continued*

(a) Sales of goods-wholesale
Sales of goods are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Sales of goods-retail
Sales of goods are recognised when the Group sells a product to a customer. Retail sales are usually in cash. The recorded revenue is the gross amount of the sale.

(c) Interest income
Interest income is recognised on a time-proportion basis using the effective interest rate method.

(d) Dividend income
Dividend income is recognized when the right to receive payment is established.

Excise tax expense is recognised based on percentage of the sales of goods and is shown as a deduction against revenue in the consolidated statement of comprehensive income.

Cost and expenses are recognised as incurred.

Employee benefits
The Group has a defined contribution plan and a closed defined benefit plan. The plans are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay covered employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined benefit plan was established for all monthly paid employees; however, accrual of pension benefits in accordance with the existing pension formula stopped on February 28, 2015. From March 1, 2015 for both the monthly and hourly paid employees, the Group contributes to a Money Purchase Scheme. Such contributions are fixed and are charged to the statement of comprehensive income in the period to which the contributions relate.

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in the statement of comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

The plans expose the Group to actuarial risks such as interest rate risk, investment risk, longevity risk, and inflation risk.

2 Summary of significant accounting policies *...continued*

Foreign currency translation

(a) Functional and presentation currency
Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Group's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Subsequent events
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the Group's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

3. Financial risk management

Financial risk factors
The Group's activities expose it to a variety of financial risk: market risks (including foreign exchange, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as market risk, credit risk and liquidity risk. Risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks. The board reviews its risk management policies to reflect changes in markets, products and emerging best practices.

(a) Market risk

(i) Foreign exchange risk
The Group trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars and Euros. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976. Foreign exchange risks arise when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. Management does not believe significant foreign exchange risk exists as at December 31, 2020.

(ii) Cash flow and fair value interest rate risk
The Group is not exposed to cash flow interest rate risk, as the Group does not have financial instruments with variable rates. The Group is not exposed to fair value interest rate risk, as the Group's debt securities are not classified as available for sale or fair value through profit or loss.

(iii) Price risk
The Group is not exposed to equity securities price risk because the Group does not hold any equity securities as at year end.

The Group is not exposed to commodity price risk.

3. Financial risk management *...continued*

(b) Credit risk
Credit risk refers to risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. The amount of the Group's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

Significant changes in the economy, or in the health of a particular industry segment that may represent a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk.

Credit risk arises principally in cash in banks, as well as credit exposure to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only those with good financial condition are accepted. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Trade receivables
The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 48 months before December 31, 2020 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period (see Note 14).

3. Financial risk management *...continued*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group attempts to maintain flexibility in funding by maintaining availability from the realization of assets derived from trading activities and credit facilities from its related parties. Management monitors the Group's liquidity position on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are estimated to equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $
At December 31, 2020			
Trade and other payables	27,664,975	–	–
Refundable packaging deposits	2,824,564	–	–
Borrowings	586,848	579,532	31,285,259
Due to related parties	3,936,776	–	–
Dividends payable	942,960	–	–
	35,956,123	579,532	31,285,259
At December 31, 2019			
Trade and other payables	18,944,566	–	–
Refundable packaging deposits	4,892,338	–	–
Borrowings	8,416,962	835,544	20,220,313
Due to related parties	4,241,180	–	–
Dividends payable	2,124,481	–	–
	38,619,527	835,544	20,220,313

3. Financial risk management *...continued*

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During 2020, the Group's borrowings exceeded total cash. Accordingly, net debt is positive for purposes of the gearing ratio calculation. The gearing ratios as at December 31, 2020 and 2019 are shown below.

	2020 $	2019 $
Total borrowings (Note 16)	**32,967,506**	25,573,614
Less: cash (Note 15)	**(6,016,967)**	(8,963,200)
Net debt	**26,950,539**	16,610,414
Total equity	**95,971,385**	98,185,971
Total capital	**122,921,924**	114,796,385
Gearing ratio	**21.9%**	14.5%

Fair value estimation of financial assets and liabilities
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value if one exists.

The carrying value of cash, trade and other receivables, trade and other payables, and due to and from related parties approximate their fair values due to the short-term maturity of these items.

The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market rate that is available to the Group in respect of similar financial instruments.

