THE BERMUDA PRESS
(HOLDINGS) LIMITED

# MEDIA + TECHNOLOGY

**CREATING PATHWAYS TO A NEW FUTURE**

**ANNUAL REPORT 2022**

**Incorporated in Bermuda**
A public company quoted on the
Bermuda Stock Exchange (BPH.BH)
with 475 shareholders.

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THE BERMUDA PRESS (HOLDINGS) LIMITED

# Report to Shareholders

**As Bermuda and the world have emerged from the initial disruptions of the Covid-19 pandemic, it is clear that normal life has changed in a myriad ways, both social and professional. It seems that the way we work has changed forever, as remote work emptied offices, reduced foot traffic in towns, and created turbulence in the retail and hospitality sectors. At the same time, we've all felt the jump ahead in the use of technology in every aspect of life.**

With 195 years of operation, your Company is interwoven in the history of Bermuda and its economic development. Weakened by the pandemic - and suffering from increasing operating costs, regulation and a contracting population - the island has seen the failure of many long standing local businesses and a corresponding decrease in employment not seen in Bermuda's modern history. This has an inevitable impact on your Company, which continues to adapt to the challenging circumstances.

The recent Bermuda Chamber of Commerce 'Business Barometer' survey highlighted that - while 64 percent of business leaders have confidence in their companies' long term future - only 34 percent are confident in Bermuda's economic future. The survey also highlighted that Bermuda businesses lacked confidence in supply chains, the ability to hire required staff, and that 79% of local businesses expect further increases in operating costs during 2023.

Your Company's business units are experiencing similar challenges. Recruitment of qualified staff and supply chain issues require constant pivoting by Management to ensure we meet customer expectations. Increases in operational costs have, historically, been offset by cost savings found from efficiencies, including investment in technology.

## Your Company

The movement online is inexorable in every aspect of life, including the sectors in which your Company operates. Throughout the world, news of consolidations and closures of lithographic printers and newspapers has become a normal occurrence. Similarly, retail trends have continued to shift from traditional brick and mortar stores to online shopping.

Your Company is increasing the use of technology throughout our subsidiaries, to retain competitiveness and to improve the operational efficiency of our businesses. In the course of analyzing the options, the Board may consider the need to exit certain operations, or to enter new business sectors.

## Media

The Digital Age has a constant proliferation of information sources, where it can be difficult to differentiate fact from spin, opinion from analysis. It's worth remembering your Company's emphasis on high-quality independent journalism provides readers with the context, perspective and insight which allows them to paint a complete picture of events. We believe this is an essential part of Bermuda's national development.

The alternative, of course, is to look at events in isolation and fail to see how they connect with one another – a shortcoming of too many online news sites that are fixated on the next breaking story rather than how that report might fit into the bigger story of a community's ongoing development and growth. Whether it is reporting on the budget, legislative changes, fintech, community events, legal proceedings or injustice, we remain completely committed to the need for independent journalism in Bermuda

Your Company has a long history of protecting freedom of speech and of independent media in Bermuda. We have fought for PATI legislation and have defended the rights of Bermuda's media many times in the Courts, several times all the way to the Privy Council. The Board feels this is an important part of our mission to serve the Bermuda community.

In 2022, significant costs were incurred defending a legal claim to suppress the Royal Gazette reporting elements of Evatt Tamine's involvement in billionaire Robert Brockman's alleged tax evasion in the United States. Unfortunately defending the rights of independent media, and freedom of speech, is a costly effort and in 2023 your Company will incur further legal costs as it appeals a ruling that suppresses our ability to report on publicly-available information.

Change in the world of media is rapid and turbulent; intense consolidation in the newspaper industry has become the norm. This is driven, in part, by the split between younger generations demanding news delivered online, while traditional readers still prefer a printed newspaper format. The two modes have dramatically different revenue models and potential - particularly in smaller community markets such as Bermuda - which creates significant financial pressure on an independent news organization.

Acknowledging this, the Royal Gazette has engaged in an overhaul of our entire publishing infrastructure. Our new systems enable remote working, online customer interaction, digital subscriber management, and the tools to monetise our unique Bermuda content. Many of these rollouts will become visible to our online readers in 2023.

## Print

Today, Bermuda Press is the sole remaining lithographic printer in Bermuda. This business was severely impacted by the pandemic, and has not recovered. In addition to local economic conditions, we believe the business is lagging for several reasons:

- Businesses shifting from printed materials to social media platforms to communicate with customers;
- Organisations implementing Environmental, Social and Governance initiatives (ESG) resulting in fewer printed materials; and
- Local buyers procuring print services from overseas vendors, with an imbalance of import duties and taxation compared with local suppliers.

Your Board closely monitors the performance of the print operations as they continue to modernise with digital printing, with the view that the print division must positively contribute to the Group.

## Retail and Office Equipment

Office equipment operations have been challenged by changes in how businesses operate. Remote working, businesses downsizing, increased use and reliance on digital communication, and electronic documents decreased the need for photocopiers and printers in the office setting.  ESG efforts that focus on the environmental impact of printing and push initiatives for paperless filings are increasing the demand for display- and scanning-only devices. These devices are lower cost and can change the business model from sales/leasing/servicing to sales only. We continue to reposition operations in response to the changing needs of our customers while continuing to offer high quality products from Sharp and Canon.

During the pandemic we launched online ordering with home delivery for the Stationary Store, which provided us with valuable information about the demand for local online shopping. In 2021 online sales accounted for 7% of retail sales, which slowed to 4.4% in 2022. While the web may increase consumer awareness of the products we sell, we do not believe it has increased sales. We continue to introduce new products and monitor shopping behavior to reposition the Stationery Store for future consumer behavior.

### Real Estate

Your Company operates a number of industrial sites as well as prime corporate office facilities, whose income provides a buffer to other areas of our operations. Our real estate holdings continue to perform well with 97% occupancy, of which 54% is occupied by third party tenants. A committee of the Board is evaluating the options to best utilise or develop your Company's real estate holdings.

## Our Results

The Company's net loss for 2022 was $76,000 compared with net profit of $228,000 in 2021.

Overall, revenue grew to $19,675,000 from $19,095,000 in the previous year.

- Advertising and retail revenues increased by $626,000 (4.7%)
- Print revenues decreased $169,000 (- 6.1%).
- Revenue from rental and other income increased by $123,000 (4.3%)

Expenses rose to $19,744,000 in 2022 from $18,840,000 in 2021.

The most significant change in expenses was the increase of $892,000 in wage costs due to the restoration of Covid-related wage reductions and corresponding employee benefits.

As a local business, it must be noted that your Company has been affected by the increasing costs of doing business in Bermuda, including the cost of utilities, other raw materials that we import, or for shipping.

We continue to maintain a high level of occupancy in our real estate and generate positive cash flows. Your Company increased its cash and cash equivalents by $423,000 during the year. The Company will deploy the positive cashflow through the payment of dividends, share repurchases, and further investment and diversification opportunities.
The Board, based on the positive cash position of your Company, reinstated quarterly dividend payments of 7 cents per share beginning December 2021. This represents a 3.5% quarterly yield based on the most recent closing share price of $8.00. The Board will continue to review your Company's performance and anticipates that it will continue to declare dividends each quarter.

## The Future

The Company's news division will continue to focus on delivering high quality independent journalism for Bermuda, to maximize engagement in different media consumption patterns, and to increase our social relevance within the community. We have a loyal readership that depends on us to uncover the truth and keep them informed.

Independent journalism is expensive - requiring research and analysis - at a time when the local economy is contracting. The introduction of a registration and paywall is a priority, to offset declining print advertising revenues, and to adapt our revenue model to serve the younger generation that prefers digital content distribution. The shift to a subscription model involves significant change in the way we do business.