The carrying amounts and fair values of borrowings are as follows:

	Carrying amount		Fair value	
	2020 $	2019 $	2020 $	2019 $
Borrowings	**32,967,506**	25,573,614	**32,054,640**	25,573,614

3. Financial risk management *...continued*

Fair value estimation of financial assets and liabilities *...continued*

Fair value hierarchy
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

4. Critical judgements in applying the entity's accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The items which may have the most effect on the Group's financial statements are set out below:

(a) Refundable packaging deposits
The Group has recognised liabilities totalling $2,824,564 (2019 - $4,892,338) as a provision for deposit liability. This is based on management's best estimate based on past experiences. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the statement of comprehensive income in the period in which such determination is made.

(b) Provision for impairment of receivables
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

(c) Income taxes
Significant judgment is required in determining the provision for income taxes including any liabilities for tax audit issues. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(d) Defined benefit obligation (DBO)
Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (Note 7).

5. Property, plant and equipment

	Land and building $	Plant and machinery $	Motor vehicles $	Furniture and office equipment $	Right-of-use assets $	Construction in progress $	Total $
At January 1, 2019							
Cost	24,894,559	133,082,285	7,499,806	9,342,290	–	6,809,679	181,628,619
Accumulated depreciation	(17,095,140)	(86,545,326)	(5,948,079)	(6,573,558)	–	–	(116,162,103)
Net book amount	7,799,419	46,536,959	1,551,727	2,768,732	–	6,809,679	65,466,516
Year ended December 31, 2019							
Opening net book amount	7,799,419	46,536,959	1,551,727	2,768,732	–	6,809,679	65,466,516
Additions	–	–	–	–	3,104,988	15,093,092	18,198,080
Transfers	7,406,045	7,806,587	325,570	1,855,567	–	(17,393,769)	–
Disposals	–	–	(380,183)	–	–	–	(380,183)
Write back on disposals	–	–	380,183	–	–	–	380,183
Depreciation (Note 24)	(957,996)	(9,011,780)	(666,004)	(1,108,810)	(1,508,376)	–	(13,252,966)
Closing net book amount	14,247,468	45,331,766	1,211,293	3,515,489	1,596,612	4,509,002	70,411,630
At December 31, 2019							
Cost	32,300,604	140,888,872	7,550,063	11,197,857	3,104,988	4,509,002	199,551,386
Accumulated depreciation	(18,053,136)	(95,557,106)	(6,338,770)	(7,682,368)	(1,508,376)	–	(129,139,756)
Net book amount	14,247,468	45,331,766	1,211,293	3,515,489	1,596,612	4,509,002	70,411,630
Year ended December 31, 2020							
Opening net book amount	14,247,468	45,331,766	1,211,293	3,515,489	1,596,612	4,509,002	70,411,630
Additions	–	–	–	–	131,745	25,985,098	26,116,843
Transfers	171,436	4,925,354	364,985	186,987	–	(5,648,762)	–
Reclassification-cost	–	(300,666)	–	300,666	–	(1,448,337)	(1,448,337)
Reclassification-depreciation	–	136,743	–	(136,743)	–	–	–
Disposals	–	(24,367)	–	(1,072,631)	(1,289,662)	–	(2,386,660)
Write back on disposals	–	–	–	1,072,631	1,206,982	–	2,279,613
Depreciation (Note 24)	(1,146,432)	(8,566,282)	(581,934)	(1,246,209)	(1,361,988)	–	(12,902,845)
Closing net book amount	13,272,472	41,502,548	994,344	2,620,190	283,689	23,397,001	82,070,244
At December 31, 2020							
Cost	32,472,040	145,489,193	7,915,047	9,610,512	1,947,071	23,397,001	221,497,297
Accumulated depreciation	(19,199,568)	(103,986,645)	(6,920,703)	(6,990,322)	(1,663,382)		(139,427,053)
Net book amount	13,272,472	41,502,548	994,344	2,620,190	283,689	23,397,001	82,070,244

6. Intangible assets

	Computer software $
At January 1, 2019	
Cost	1,918,976
Accumulated amortisation	(1,672,100)
Net book amount	246,876
Year ended December 31, 2019	
Opening net book amount	246,876
Additions	576,708
Amortisation charge (Note 24)	(214,751)
Closing net book amount	608,833
At December 31, 2019	
Cost	2,495,684
Accumulated amortisation	(1,886,851)
Net book amount	608,833
Year ended December 31, 2020	
Opening net book amount	608,833
Additions	276,368
Transfer from construction-in-progress	1,448,337
Disposal	(28,564)
Write-back on disposal	28,564
Amortisation charge (Note 24)	(297,512)
Closing net book amount	2,036,026
At December 31, 2020	
Cost	4,191,825
Accumulated amortisation	(2,155,799)
Net book amount	2,036,026

7. Retirement benefit assets

The Group provided retirement benefits to monthly paid employees; however, the plan was closed and accrual of pension benefits in accordance with the existing pension formula stopped on February 28, 2015. Members' accrued pensions for pre-March 2015 service are calculated using their final pensionable pay as at February 28, 2015. The Group intends to use its discretion, with the Trustees' consent and subject to the Plan's financial status, to increase these accrued pensions in line with the annual general pay increases granted to members up to a maximum of 3% per annum, in order to prevent any erosion due to inflation.

From November 1, 2015 the assets of the plan are managed by Royal Bank of Canada. The pension plan is funded by payments from employees and the Group, taking account of the recommendations of independent qualified actuaries.

The pension obligation is determined using the "Projected Unit Credit Cost" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The amount recognised in the balance sheet is determined as follows:

	2020 $	**2019 $**
Present value of funded obligations	**(5,808,690)**	(5,557,062)
Fair value of plan assets	**9,377,433**	8,767,432
Retirement benefit assets in the balance sheet	**3,568,743**	3,210,370

The movement in the retirement benefit obligation over the year is as follows:

	2020 $	**2019 $**
Present value of obligation, January 1	**5,557,062**	5,340,283
Interest cost	**369,965**	351,836
Actual benefits paid	**(131,078)**	(171,619)
Actuarial loss on obligation	**12,741**	70,066
Actuarial gain from changes in demographic assumptions	**–**	(33,504)
Present value of obligation, December 31	**5,808,690**	5,557,062

The movement in the fair value of plan assets over the year is as follows:

	2020 $	**2019 $**
Fair value of plan assets, January 1	**8,767,432**	8,139,267
Interest income	**594,691**	554,766
Return on plan assets, excluding interest income	**(87,426)**	17,385
Employer contributions	**233,814**	227,633
Actual benefits paid	**(131,078)**	(171,619)
Fair value of plan assets, December 31	**9,377,433**	8,767,432

7. Retirement benefit assets *...continued*

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies. Plan assets can be broken down into the following categories of investments:

	2020 $	2019 $
Cash	**2,008,600**	613,804
Regional equity instruments	**728,245**	703,360
Overseas equity instruments	**1,557,596**	1,458,892
Government bonds and treasury bills	**4,876,423**	5,798,673
Corporate bonds	**206,569**	192,703
Total included in staff costs	**9,377,433**	8,767,432

All equity and debt instruments have quoted prices in active markets (Level 1, 2). The defined benefit obligation and plan assets are composed by geographical location as follows:

	Caricom $	US $	Others $	Total $
At December 31, 2020				
Defined benefit obligation	(5,808,690)	–	–	(5,808,690)
Fair value of plan assets	7,091,592	1,557,596	728,245	9,377,433
	1,282,902	1,557,596	728,245	3,568,743
At December 31, 2019				
Defined benefit obligation	(5,557,062)	–	–	(5,557,062)
Fair value of plan assets	6,605,180	1,458,892	703,360	8,767,432
	1,048,118	1,458,892	703,360	3,210,370

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

	2020 $	2019 $
Interest cost	**369,965**	351,836
Interest income	**(594,691)**	(554,766)
Total included in staff costs	**(224,726)**	(202,930)

The actual return on plan assets was $507,265 (2019 - $572,151).

7. Retirement benefit assets *...continued*

Movement in the asset recognised in the balance sheet:

	2020 $	2019 $
At beginning of year	**3,210,370**	2,798,984
Net pension cost	**224,726**	202,930
Re-measurements recognised in other comprehensive income	**(100,167)**	(19,177)
Contributions paid	**233,814**	227,633
At end of year	**3,568,743**	3,210,370

The Group's expected contributions for the year 2020 is estimated at $200,000 (2020 - $233,814).

The defined benefit obligation is allocated between the members of the plan as follows:

	2020 %	2019 %
Active members	**65**	63
Deferred members	**13**	13
Pensioners	**22**	24
Weighted average duration of the defined benefit obligation at year end	**13.6 years**	14.2 years

The principal actuarial assumptions used were as follows:

	2020 %	2019 %
Discount rate	**7.0**	7.0
Future salary increases	**3.0**	3.0

Assumptions regarding future mortality experience are set based on 1994 group annuity mortality static tables for males and females. The life expectancies underlying the value of the defined benefit obligation as at December 31, 2020 are as follows:

	2020 %	2019 %
Life expectancy at age 65 for current pensioner in years:		
Male	**17.5**	17.4
Female	**21.4**	21.4
Life expectancy at age 65 for current members age 45 in years:		
Male	**18.3**	18.3
Female	**22.3**	22.3