Our real estate operations will also require adjustments to accommodate the trend towards smaller office spaces and to capture the increased demand for warehouse space. The Board is presently examining opportunities to increase our real estate holdings and to ensure we maximise the utilisation of our current holdings.

Overall the Board will continue to monitor and adjust the operations of all our divisions to ensure they have a positive contribution to the overall group and are returning value to shareholders.

## Governance and Your Board

As a listed issuer on the Bermuda Stock Exchange (BSX), your Company maintains 80:20 Bermudian ownership and is proud to be widely held by 475 shareholders. The Board oversees an organisation-wide commitment to good corporate governance, legislative and financial compliance, and ethical behaviour. The Directors' objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interest of all shareholders, while ensuring the Company is properly managed.

The Board has previously expressed concerns about the liquidity and valuation of the Company's shares trading on the BSX. As such, the Company recently bought BPHL shares on the BSX pursuant to Listing Regulation Section IIB (6.14, 2.i) believing this use of our cash flow served to return value to our shareholders.

The current Board Compensation Plan includes some compensation in the form of shares, which have historically been acquired through repurchase from existing shareholders. In the current year the Board will review the compensation plan as the opportunities to repurchase shares from existing shareholders to meet the obligation are limited, while issuing new shares from authorised capital would be dilutive to shareholders.

We confirm that the total interest of all Directors and Officers of the Company in shares of the Company amounted to 118,058 shares at September 30, 2022. We also confirm that no rights to subscribe to shares in the Company have been granted to, or exercised by, any Director or Officer. The Company has no service or consulting contracts with any of its Directors. Finally, we confirm that there were no significant contracts in existence during or at the end of the financial year in which a Director is or was materially interested, either directly or indirectly.

## Our Gratitude

In 2028, your Company will celebrate two centuries of service to Bermuda, and the Board aims to position the Company to play a solid role in Bermuda's continuing story.

The Board acknowledges with gratitude the dedication of our staff in pursuing this goal, and values the trust that our readers and business partners place in the Company. Finally, we thank our shareholders for their support.

**Yours in Bermuda,**
**Stephen R. Davidson**

# Directors

## Steven R. Davidson
**CHAIRPERSON AND DIRECTOR**

Stephen R. Davidson is a co-founder of QuoVadis, now part of the world's leading provider of PKI solutions for online identity and encryption. He also sits on the board of the Bermuda End-to-End Charitable Trust. He is a graduate of Dartmouth College and Georgetown University.

## Muriel Richardson
**VICE CHAIRPERSON AND DIRECTOR**

Muriel Richardson was General Manager from the award-winning Rosedon Hotel. She is the immediate past Chair of the Bermuda Hospitality Institute, past President and Chair of the Bermuda Hotel Association, and a former Director of the Caribbean Hotel and Tourism Association. She has also served on many government boards and currently works as a consultant to the Hospitality Industry.

## Gavin Arton
**DIRECTOR**

Gavin R. Arton is a former international insurance company executive and currently serves as a director of or advisor to a number of Bermuda-based and international companies. He is a Fellow of the Institute of Directors.

## Dudley R. Cottingham
**DIRECTOR**

Dudley R. Cottingham is a Director of Continental Trust Corporation Limited and a Consultant to Continental Management Limited. He is a fellow of the Institute of Chartered Accountants in England & Wales, a Fellow of the Chartered Professional Accountants of Bermuda and a Fellow of the Institute of Directors.

## Jonathan Howes
**DIRECTOR**

Jonathan P. Howes is the CEO of The Bermuda Press (Holdings) Limited. He is a graduate from of the University of Cape Breton (Bachelors of Business Administration) and was admitted to Chartered Professional Accountants of Bermuda as a CPA in 2000. He has worked in both local and international companies in Bermuda since 1999. He currently serves on the boards of the Bermuda Chamber of Commerce and the Chartered Professional Accountants of Bermuda.

## Chiara T. Nannini
**DIRECTOR**

Chiara T. Nannini is a Director in the Corporate department of Conyers Dill & Pearman Limited. Chiara holds a Bachelor of Arts from the University of Virginia (Political Science and Italian), Bachelor of Laws (Hons) from the London School of Economics and Political Science and a Postgraduate Diploma in Professional Legal Skills from City University, Bar Professional Training Course. She is admitted to the Bar of Bermuda, British Virgin Islands (Eastern Caribbean Court) and England & Wales.

## Carl H. Paiva, J.P.
**DIRECTOR**

Carl H. Paiva, J.P., was Chief Executive Officer and majority owner of C Travel Ltd. He earned his degree in English Literature and Art History from King's College, Pennsylvania. Presently he is splitting his time between New York City and Bermuda and is involved in the Broadway scene as a producer and investor.

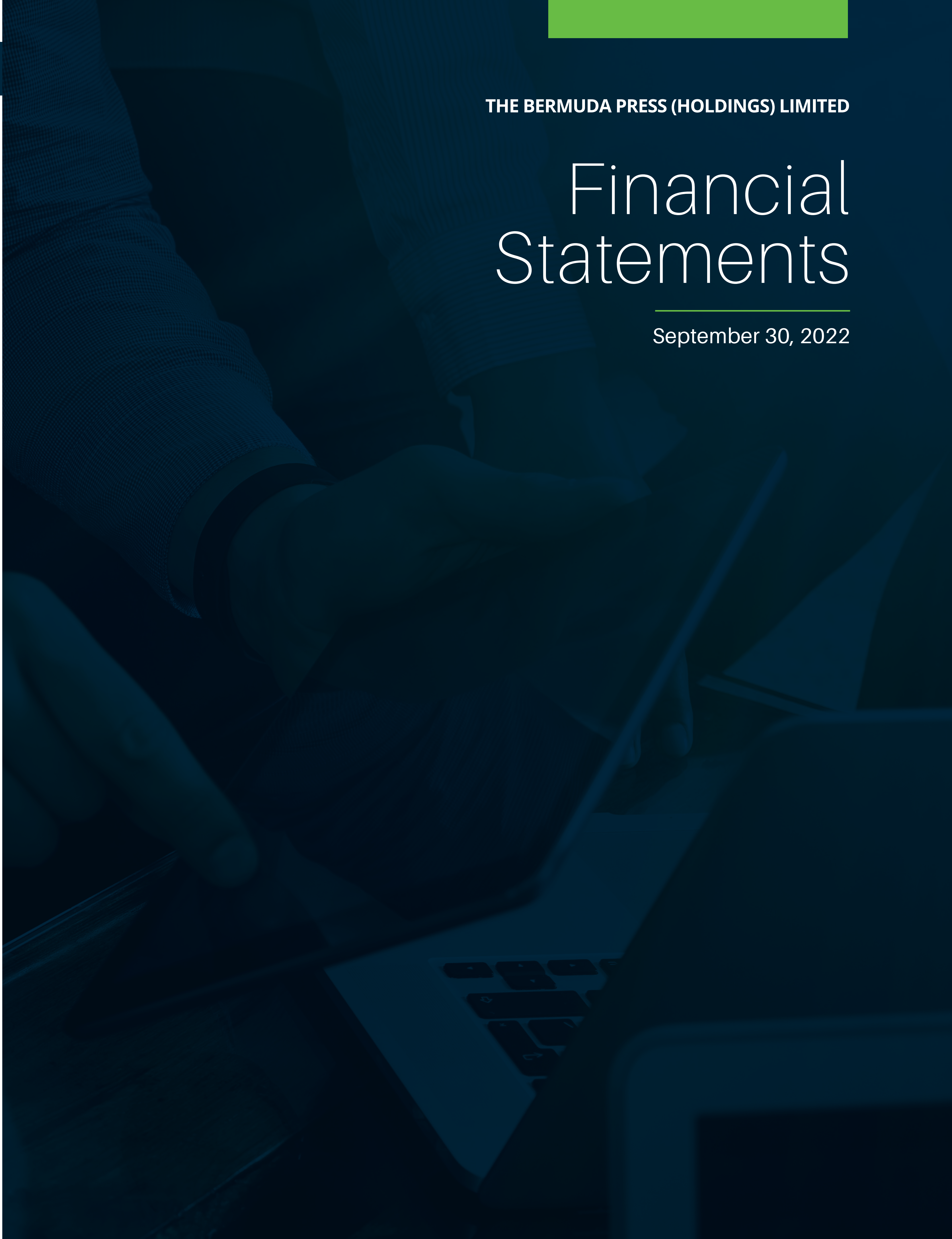
## Christopher E. Swan
**DIRECTOR**

Christopher E. Swan is Senior Partner of Barristers & Attorneys-at-Law Christopher E. Swan & Co. He is an active cricketer and football coach.