7. Retirement benefit assets *...continued*

The significant actuarial assumptions for the determination of the defined benefit IAS 19 obligation are the discount rate, future promotional salary increases and increase in average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at December 31, 2020:

Changes in the significant actuarial assumptions:

	December 31, 2020	
	Decrease to	**Increase to**
Discount rate	6.75%	7.25%
Increase/(decrease) in the defined benefit liability/assets	189,056	(180,050)
Future salary increases	2.75%	3.25%
Increase in the defined benefit liability/assets	(69,128)	70,950

	December 31, 2019	
	Decrease to	**Increase to**
Discount rate	**6.75%**	7.25%
Increase/(decrease) in the defined benefit liability/assets	**188,760**	(179,337)
Future salary increases	**2.75%**	3.25%
Increase in the defined benefit liability/assets	**(71,658)**	73,672

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at December 31, 2020 by $107,380 (2019 - $100,979).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

The amount of pension plan, experience gains/(losses) adjustments on plan assets and liabilities for the current and previous four years are as follows:

	2020 $	**2019** $	**2018** $	**2017** $	**2016** $
Defined benefit obligation	(5,808,690)	(5,557,062)	(5,340,283)	(5,602,920)	(6,065,192)
Fair value of plan assets	9,377,433	8,767,432	8,139,267	8,042,309	8,125,612
Surplus	3,568,743	3,210,370	2,798,984	2,439,389	2,060,420
Experience adjustments					
Plan liabilities	(12,741)	(70,066)	161,652	181,846	2,767
Plan assets	(87,426)	17,385	(168,859)	(106,547)	(175,948)

8. Money purchase scheme

Hourly paid employees
The scheme was funded by employee contributions of 3% of wages, matched by a contribution by the Group of 3% of wages. The money purchase scheme's assets at December 31, 2020 totalled $2,148,812 (2019 - $2,068,991). The retirement benefit for a member of the money purchase scheme will be equal to the employer and employee contributions accumulated with credited interest.

Monthly paid employees
From March 1, 2015, members earn pension benefits on a defined contribution basis. Members contribute 3% of their pensionable pay up to the NIC Earnings Ceiling and 5% of their pensionable pay in excess of the Ceiling. The Group credits twice this amount to members' account balances. Employees earn benefits on a defined contribution basis for service with the Group from March 1, 2015. The Group's pension expense for this service is equal to the contributions it pays to the Plan.

9. Goodwill

	2020 $	2019 $
Goodwill	**44,076,862**	44,076,862

On September 1, 2016, WLBL signed a Share Purchase Agreement where, it had agreed to purchase 100% of the shares of DBC from DBC Investments Ltd. ("DBCIL").

Goodwill of $44,076,862 is primarily related to synergies expected to be achieved from integrating the company into the Heineken business. Goodwill has been allocated to the cash generating units that are expected to benefit from the business combination.

10. Other non-current assets

	2020 $	2019 $
Loan receivable from customer (Note 14)	**953,368**	1,233,309
Lease receivable (Note 11)	**–**	147,207
	953,368	1,380,516

11. Leases

Lease receivables and payables are presented in the balance sheet as follows:

	2020 $	2019 $
Lease receivables		
Current, shown under trade and other receivables (Note 14)	**147,775**	186,719
Non-current, shown under other non-current assets (Note 10)	**–**	147,207
	147,775	333,926
Lease payables		
Current, shown under trade and other payables (Note 19)	**417,831**	1,748,349
Non-current, shown under other non-current liabilities (Note 18)	**–**	474,218
	417,831	2,222,567

11. Leases *...continued*

The Group has leases for office and production building, warehouses and residential properties. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right of use asset under property, plant and equipment and lease payables under trade and other payables and other non-current liabilities. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classified its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 5).

The Group sublet to its major distributor. The related right-of-use asset is not recognised. Instead, the Company recognised lease receivables under trade and other receivables and other non-current assets.

Each lease, except for the lease mentioned above, generally impose a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be canceled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office and production premises, the Group must keep those premises in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet.

Right-of-use assets	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of lease with extension options	No. of lease with options to re-purchase	No. of leases with variation payments linked to an index	No. of leases with termination options
December 31, 2020							
Warehouse and other related facilities	2	1 year	1	–	–	–	–
Residential properties	1	1 year	1	–	–	–	–
December 31, 2019							
Office building	1	1-2 years	2	–	–	–	–
Warehouse and other related facilities	4	1-2 years	1	–	–	–	–
Residential properties	3	1-2 years	1	–	–	–	–

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

	Within 1 year $	Within 1-2 years $	Total $
At December 31, 2020			
Lease payments	480,292	–	480,292
Finance charges	(62,461)	–	(62,461)
	417,831	–	417,831
At December 31, 2019			
Lease payments	1,812,177	479,778	2,291,955
Finance charges	(63,828)	(5,560)	(69,388)
	1,748,349	474,218	2,222,567

11. Leases *...continued*

Leased payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable leased payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At December 31, 2020, the Group was committed to short-term leases and the total commitment at that date was $125,000 (2019 - $120,000).

Total cash outflow for the leases for the year ended December 31, 2020 was $1,862,254 (2019 - $1,957,784).

Additional information on the right-of-use assets is as follows:

	Land and building $	Plant and machinery $	Total $
At December 31, 2019			
Carrying amount	901,597	2,203,391	3,104,988
Accumulated depreciation	(537,855)	(970,521)	(1,508,376)
Net book value	363,742	1,232,870	1,596,612
For year-ended December 31, 2020			
Opening net book value	363,742	1,232,870	1,596,612
Additions	131,745	–	131,745
Disposals	(82,680)	–	(82,680)
Depreciation	(327,108)	(1,034,880)	(1,361,988)
Closing net book value	85,699	197,990	283,689
At December 31, 2020			
Carrying amount	305,831	1,641,240	1,947,071
Accumulated depreciation	(220,132)	(1,443,250)	(1,663,382)
Net book value	85,699	197,990	283,689

The right-of-use assets are included as a separate line under property, plant and equipment.

12. Inventories

	2020 $	2019 $
Packaging and raw materials	**6,351,691**	6,507,451
Work in progress	**1,234,250**	836,507
Finished goods	**3,384,240**	2,224,058
Engineering spares and supplies	**4,117,069**	3,988,229
	15,087,250	13,556,245

During the year, the Group wrote-off inventories amounting to $769,457 (2019 - $840,033).

13. Related party balances and transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Related parties and relationships are as follows:

Related parties	**Relationship**
Heineken International B.V.	Parent company
Amstel Brouwerij B.V.	Under common control
Bralima	Under common control
Brouwerijen Alken-Maes	Under common control
Cervecerias Baru Panama S.A.	Under common control
Global Distributions S.A	Under common control
Grupa Zywiec S.A.	Under common control
Heineken Americas Inc.	Under common control
Heineken Brouwerijen B.V.	Under common control
Heineken Brouwerijen B.V. - Draught Materials	Under common control
Heineken Export Group	Under common control
Heineken Global Procurement B.V.	Under common control
Heineken Slovensko A.S.	Under common control
Heineken Supply Chain B.V.	Under common control
Mouterij Albert N.V.	Under common control
Mozambique Vendas E Distribuicao	Under common control
Red Stripe Heineken	Under common control
Stassen S.A.	Under common control

Significant transactions with related parties are as follows:

	2020 **$**	**2019** **$**
Sales	**15,795,388**	16,863,250
Dividends	**6,015,878**	8,542,602
Purchases	**2,286,632**	2,979,397
IT services	**4,140,599**	3,852,346
Other fees -technical support	**2,297,790**	1,298,473
Contributions to pension plan	**233,814**	227,633
Management fees	**375,507**	427,229
Interest	**700,940**	756,584

Royalties paid to the related parties in relation to the products sold by the Group are as follows:

	2020 **$**	**2019** **$**
Heineken International B.V.	**1,897,629**	1,388,640

Short-term advances from related parties are reimbursed at the original amount advanced. Related parties did not grant or receive guarantees in relation to short-term advances. Transactions with related parties were carried out on commercial terms and conditions and at market prices.

13. Related party balances and transactions ...*continued*

Year-end balances of receivables and payables arising from transactions with related parties as of December 31, are as follows:

	2020 $	2019 $
Due from related parties		
Heineken Brouwerijen B.V.	**3,542,008**	4,216,167
Global Distributions S.A	**140,770**	165,448
Heineken International B.V.	**85,817**	137,530
Commonwealth Brewery Limited	**63,237**	–
Mozambique Vendas E Distribuicao	**44,073**	28,712
Bralima	**11,661**	–
	3,887,566	4,547,857
Due to related parties		
Brouwerijen Alken-Maes	**1,019,118**	561,892
Amstel Brouwerij B.V.	**974,818**	896,829
Heineken Brouwerijen B.V.	**585,330**	491,811
Heineken International B.V.	**548,005**	1,603,228
Heineken Supply Chain B.V.	**260,007**	388,007
Heineken Export Group	**186,917**	–
Karlovacka Pivovara Croatia	**158,006**	–
Heineken Global Procurement B.V.	**88,883**	90,073
Cervecerias Baru Panama S.A.	**61,225**	42,728
Heineken Americas Inc.	**54,467**	40,429
Heineken Brouwerijen B.V. - Draught Materials	**–**	89,045
Heineken Slovensko A.S.	**–**	37,138
	3,936,776	4,241,180

The balance of loan and interest payable to related party as at December 31 is as follows:

	2020 $	2019 $
Loan and interest payable from related party (Note 16)		
Heineken International B.V.	**30,182,476**	18,218,980

Key management compensation as at December 31, is as follows:

	2020 $	2019 $
Key management compensation		
Salaries and wages	**4,532,610**	3,971,762
Other benefits	**683,633**	496,965
	5,216,243	4,468,727

14. Trade and other receivables

	2020 $	2019 $
Trade receivables	**10,895,754**	12,552,901
Allowance for expected credit losses	**(2,518,829)**	(1,924,341)
Trade receivable - net	**8,376,925**	10,628,560
Loan receivable from customer - current	**279,940**	258,174
Value-added tax recoverable	**981,520**	–
Lease receivable - current (Note 11)	**147,775**	186,719
Prepayments	**102,203**	87,042
Other receivables	**828,290**	716,035
	10,716,653	11,876,530

The fair values of trade and other receivables approximate their carrying values.

As of December 31, 2020, trade receivables of $6,282,992 (2019 - $8,214,463) were fully performing. The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

As of December 31, 2020, trade receivables of $2,093,933 (2019 - $2,414,097) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2020 $	2019 $
31 - 90 days	**1,724,111**	1,736,715
91 - 120 days	**369,822**	677,382
	2,093,933	2,414,097

As of December 31, 2020, trade receivables of $2,518,829 (2019 - $1,924,341) were impaired and provided for. The Group applies expected loss model in computing provisions for impairment of receivables. The aging of these receivables is as follows:

	2020 $	2019 $
31 - 90 days	**–**	13,622
91 - 120 days	**16,440**	10,539
Over 120 days	**2,502,389**	1,900,180
	2,518,829	1,924,341

Movements on the Group's allowance for expected credit losses are as follows:

	2020 $	2019 $
At January 1	**1,924,341**	1,889,729
Bad debts expense	**789,606**	287,979
Amounts written off	**(195,118)**	(253,367)
At December 31	**2,518,829**	1,924,341

14. Trade and other receivables *...continued*

The creation and release of provision for impaired receivables have been included in 'Raw materials, consumables and services' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The carrying amounts of the Group's trade and other receivables are all denominated in Eastern Caribbean dollars.

The loan receivable from customer represents a loan undertaken to facilitate collection of outstanding receivables. The loan is collectible at monthly amortisation of $30,706 for 7 years ending on November 2024. The loan receivable bears 8% interest annually.

	2020 **$**	**2019** **$**
Loan receivable from customer		
Current	**279,940**	258,174
Non-current (Note 10)	**953,368**	1,233,309
	1,233,308	1,491,483

15. Cash

	2020 **$**	**2019** **$**
	21,100	58,937
Cash on hand	**5,995,867**	8,904,263
Cash at bank		
	6,016,967	8,963,200

Cash and bank overdrafts include the following for the purposes of statement of cash flow:

	2020 **$**	**2019** **$**
Cash	**6,016,967**	8,963,200
Bank overdrafts (Note 16)	**(2,927,410)**	(7,581,418)
	3,089,557	1,381,782

16. Borrowings

	2020 $	2019 $
Current		
Bank overdraft (Note 15)	**2,927,410**	7,581,418
Non-current		
Loan payable to related party (Note 13)	**30,040,096**	17,992,196
	32,967,506	25,573,614

The outstanding loan balance as at December 31, 2020 amounting to US$6,666,667 represents a long-term loan payable to Heineken International B.V. obtained by the Group to pay for all the shares in Du Boulay's Bottling Company Limited as part of the share sale, purchase and merger agreement dated September 1, 2017. On September 2, 2019, the maturity date was moved from September 2, 2019 to September 3, 2024. The loan bears the interest rate of the desired drawing period (6 months), which interest rate is based on the USD LIBOR (as presented on the Bloomberg two business days before the first day of such interest period) plus a margin of 175 basis points.