# Financial Facts

(Amounts in thousands of dollars, except per share data)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Operating revenue** | 19,675 | 19,095 | 18,704 | 23,016 | 25,518 |
| **Operating expenses** | 19,744 | 18,840 | 19,804 | 22,086 | 23,257 |
| Operating profit (loss) | (69) | 255 | (1,100) | 930 | 2,261 |
| Finance income | 21 | 17 | - | 6 | 11 |
| Finance costs | (54) | (95) | (111) | (128) | (27) |
| Gain (loss) on disposal and impairment of assets | 2 | (1) | (22) | (70) | (96) |
| Goodwill impairment loss | - | - | (1,730) | - | - |
| Total comprehensive (loss) income for the year | (76) | 228 | (2,980) | 793 | 2,168 |
| Comprehensive (loss) income attributable to: | | | | | |
| Equity holders of the company | (76) | 228 | (2,980) | 793 | 1,771 |
| Non-controlling interests | - | - | - | - | 415 |
| | | | | | |
| Current assets | 9,482 | 9,164 | 8,244 | 8,536 | 10,657 |
| Available-for-sale financial assets | - | 144 | 216 | 233 | 178 |
| Note receivable | 168 | - | - | - | - |
| Investment in leases | 216 | 236 | 288 | 503 | 937 |
| Property, plant and equipment | 2,834 | 3,256 | 4,013 | 4,203 | 4,342 |
| Intangible assets | 80 | 80 | - | - | - |
| Investment properties | 13,389 | 14,019 | 14,613 | 15,090 | 14,418 |
| Other non-current assets | 33 | 49 | - | - | - |
| Goodwill | 2,988 | 2,988 | 2,988 | 4,718 | 4,718 |
| | 29,190 | 29,936 | 30,362 | 33,283 | 35,250 |
| | | | | | |
| Current liabilities | 3,759 | 3,590 | 3,884 | 3,397 | 3,303 |
| Borrowings – non-current | 164 | 607 | 1,005 | 1,309 | - |
| Equity attributable to owners of the parent | 25,267 | 25,739 | 25,473 | 28,577 | 29,692 |
| Minority interest | - | - | - | - | 2,255 |
| | 29,190 | 29,936 | 33,362 | 33,283 | 35,250 |
| | | | | | |
| Additions to capital assets | 461 | 330 | 1,011 | 2,122 | 1,582 |
| Cash dividends paid | 300 | - | 200 | 400 | 343 |
| Number of issued ordinary shares | 1,429,320 | 1,428,443 | 1,421,168 | 1,426,977 | 1,427,521 |
| Profit (loss) attributable to equity holders of the company per share | (0.07) | 0.12 | (2.08) | 0.52 | 1.21 |
| Cash dividend paid per share | 0.21 | - | 0.14 | 0.28 | 0.26 |
| Shareholders' equity per share | 17.68 | 18.02 | 17.92 | 20.03 | 20.80 |
| Profit (loss) attributable to equity holders of the company as a percentage of revenue | (0.5%) | 0.9% | (15.8%) | 3.2% | 6.8% |
| Profit (loss) attributable to equity holders of the company as a percentage of shareholders' equity | (0.4%) | 0.7% | (11.6%) | 2.6% | 5.8% |



THE BERMUDA PRESS (HOLDINGS) LIMITED

# Financial Statements

September 30, 2022

# The Bermuda Press (Holdings) Limited

Consolidated Financial Statements
(With Independent Auditor's Report Thereon)
**September 30, 2022**

The accompanying report of KPMG Audit Limited ("KPMG") is for the sole and exclusive use of The Bermuda Press (Holdings) Limited (the "Company").

No person, other than the Company, is authorized to rely upon the report of KPMG unless KPMG expressly so authorizes.

Furthermore, the report of KPMG is as of December 15, 2022, and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

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**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of The Bermuda Press (Holdings) Limited**

**Opinion**

We have audited the consolidated financial statements of The Bermuda Press (Holdings) Limited and its subsidiaries (the "Company"), which comprise the consolidated balances sheets as at September 30, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Basis for opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the *Report to Shareholders* but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
December 15, 2022

# Consolidated Balance Sheet

As at September 30, 2022

(Amounts in thousands of dollars)

| | Notes | September 30, 2022 | September 30, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 4,390 | 3,967 |
| Trade receivables | 3 | 1,966 | 1,731 |
| Other current assets | 3,6 | 706 | 891 |
| Inventories | 4 | 2,420 | 2,575 |
| | | 9,482 | 9,164 |
| **Non-current assets** | | | |
| Financial assets at fair value through other comprehensive income | 5 | – | 144 |
| Note receivable | 5 | 168 | – |
| Investment in leases | 6 | 216 | 236 |
| Property, plant and equipment | 7 | 2,834 | 3,256 |
| Intangible assets | 8 | 80 | 80 |
| Investment properties | 9 | 13,389 | 14,019 |
| Other non-current assets | | 33 | 49 |
| Goodwill | 10 | 2,988 | 2,988 |
| **Total assets** | | 29,190 | 29,936 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 11 | 2,409 | 2,401 |
| Contract liabilities – unearned income | 24 | 807 | 774 |
| Borrowings | 12 | 443 | 415 |
| Dividends payable | 20 | 100 | – |
| | | 3,759 | 3,590 |
| **Non-current liabilities** | | | |
| Borrowings | 12 | 164 | 607 |
| Total liabilities | | 3,923 | 4,197 |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 19 | 3,430 | 3,428 |
| Share premium | 19 | 1,688 | 1,686 |
| Other comprehensive income | 19 | 226 | 202 |
| Retained earnings | | 19,923 | 20,423 |
| **Total equity** | | 25,267 | 25,739 |
| **Total liabilities and equity** | | 29,190 | 29,936 |

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

# Consolidated Statement of Comprehensive Income

**For the year ended September 30, 2022**

(Amounts in thousands of dollars, except per share data in)

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Operating revenue** | | | |
| Publishing and retail | 23 | 14,067 | 13,441 |
| Commercial printing | 23 | 2,600 | 2,769 |
| Rental | 23 | 2,786 | 2,788 |
| Other | 6,23 | 222 | 97 |
| | | 19,675 | 19,095 |
| **Operating expenses** | | | |
| Payroll and employee benefits | 17 | 11,442 | 10,550 |
| Materials, merchandise and supplies | | 2,771 | 2,750 |
| Administrative expenses | 18 | 4,081 | 3,900 |
| Impairment (gain) loss on trade receivables | 3 | (62) | 40 |
| Depreciation | 7,9 | 1,512 | 1,600 |
| | | 19,744 | 18,840 |
| **Operating (loss) profit** | | (69) | 255 |
| Finance income | | 21 | 17 |
| Finance costs | 12 | (54) | (95) |
| Gain (loss) on disposal of property, plant and equipment | 7,9 | 2 | (1) |
| **(Loss) profit for the year** | | (100) | 176 |
| **(Loss) profit attributable to:** | | | |
| Equity holders of the Company | | (100) | 176 |
| **Other comprehensive income for the year** | | | |
| *Items that will not be reclassified to profit and loss:* | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income | 5 | 24 | 32 |
| Gain on sale of equity investments | 5 | – | 20 |
| | | 24 | 52 |
| Total comprehensive (loss) income for the year | | (76) | 228 |
| **Comprehensive (loss) income attributable to:** | | | |
| Equity holders of the Company | | (76) | 228 |
| **Earnings (loss) per share:** | | | |
| Basic and diluted | 20 | (0.07) | 0.12 |

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

# Consolidated Statement of Changes in Equity

**For the year ended September 30, 2022**

(Amounts in thousands of dollars)

**Attributable to equity holders of the company**

| | Notes | Share capital | Share premium | Retained earnings | Other comprehensive income | Total equity |
|---|---|---|---|---|---|---|
| **Balance as at September 30, 2020** | | 3,411 | 1,665 | 20,247 | 150 | 25,473 |
| Profit for the year | | – | – | 176 | – | 176 |
| Other comprehensive income | | – | – | – | 52 | 52 |
| Total comprehensive income | | – | – | 176 | 52 | 228 |
| Purchase of treasury shares | 19 | (13) | (10) | – | – | (23) |
| Issuance of treasury shares | 19 | 30 | 31 | – | – | 61 |
| Dividends | 20 | – | – | – | – | – |
| **Balance as at September 30, 2021** | | 3,428 | 1,686 | 20,423 | 202 | 25,739 |
| Loss for the year | | – | – | (100) | – | (100) |
| Other comprehensive income | 5 | – | – | – | 24 | 24 |
| Total comprehensive loss | | – | – | (100) | 24 | (76) |
| Purchase of treasury shares | 19 | (7) | (6) | – | – | (13) |
| Issuance of treasury shares | 19 | 9 | 8 | – | – | 17 |
| Dividends | 20 | – | – | (400) | – | (400) |
| **Balance as at September 30, 2022** | | 3,430 | 1,688 | 19,923 | 226 | 25,267 |

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

# Consolidated Statement of Cash Flows

**For the year ended September 30, 2022**

(Amounts in thousands of dollars)

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss) profit for the year | | (100) | 176 |
| Adjustments for: | | | |
| Depreciation | 7,9 | 1,512 | 1,600 |
| (Gain) loss on disposal of property, plant and equipment | | (2) | 1 |
| Net finance costs | | 33 | 78 |
| Changes in non-cash working capital: | | | |
| Trade and other receivables | | (50) | 924 |
| Net movement in investments in leases | 6 | 20 | 52 |
| Inventories | | 155 | (212) |
| Non-current assets | | 16 | (49) |
| Accounts payable and accrued liabilities | | 41 | (313) |
| Cash generated from operating activities | | 1,625 | 2,257 |
| **Cash flows used for investing activities** | | | |
| Purchase of property, plant and equipment and investment properties | 7,9 | (461) | (330) |
| Proceeds received on sale of property, plant and equipment | | 3 | – |
| Proceeds received on sale of financial assets at fair value through other comprehensive income | | – | 124 |
| Net cash used for investing activities | | (458) | (206) |
| **Cash flows used for financing activities** | | | |
| Issuance of treasury shares | 19 | 17 | 61 |
| Purchase of treasury shares | 19 | (13) | (23) |
| Repayment of long-term debt | 12 | (415) | (379) |
| Interest received | | 21 | 17 |
| Interest paid | | (54) | (95) |
| Dividends paid to Company's shareholders | 20 | (300) | – |
| Net cash used for financing activities | | (744) | (419) |
| **Increase in cash and cash equivalents** | | 423 | 1,632 |
| **Cash and cash equivalents at beginning of year** | | 3,967 | 2,335 |
| **Cash and cash equivalents at end of year** | | 4,390 | 3,967 |
| **Cash and cash equivalents comprise:** | | | |
| Cash and cash equivalents at bank | | 4,390 | 3,967 |

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

# Consolidated Notes to the Financial Statements

**Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022**

(Amounts in thousands of dollars)

## 1. The Company and its regulatory framework

The Bermuda Press (Holdings) Limited (the "Company") was incorporated under the laws of Bermuda with limited liability and its principal business activities include publishing newspapers, magazines and directories, online classified advertising, commercial printing, sale of office supplies and equipment and real estate holdings.

The Company is listed on the Bermuda Stock Exchange and is domiciled in Bermuda. The registered office is located at 2 Par-la-Ville Road, Hamilton, Bermuda.

The Company's subsidiaries with ownership percentages are listed below:

| | September 30,2022 % | September 30, 2021 % |
|---|---|---|
| The Royal Gazette Limited | 100 | 100 |
| Office Solutions Limited | 100 | 100 |
| BP Media Limited | 100 | 100 |
| The Bermuda Press Limited | 100 | 100 |
| Engravers Limited | 100 | 100 |
| Chameleon Print Express Limited | 100 | 100 |
| E-Moo (Bermuda) Limited | 100 | 100 |
| Crown House Properties Limited | 100 | 100 |
| Crown House Holdings Ltd. | 100 | 100 |
| Bermuda Directories Limited | 100 | 100 |
| Atlantic Print Services Limited | 100 | 100 |
| Island Press Limited | 100 | 100 |
| Industrial Electronic Controls Limited | 100 | 100 |

These financial statements were approved by the Directors on December 15, 2022.

## 2. Basis of preparation and significant accounting policies

### (a) Basis of preparation:

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations applicable to companies reporting under IFRS.

The consolidated financial statements are presented in Bermuda dollars ($), which is the functional currency of the Company. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through other comprehensive income.

### (b) (i) New and amended standards adopted by the Company

There were a number of amendments to standards that were effective for periods beginning on or after January 1, 2021. These amendments, which have had no impact on the consolidated financial statements, have been listed below:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

(ii) New standards and interpretations not yet adopted

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

A number of new or amended standards are effective for annual periods beginning on or after January 1, 2022 and early adoption is permitted; however, the Company has not early adopted any of these new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IAS 1)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

## (c) Critical estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the revenue and expenses during the reporting period. Actual amounts could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year of the revision and future
years, where applicable. Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables

For trade receivables, the Company applies a simplified approach in calculating expected credit losses and recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Estimated impairment of goodwill and intangible assets

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Intangible assets consisting of trademarks and publishing rights allocated to the group of CGUs have an indefinite useful life are not subject to amortization. Goodwill and intangible assets are monitored at the CGU level.

The CGU to which goodwill and intangible assets are allocated is Publishing and retail (consisting of the Company's subsidiaries The Royal Gazette Limited, E-Moo (Bermuda) Limited and Bermuda Directories Limited), to which goodwill of $2,988 is allocated and intangible assets of $80 is allocated.

Determining whether goodwill or the intangible assets are impaired requires an estimation of the recoverable value on a value in use basis of the CGU to which the goodwill and intangible assets have been allocated. The CGU value in use is determined using discounted cash flow techniques, based on financial projections over a period of five years with a terminal value at the end of the five-year period and with underlying key assumptions and inputs being the expected future cash flows and the discount rate applied. The discount rate selected was estimated considering the risks associated with the expected future cash flows and considering the rate of return that investors would require. The expected future cash flows were estimated based on financial budgets and forecasts approved by management (nil terminal growth rate was applied) and consideration of historical financial information.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

If the recoverable amount is less than the carrying value of goodwill and intangible assets, an impairment charge is recognized in the period to reduce the carrying value to its recoverable amount.