On May 28, 2020, the Company was granted by Heineken International B. V. an additional loan amounting to US$4,500,000. The loan is unsecured, bears interest of 1.85% per annum and due on May 28, 2025.

In 2020, finance costs relating to loan payable to related party amounts to $642,694 (2019 - $835,544).

17. Deferred tax

Deferred tax liability is calculated in full on temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax liability account is as follows:

	2020 $	2019 $
Beginning of year	**4,239,649**	4,106,365
Deferred tax expense (Note 27)	**(453,492)**	139,037
Deferred tax benefit relating to components of other comprehensive income	**(30,050)**	(5,753)
End of year	**3,756,107**	4,239,649

The Company's deferred tax liabilities are detailed below:

	2020 $	2019 $
Accelerated tax depreciation	**8,998,241**	11,013,969
Retirement benefit assets - net	**3,568,743**	3,210,370
Lease liabilities - net	**(46,627)**	(92,176)
	12,520,357	14,132,163
Deferred tax liabilities at income tax rate of 30%	**3,756,107**	4,239,649

18. Other non-current liabilities

	2020 $	2019 $
Lease payables (Note 11)	**–**	474,218
Long-term incentive plan (LTIP) accruals	**92,519**	260,865
	92,519	735,083

LTIP accruals pertains to a HEINEKEN internal incentive programme that is designed to reward senior managers for long-term term performance by conditionally awarding performance shares

19. Trade and other payables

	2020 $	2019 $
Trade payables		
Accrued expenses	**15,255,118**	8,953,604
Lease payables - current (Note 11)	**11,433,017**	8,075,193
Other payables	**417,831**	1,748,349
	559,009	167,420
	27,664,975	18,944,566

All amounts are short term, and the carrying values of trade payables and accrued liabilities are considered to be a reasonable approximation of fair value.

20. Refundable packaging deposits

	2020 $	2019 $
Refundable packaging deposits	**2,824,564**	4,892,338

Refundable packaging deposits are recognised upon sale of products sold in returnable containers and reversed upon return of the containers. Estimated value of containers that may not be returned is recognised as Gain on reversal of returnable packaging deposits under “Other income - net” account in the consolidated statements of comprehensive income.

21. Share capital

	2020 $	2019 $
Share capital		
Authorised:		
1,500,000 ordinary shares, $10 par		
Issued and fully paid:		
1,274,227 ordinary shares, $10 par	**12,742,270**	12,742,270
Additional paid in capital	**41,785,250**	41,785,250
	54,527,520	54,527,520

The Group issued 156,475 shares on September 1, 2016, corresponding to 12.28% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of WLBL.

Proceeds received in addition to the nominal value of the shares issued during the year have been included in Additional paid in capital, less registration and other regulatory fees and net of related tax benefits.

22. Dividends

In 2020, the Company declared a final dividend of $8,289,859 to ordinary shareholders in respect of the year ended December 31, 2019.

In 2019, the Company declared a final dividend of $5,971,677 to ordinary shareholders in respect of the year ended December 31, 2018 and an interim dividend of $5,800,000 to ordinary shareholders in respect of the year ended December 31, 2019.

Total dividend payments amount to $8,289,859 in 2020 (2019 - $11,771,677). Dividends are accounted for in equity as an appropriation of retained earnings in the year of its declaration.

23. Other income - net

	2020 $	2019 $
Gain on reversal of refundable packaging deposits	**1,272,507**	1,409,851
Gain from sale of raw materials, by-products and others	**670,396**	42,683
Gain on disposal of property, plant and equipment	**–**	203,793
Other income	**68,315**	50,239
	2,011,218	1,706,566

24. Expenses by nature

	2020 $	2019 $
Raw materials and consumables used	**25,259,887**	29,947,901
Employee benefit expenses (Note 25)	**23,542,326**	21,502,565
Depreciation (Note 5)	**12,902,845**	13,252,966
Telecommunication and office automation	**8,046,899**	8,626,433
Energy and water	**5,790,117**	6,714,637
Royalties	**4,524,583**	4,025,381
Repairs and maintenance	**4,172,312**	4,778,556
Advertising and marketing costs	**3,665,779**	4,527,353
Distribution costs	**2,029,602**	1,636,614
Insurance	**1,667,875**	1,655,248
Bad debts expenses	**789,606**	287,979
Amortisation of intangible assets (Note 6)	**297,512**	214,751
Legal and professional fees	**294,569**	385,966
Travel and entertainment	**170,921**	547,590
Rent and accommodation	**82,697**	–
Other expenses	**1,253,985**	1,375,605
Total cost of goods sold, distribution and marketing costs, and general and administrative expenses	**94,491,515**	99,479,545

25. Employee benefit expenses

	2020 $	2019 $
Salaries and wages	**14,631,083**	14,351,849
Social security contributions	**523,072**	527,276
Contributions to defined contribution plan	**244,816**	593,526
Other benefits	**8,143,355**	6,029,914
	23,542,326	21,502,565

The Group employed an average of 246 (2019- 255) employees during the year.