## (d) Principles of consolidation

**Subsidiaries**

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50% of voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholdings, give the Company the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries: The Royal Gazette Limited, Office Solutions Limited, BP Media Limited, The Bermuda Press Limited, Engravers Limited, Chameleon Print Express Limited, E-Moo (Bermuda) Limited, Crown House Properties Limited, Crown House Holdings Ltd., Bermuda Directories Limited, Atlantic Print Services Limited, Island Press Limited and Industrial Electronic Controls Limited.

**Transactions eliminated on consolidation**

Intra-group transactions, balances and income and expenses are eliminated in preparing the consolidated financial statements. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

**Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the value in use. Any impairment is recognized immediately as an expense and is not subsequently reversed.

## (e) Financial instruments

**Financial assets**

Classification

Financial assets are classified in the following categories: financial assets at amortized cost and financial assets at fair value through other comprehensive income. The classification depends on the business model for which the financial assets were acquired and is determined upon initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost are non-derivative financial assets whose objective is to collect contractual cash flows and whose contractual terms give rise to cash flows that are solely repayment of principal and interest. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets at amortized cost comprise 'cash and cash equivalents', 'trade receivables', 'note receivable' and 'investment in leases' in the consolidated balance sheet.

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognize in this category.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

**Recognition and measurement**

Purchases and sales of financial assets are recognized on the trade date, defined as the date on which the Company commits to purchase or sell the asset. Trade receivables are initially measured at the transaction price which reflects fair value. All other financial assets are initially recognized at fair value plus transaction costs. Financial assets at fair value through other comprehensive income are subsequently carried at fair value. Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Changes in the fair value of monetary securities classified as financial assets at fair value through other comprehensive income are recognized in other comprehensive income and are never reclassified to profit or loss.

Interest on financial assets at fair value through other comprehensive income calculated using the effective interest method is recognized in the statement of comprehensive income as part of finance income. Dividends on financial assets at fair value through other comprehensive income are recognized in the consolidated statement of comprehensive income as part of finance income when the Company's right to receive payments is established.

**Financial liabilities**

The Company's financial liabilities comprise accounts payable, dividends payable and borrowings. The Company classifies its financial liabilities at amortized cost. The Company's financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in the consolidated statement of comprehensive income.

## (f) Impairment of financial assets

**Financial assets carried at amortized cost**

The Company recognizes loss allowances or expected credit losses ("ECLs") on financial assets measured at amortized cost. The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company measures loss allowances at an amount equal to 12-month ECLs for cash and cash equivalents that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due. The Company considers a financial asset to be in default when a payment arrangement has not been reached or adhered to by the customer.

The Company considers an investment to have low credit risk when its credit risk rating is equivalent to BBB- or higher per Standard & Poor's. Cash and cash equivalents are placed with counterparties who have minimal risk of credit default and are rated by Standard & Poor's with credit ratings of between BBB+ and A-.

For trade receivables and investment in leases, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognized from initial recognition of the receivable. To measure expected credit losses, receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are determined by reference to historical credit loss experience, as adjusted to reflect current and forward-looking information or macro-economic factors affecting the ability of the customers to settle the receivables.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

When the Company considers that there are no realistic prospects of recovery of the assets, the relevant amounts are written off. If the amount of the impairment loss subsequently decreases, or amounts written off are subsequently recovered, the previously recognized impairment loss is credited to the consolidated statement of comprehensive income. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 120 days past due and a payment plan has not been reached or adhered to based on historical experience of recoveries of similar assets.

**Assets classified as fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income comprise equity instruments. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value (Note 2(e)).

**Notes receivable**

Notes receivable are measured at fair value through profit and loss. Impairment losses (and reversal of impairment losses) and interest revenue are reported through the statement of profit and loss.

## (g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts.

## (h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using either the average cost or first-in, first-out method and excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete or slow-moving inventories.

## (i) Investment in leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. When the Company acts as a lessor, it determines at equipment lease inception whether each equipment lease is a finance lease or an operating lease and is included in publishing and retail revenue.

Revenue from the sale of equipment under finance leases is recognized at the inception of the lease. Finance income is recognized over the life of each respective lease using the amortized cost method and is included in other revenue. Leases not qualifying as finance leases are accounted for as operating leases and related revenue is recognized rateably over the term of the lease.

When equipment leases are bundled with product maintenance contracts, revenue is first allocated considering the stand-alone selling price of the lease and non-lease deliverables based upon the estimated relative fair values of each element. Lease deliverables generally include equipment, financing and executory costs, while non-lease deliverables generally consist of product maintenance contracts and supplies.

The Company applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease (Note 2(f)).

## (j) Property, plant and equipment

Items of property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment are depreciated from the date that they are ready for use. Depreciation is calculated on the straight-line method using rates based on the expected useful lives of the respective assets, as follows:

| | |
|---|---|
| Buildings | 3 – 50 years |
| Machinery | 4 – 15 years |
| Vehicles | 3 – 5 years |
| Fixtures and equipment | 1 – 10 years |

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain of loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

## (k) Investment properties

Investment properties are properties that are primarily held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business.

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated on the straight-line method using rates based on the expected useful lives of the respective assets. Buildings are depreciated by their identifiable components over 5 to 50 years.

The fair values of investment properties are disclosed in the notes to these consolidated financial statements. The fair values are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. The fair value measurement for investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

## (l) Intangible assets

Intangible assets consist of trademarks and publishing rights. Trademarks and publishing rights with indefinite useful lives are not subject to amortization.

## (m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine if there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment (Note 2(d)).

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the cash flows expected from their use and eventual disposition, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Any impairment loss would be determined as the excess of the carrying value of the assets over their recoverable amount and would be recognized in profit or loss.

## (n) Accrued employee and other post-retirement benefits

The Company makes contributions to administered pension plans on a defined contribution basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they accrue to employees.

Employee entitlements to paid leave are recognized when they accrue to employees. An accrual is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date.

The Company has no obligations in respect of other post-retirement benefits for employees or pensioners. Any discretionary payments made by the Company in respect of such benefits are expensed in the period they are made.

## (o) Deferred costs

Costs incurred directly relating to the publication of annual directories are deferred and recognized as expenses at the date of publication. Deferred production costs are included in trade and other receivables.

## (p) Revenue recognition

The Company earns revenue through its principal business activities outlined in Note 1 and recognizes revenue through the following steps:

1. Identification of the contract with the customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognize revenue when, or as, performance obligations are satisfied.

**Advertising**
Advertising revenue relates to amounts charged for space purchased in the Company's newspapers, magazines, websites and directories, and is recognized over time as the associated advertisement is published. The transaction price is based on published rates or by contractual agreement.

**Circulation**
Circulation revenue relates to the distribution of printed newspapers and online subscriptions with the transaction price based on fixed published rates. Revenue in respect of circulation is recognized at a point in time as printed newspapers are delivered to the customer, net of an estimated allowance for returns. Revenue in respect of subscriptions is recognized over time, on a monthly basis, as the Company provides the subscription service.

**Retail sales**
Revenue for retail sales is recognized at a point in time as the item is purchased by the customer. The transaction price is based on fixed point-of-sale pricing. Trade discounts are recognized at the point of sale.

**Commercial printing**
Job printing revenue relates to charges for printing services provided to third parties and is recognized at a point in time as the completed product is delivered to the customer. The transaction price is based on fixed pricing agreed with the customer prior to initiation of work.

**Rental income**
Rental income from investment properties is recognized on a straight-line basis over time based on the terms of the lease. The transaction price is determined based on contractually agreed pricing. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

**Equipment leasing and maintenance**
Lease revenue for office equipment is recognized from delivery of the equipment, as the leases are accounted for as finance leases in accordance with IFRS 16, Leases. The transaction price is based on contractual agreement and the application of market interest rates.

## (q) Contract balances

**Contract assets**
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. A contract asset is recorded when the Company performs by transferring goods or services to a customer before the customer pays consideration or before the Company has invoiced the customer.  The Company recognizes unconditional rights to consideration separately as a receivable.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

**Trade receivables**
A trade receivable represents amounts that have been billed to the customer and only the passage of time is required before payment of the consideration is due. Refer to the accounting policies of financial instruments in Notes 2(c)(i) and 2(f) for the Company's policy on trade receivables.

**Contract liabilities**
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. A contract liability is recorded by the Company if a customer pays consideration before the Company transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Company performs under the contract.

**Contract obtainment and fulfillment costs**
The Company pays commissions to employees for obtaining certain sales contracts. The Company has elected to apply the optional practical expedient for costs to obtain the contract which allows for the Company to immediately expense sales commissions because the amortization period of the asset that the Company otherwise would have used is one year or less.

### (r) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared by the Board of Directors (the "Board").

### (s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

### (t) COVID-19 risks and uncertainties

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy, supply chain and general population. COVID-19 has caused significant disruption to businesses and economic activity in Bermuda and has resulted in a number of people being furloughed or laid off. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on future financial performance of the Company, or to provide a quantitative estimate of this impact which could potentially be significant.

To date, the Company has continued to observe a reduction in certain segments of its publishing and retail and commercial printing revenues as a result of the COVID-19 pandemic. The net effect has been a reduction to the operational activity for both primary operating segments, and as a result the Company has continued to take action to reduce its operating costs that contribute to these segments where possible to offset against the impact of this reduction. The Company expects COVID-19 to continue to have a significant negative impact on its operating results for the foreseeable future. However, based on its current operations subsequent to the year-end, and future operating budgets, financial forecasts and cashflow projections, management expects the level of activity will be sufficient to enable the Company to continue to adopt the going concern basis in preparing its consolidated financial statements.

## 3. Trade receivables and other current assets

Trade receivables are presented net of allowances for ECLs. The movement in the allowance is as follows:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Balance, beginning of the year | 343 | 647 |
| Write-offs | (36) | (256) |
| Recoveries | 28 | (88) |
| Net re-measurement of loss allowance | (62) | 40 |
| Balance, end of the year | 273 | 343 |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

The following tables provide information about the ageing of trade receivables and the exposure to credit risk and ECLs for trade receivables from individual customers:

| | September 30, 2022 | Loss allowance | Expected loss rate |
|---|---|---|---|
| Current | 948 | (40) | 4.2 |
| 30 days | 412 | (5) | 1.2 |
| 60 days | 178 | (3) | 1.7 |
| 90 days and over | 701 | (225) | 32.1 |
| | 2,239 | (273) | 12.2 |
| Loss allowance | (273) | | |
| | 1,966 | | |

| | September 30, 2021 | Loss allowance | Expected loss rate |
|---|---|---|---|
| Current | 908 | (7) | 0.8 |
| 30 days | 280 | (7) | 2.5 |
| 60 days | 129 | (6) | 4.7 |
| 90 days and over | 757 | (323) | 42.7 |
| | 2,074 | (343) | 16.5 |
| Loss allowance | (343) | | |
| | 1,731 | | |

For trade receivables, the Company applies a simplified approach in calculating expected credit losses and recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other current assets comprise:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Current portion of investment in leases (Note 6) | 315 | 338 |
| Prepaid insurance | 51 | 49 |
| Prepaid government taxes | 43 | 74 |
| Other prepaid assets | 297 | 430 |
| | 706 | 891 |

## 4. Inventories

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Materials and supplies | 1,213 | 1,231 |
| Merchandise | 1,411 | 1,526 |
| Work-in-progress | 4 | 6 |
| Provision for obsolescence | (208) | (188) |
| | 2,420 | 2,575 |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

During the year, the Company expensed inventory totalling $2,595 (2021 - $2,575) as part of normal operations. Inventory written off during the year totalled $34 (2021 - $25) and is included in materials, merchandise and supplies in the consolidated statement of comprehensive income.

## 5. Financial assets at fair value through other comprehensive income / note receivable

Financial assets at fair value through other comprehensive income comprised equity securities listed in Bermuda whose fair value is determined by reference to their quoted market price. During the year, the equity securities were converted to a 2-year fixed rate loan note, listed on the BSX exchange at 6% interest per annum.

Movement in financial assets at fair value through other comprehensive income:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Balance, beginning of the year | 144 | 216 |
| Sale of equity securities | – | (104) |
| Increase in fair value | 24 | 32 |
| Conversion of equity security to a note receivable | (168) | – |
| Balance, end of year | – | 144 |

Increases in fair value in the amount of $24 (2021 - $32) have been reflected in other comprehensive income.

During the prior year, the Company sold shares for total proceeds of $124. The shares were held on the consolidated balance sheet at $104, and the gain of $20 on the sale of the securities was included in other comprehensive income in the consolidated statement of comprehensive income.

Note receivable:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Balance, beginning of the year | – | – |
| Conversion of equity security to a note receivable | 168 | – |
| Balance, end of year | 168 | – |

## 6. Investment in leases

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Total investment in finance leases | 576 | 616 |
| Unearned finance income | (45) | (42) |
| | 531 | 574 |
| Less allowance for doubtful receivables | – | – |
| Current portion included in trade and other receivables (Note 3) | (315) | (338) |
| Long-term portion | 216 | 236 |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

For leases, the Company applies a simplified approach in calculating expected credit losses and recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Based on the results of the provision matrix, a loss allowance of $nil (2021 - $nil) has been recognized.

Finance income arising from the investments in leases amounted to $51 (2021 - $27) and is included in other revenue. Upon completion of the lease the leased equipment can be purchased, renewed or returned at the expected fair value at that time. The unguaranteed residual values accruing to the benefit of the Company are $73 (2021 - $78).

The Company has entered into commercial property leases on its three buildings held for operating lease purposes which have been classified as investment properties on the consolidated balance sheet. These non-cancellable operating leases have remaining non-cancellable lease terms of between 0 and 10 years. Leases have renewal terms of between 0 and 10 years.

The following is a schedule by year of the future minimum lease payments to be received under finance leases and non-cancellable operating leases at September 30:

| | 2022 Finance leases | 2022 Operating leases |
|---|---|---|
| 2023 | 313 | 2,288 |
| 2024 | 130 | 1,708 |
| 2025 | 52 | 1,467 |
| 2026 | 11 | 1,402 |
| 2027 | – | 1,385 |
| 2028 and later | – | 1,575 |
| | 506 | 9,825 |

| | 2021 Finance leases | 2021 Operating leases |
|---|---|---|
| 2022 | 331 | 2,593 |
| 2023 | 159 | 2,216 |
| 2024 | 46 | 1,563 |
| 2025 | 2 | 1,419 |
| 2026 | – | 1,354 |
| 2027 and later | – | 2,683 |
| | 538 | 11,828 |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