HEINEKEN SAINT LUCIA LTD.

26. Finance costs - net

	2020 $	2019 $
Interest income		
Interest income from loan receivable	**110,297**	129,772
Interest income from lease receivable	**14,113**	25,629
Interest income from banks	**1,712**	1,663
	126,122	157,064
Interest expenses		
Interest expense on loan payable to related party	**(642,694)**	(835,544)
Interest expense on lease payables	**(78,488)**	(573,835)
Interest expense on bank overdrafts	**(78,667)**	(318,351)
	(799,849)	(1,727,730)
Other finance income/(costs)		
Foreign exchange gain on derivative financial instruments	**–**	520,448
Other foreign exchange gains/(losses) - net	**262,924**	(463,583)
Interest income on retirement benefit assets - net	**224,726**	202,930
	487,650	259,795
	(186,077)	(1,310,871)

27. Income tax expense

	2020 $	2019 $
Current tax	**4,135,357**	5,658,031
Deferred tax (Note 17)	**(393,719)**	139,037
Prior years over accrual	**(59,773)**	–
	3,681,865	5,797,068

The tax on the Group's income before taxation differs from the theoretical amount that would arise using 30% statutory rate of the Group as follows:

	2020 $	2019 $
Profit before tax	**9,769,593**	19,911,930
Tax calculated at a rate of 30%	**2,930,878**	5,973,579
Income tax incentives	**459,248**	(261,925)
Expenses not deductible for tax	**26,032**	85,414
Deferred tax not recognised in prior years	**59,773**	–
Others	**205,934**	–
Tax charge	**3,681,865**	5,797,068

28. Earnings per share

Basic and diluted
The calculation of basic and diluted earnings per share is based on the net profit attributable to shareholders of $6,087,728 (2019 - $14,114,862) divided by the weighted average number of shares in issue ranking for dividend during the year of 1,274,227 (2019 - 1,274,227).

29. Commitment and contingencies

Customs bonds
The Group is contingently liable in the normal course of business, in respect of customs bonds and collections for goods not received at the balance sheet date totalling $355,000.

30. Interests in subsidiaries

Set out below are details of the subsidiary held directly by the Group:

Name of Subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group	
			2020 %	2019 %
Du Boulay's Bottling Company Limited	**St. Lucia**	Production and distribution of soft drinks, and distribution of Windward and Leeward Brewery Limited products to the north of St. Lucia.	100	100

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The Group has no interest in unconsolidated structured entities.

31. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	2020 $	**2019 $**
Borrowings - current		
At January 1	**–**	18,310,542
Cash flows:		
Repayments	**–**	(285,044)
Non-cash:		
Reclassification	**–**	(18,025,498)
At December 31	**–**	–
Borrowings - non-current		
At January 1	**17,992,196**	–
Cash flows:		
Repayments	**12,226,050**	–
Non-cash:		
Reclassification	**–**	18,025,498
Fair value	**(178,150)**	(33,302)
At December 31	**30,040,096**	17,992,196
	30,040,096	17,992,196

NOTES

NOTICE OF ANNUAL GENERAL MEETING

Dear Shareholder,

Due to the ongoing COVID-19 pandemic and the state of emergency in effect in Saint Lucia until October 16, 2021, we are unable to convene the annual general meeting of shareholders for the following purposes.

1. To receive and adopt the Accounts for the year ended December 31, 2020 and the reports of the Directors and Auditors therein.
2. To approve a final dividend in respect of the year ended December 31, 2020.
3. To elect Directors.
4. To appoint Auditors for the year 2021.

We continue to monitor the situation to determine, if and when it will be safe to convene the AGM or find an alternative method of hosting that will provide fair and equitable access to shareholders and safeguard the confidentiality of the proceedings.

Once we have clarity, you will be duly notified.

On Behalf of the Board of Directors,

Marvin Joseph
Company Secretary

PART OF THE HEINEKEN COMPANY

HEINEKEN
SAINT LUCIA LTD.

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