## 7. Property, plant and equipment

| | Land | Buildings | Machinery | Vehicles | Fixtures and equipment | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| September 30, 2020 | 393 | 4,349 | 15,413 | 328 | 3,776 | 24,259 |
| Additions | – | 104 | 96 | 7 | 112 | 319 |
| Disposals | – | (160) | (2,907) | 18 | (1,032) | (4,081) |
| Reallocation | – | 1,615 | (1,806) | (33) | 224 | – |
| September 30, 2021 | 393 | 5,908 | 10,796 | 320 | 3,080 | 20,497 |
| Additions | – | 10 | 40 | 107 | 114 | 271 |
| Disposals/transfers | – | – | – | (85) | – | (85) |
| Reallocation | – | 20 | (58) | – | 38 | – |
| September 30, 2022 | 393 | 5,938 | 10,778 | 342 | 3,232 | 20,683 |
| **Depreciation:** | | | | | | |
| September 30, 2020 | – | 3,088 | 13,877 | 250 | 3,031 | 20,246 |
| Charge for the year | – | 171 | 353 | 35 | 248 | 807 |
| Depreciation on disposals | – | (160) | (2,809) | 18 | (861) | (3,812) |
| Reallocation | – | 1,362 | (1,381) | (31) | 50 | – |
| September 30, 2021 | – | 4,461 | 10,040 | 272 | 2,468 | 17,241 |
| Charge for the year | – | 174 | 248 | 36 | 235 | 693 |
| Depreciation on disposals | – | – | – | (85) | – | (85) |
| September 30, 2022 | – | 4,635 | 10,288 | 223 | 2,703 | 17,849 |
| **Net book value:** | | | | | | |
| September 30, 2020 | 393 | 1,261 | 1,536 | 78 | 745 | 4,013 |
| September 30, 2021 | 393 | 1,447 | 756 | 48 | 612 | 3,256 |
| September 30, 2022 | 393 | 1,303 | 490 | 119 | 529 | 2,834 |

During the year, the Company took the decision to reallocate assets to more appropriate classes to better reflect their use within the business. There is no impact on net book value at September 30, 2022 and September 30, 2021.

At September 30, 2022 the Company had $13,658 (2021 - $12,328) in fully depreciated assets that were still in use.

## 8. Intangible assets

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Balance, beginning of the year | 80 | – |
| Transfer | – | 80 |
| Balance, end of year | 80 | 80 |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

## 9. Investment properties

The cost and accumulated depreciation of properties leased to third parties are as follows:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Cost | 27,011 | 26,825 |
| Accumulated depreciation | (13,622) | (12,806) |
| Net book value | 13,389 | 14,019 |

Changes in the Company's net book value of investment properties are summarized in the following table:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Balance, beginning of the year | 14,019 | 14,613 |
| Additions | 190 | 200 |
| Disposals | (4) | (6) |
| Depreciation on disposals | 3 | 5 |
| Depreciation | (819) | (793) |
| Balance, end of year | 13,389 | 14,019 |

The investment properties were valued in January and February 2022 by an independent appraiser having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, at a fair value of $27.6 million. The independent appraiser used a combination of comparable analysis and an income approach in determining the fair value. Given the reduced level of real estate transactions in Bermuda in recent years, this measurement would be classified as level 3 in the fair value hierarchy (Note 15). The fair value is not considered to be significantly different as at September 30, 2022 based on market conditions. The fair value of the Company's investment properties as at September 30, 2021 was estimated at $19.5 million and was determined by management using discounted future cash flows for the Mills Creek, Roger Davidson and Crown House properties. The valuation model considered the present value of net cash flows to be generated from properties taking into account occupancy rates. The expected net cash flows were discounted using a discount rate of 10.0%. The fair value measurement for investment properties have been categorized as a level 3 fair value based on the inputs to the valuation technique used. The Company recognized $2,786 (2021 - $2,788) in rental income and $1,383 (2021 - $1,367) in operating expenses pertaining to its investment properties. All properties generated rental income.

## 10. Goodwill

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Balance, beginning and end of year | 2,988 | 2,988 |

### a) Impairment

At year-end September 30, 2022, management conducted its annual impairment test of the goodwill and the intangible assets allocated to the publishing and retail CGU, as detailed in Note 2(c)(ii). The discounting of future cash flows relating to the publishing and retail CGU was used to determine its value in use. The future cash flows were based on the 2023 detailed operating budget of the CGU and projecting out the next proceeding four years based on future expectations using past experience and industry trends within publishing and retail. A discount rate of 10.0% (2021 - 10.0%) was used in the impairment test. This rate represents management's estimate of the weighted average cost of capital for the Company in Bermuda.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

Upon completion on the test it was determined the recoverable amount of the CGU was sufficiently higher than its attributed carrying amount on the consolidated balance sheet and no impairment loss was recognized in the year ended September 30, 2022.

The following are key assumptions used in the impairment assessment for both CGUs:

- Cash flows were based on the CGU budget for the year ended September 30, 2023.
- A 5-year financial projection plus a terminal value with a nil growth rate.
- The expected future cash flows were estimated based on financial projections approved by management utilizing historical data, past experience and industry trends.
- Annual capital expenditures of $75 per year were included in the cash flow projection.
- Discount rate applied in cash flow projections: 10.0% (2021 - 10.0%).

### b) Sensitivity Analysis

Management completed sensitivity analysis on the impairment test considering the following scenarios:

- An increase in the discount rate by 13.4% to 23.4% would not result in an impairment charge to goodwill.
- Projected revenue contraction of 5.2% per year over the 5-year period would not result in an impairment charge.
- Projected expense growth of 5.0% per year over the 5-year period would not result in an impairment charge.

## 11. Accounts payable and accrued liabilities

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Trade payables | 481 | 546 |
| Accrued liabilities | 696 | 667 |
| Accrued payroll liabilities | 1,232 | 1,188 |
| | 2,409 | 2,401 |

## 12. Borrowings

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| **Current** | | |
| Third-party loan | 443 | 415 |
| **Non-current** | | |
| Third-party loan | 164 | 607 |
| **Total borrowings** | 607 | 1,022 |

*Third-party loan – The Bank of NT Butterfield & Sons Limited*

The term loan of up to $2.0 million was entered into in September 2018 and bears interest at fixed rate of 6.5% per annum and is repayable in equal monthly installments over 5 years from the date of drawdown. The facility is secured through a first registered collateral mortgage over the Crown House property, together with a conditional assignment of the rents of Crown House Properties Limited.

Interest expense for the year totaled $54 (2021: $90) and is included in finance costs in the consolidated statement of comprehensive income.

## 13. Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk related to its financial assets and liabilities. These risk exposures are managed on an ongoing basis by management.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

## (a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises primarily from credit given to customers and deposits with financial institutions. Balances arising from those activities are cash and cash equivalents, trade receivable and investment in leases. The maximum credit exposure to credit risk at the reporting date was:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Trade receivables | 1,966 | 1,731 |
| Investment in leases | 531 | 574 |
| Cash and cash equivalents | 4,390 | 3,967 |
| | 6,887 | 6,272 |

Exposure to credit risk on trade receivables and investment in leases is influenced by the credit worthiness of customers. The Company manages credit risk through the execution of its credit and collection policy whereby customers are analyzed for creditworthiness prior to being offered credit and then continually monitored based on their aging profile and previous financial difficulties. Management has established procedures to restrict access to credit if their accounts are not in good standing and may result in the suspension of credit and move to a prepayment basis.

Cash and cash equivalents are placed with counterparties who have minimal risk of credit default and are rated by Standard & Poor's with credit ratings of between BBB+ and A-.

## (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or at a reasonable cost. The Company manages liquidity risk primarily by keeping sufficient cash in its operating account.

The following are the contractual maturities of financial liabilities, including interest payments as at the reporting date:

| **September 30, 2022** | Carrying amount | Contractual cash flows | Less than 1 year | 1 - 2 Years | 2 - 5 Years | More than 5 years |
|---|---|---|---|---|---|---|
| Accounts payable and payroll liabilities | 1,713 | 1,713 | 1,713 | – | – | – |
| Contract liabilities – unearned income | 807 | 807 | 807 | – | – | – |
| Borrowings | 607 | 634 | 470 | 164 | – | – |
| Dividends payable | 100 | 100 | 100 | – | – | – |
| | 3,227 | 3,254 | 3,090 | 164 | – | – |

| **September 30, 2021** | Carrying amount | Contractual cash flows | Less than 1 year | 1 - 2 Years | 2 - 5 Years | More than 5 years |
|---|---|---|---|---|---|---|
| Accounts payable and payroll liabilities | 1,734 | 1,734 | 1,734 | – | – | – |
| Contract liabilities – unearned income | 774 | 774 | 774 | – | – | – |
| Borrowings | 1,022 | 1,104 | 470 | 470 | 164 | – |
| | 3,530 | 3,612 | 2,978 | 470 | 164 | – |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on assets.

### (i) Foreign currency risk

The Company incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Bermuda dollar, primarily US dollars. However, foreign currency risk is minimal, due to the fact that the Bermuda dollar is pegged to the US dollar at a 1:1 rate.

### (ii) Price risk

The Company is exposed to equity securities price risk because of investments held and classified at fair value through other comprehensive income. The fair value is determined by reference to their quoted market prices. A 10% movement in fair values of the investments would impact other comprehensive income by an increase of $nil (2021 - decrease in other comprehensive loss of $14) or decrease of $nil (2021 - increase in other comprehensive loss of $14). 10% was estimated by management as an appropriate threshold for sensitivity testing based on average price movements on the Bermuda Stock Exchange over a 12-month period.

### (iii) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company has minimal exposure to the risk of interest rate changes as the Company is currently utilizing a third-party loan at a fixed interest rate (Note 12). The note receivable held has a fixed interest rate of 6.0% per annum.

## 14. Financial instruments by category

| | September 30, 2022 | | September 30, 2021 | |
|---|---|---|---|---|
| | Financial assets at amortized cost | Financial assets Note receivable at fair value through profit and loss | Financial assets at amortized cost | at fair value available through comprehensive income |
| **Assets** | | | | |
| Cash and cash equivalents | 4,390 | – | 3,967 | – |
| Financial assets at fair value through comprehensive income | – | – | – | 144 |
| Note receivable | – | 168 | – | – |
| Trade receivables and other current assets (excluding prepayments) | 2,281 | – | 2,069 | – |
| Investment in leases, non-current | 216 | – | 236 | – |
| **Total** | 6,887 | 168 | 6,272 | 144 |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

| | September 30, 2022 Liabilities at amortized cost | September 30, 2021 Liabilities at amortized cost |
|---|---|---|
| **Liabilities** | | |
| Borrowings | 607 | 1,022 |
| Accounts payable and payroll liabilities | 1,713 | 1,734 |
| Dividends payable | 100 | – |
| **Total** | 2,420 | 2,756 |

## 15. Fair value of financial assets and liabilities

The carrying value reflected in the consolidated financial statements for cash and cash equivalents, trade receivables and other current assets, and accounts payable and accrued liabilities are assumed to approximate their fair values due to their short-term nature. Equity investments, classified as financial assets at fair value through other comprehensive income and notes receivable are carried at fair value. Borrowings are carried at amortized cost with fair value approximating carrying value given fixed interest rate of 6.5%. The cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realization or discounts on settlement.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).
- Financial instruments in Level 1 are traded in an active market and their fair value is based on quoted market prices at the balance sheet date.

The following table presents the Company's assets that are measured at fair value at September 30, 2022.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Note receivable at fair value through profit and loss | 168 | – | – | 168 |
| **Total assets** | 168 | – | – | 168 |

The following table presents the Company's assets that are measured at fair value at September 30, 2021.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income | 144 | - | - | 144 |
| **Total assets** | 144 | - | - | 144 |

## 16. Related parties

As disclosed in Note 2(d), intra-group transactions are eliminated on consolidation.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

Key management includes directors and members of the executive committee. Key management personnel remuneration includes the following expenses:

| | 2022 | 2021 |
|---|---|---|
| Salaries, directors' fees and short-term benefits | 794 | 842 |
| Post-employment benefits | 23 | 7 |
| Other long-term benefits | 35 | 46 |
| | 852 | 895 |

## 17. Payroll and employee benefit expenses

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 9,292 | 8,722 |
| Termination benefits | 9 | 176 |
| Pension contributions – defined contribution plan | 538 | 139 |
| Other long-term benefits and taxes | 1,603 | 1,513 |
| | 11,442 | 10,550 |

## 18. Administrative expenses

| | 2022 | 2021 |
|---|---|---|
| Consultants and professional fees | 321 | 389 |
| Insurance | 199 | 209 |
| Taxes | 150 | 148 |
| Telecommunications and utilities | 896 | 829 |
| Software and subscriptions | 867 | 956 |
| Cleaning and maintenance | 325 | 306 |
| Advertising and promotions | 111 | 136 |
| Vehicle and transportation | 157 | 159 |
| Bank charges | 163 | 122 |
| Director fees | 139 | 121 |
| Other administrative expenses | 753 | 525 |
| | 4,081 | 3,900 |

## 19. Share capital

| | Number of shares | Ordinary shares ($'000) | Share premium ($'000) | Total ($'000) |
|---|---|---|---|---|
| At September 30, 2020 | 1,421,168 | 3,411 | 1,665 | 5,076 |
| Shares reissued | 12,538 | 30 | 31 | 61 |
| Shares repurchased | (5,263) | (13) | (10) | (23) |
| At September 30, 2021 | 1,428,443 | 3,428 | 1,686 | 5,114 |
| Shares reissued | 3,935 | 9 | 8 | 17 |
| Shares repurchased | (3,058) | (7) | (6) | (13) |
| At September 30, 2022 | 1,429,320 | 3,430 | 1,688 | 5,118 |

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

The Company has authorized 3,300,000 (2021 - 3,300,000) common shares of par value $2.40 each. The holders of these common shares are entitled to one vote per share at general meetings of the Company and are entitled to dividends as they are declared.

The Company acquired 3,058 of its own shares during the year (2021 - 5,263) and the total amount paid to acquire these shares was $13 (2021 - $23). The Company issued 3,935 shares (2021 -12,538) during the year with a value of $17 (2021 - $61) to satisfy accrued liabilities. The Company held 925 (2021 - 1,802) of 'treasury shares' at September 30, 2022.

All shares issued by the Company were fully paid.

The Company's other comprehensive income comprises accumulated changes in the fair value of equity investments held. During the year, the equity investment was converted to a note receivable.

## 20. Earnings per share and dividends

Basic and diluted earnings per share have been calculated by dividing the consolidated net profit (loss) attributable to equity holders of the Company by the weighted average number of common shares in issue during the year.

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| (Loss) profit attributable to common shareholders | (100) | 176 |
| Average number of common shares outstanding (in thousands) | 1,428 | 1,425 |
| Basic and diluted (loss) earnings per share | (0.07) | 0.12 |

During the year the Company declared dividends of $400 (2021 - $nil) to equity holders of the Company. This represents a payment of $0.28 per share (2021 - $nil). There were 8,486 potential dilutive ordinary shares as at September 30, 2022 (2021 - 4,001). Dividends payable were $100 at September 30, 2022 (2021 - $nil).

Subsequent to the year-end, the Company's Board of Directors has declared a dividend of $0.07 per share for the Company's shareholders of record as at December 31, 2022. This dividend is to be paid on December 31, 2022 or shortly thereafter as is practicable and the Board of Directors has confirmed that there are no reasons to believe that the Company after the payment of the dividend be unable to pay its liabilities as they become due or that the realisable value of the Company's assets after the payment of the dividend be less than the aggregate of its liabilities and accordingly less than its liabilities.

## 21. Capital management

The Company's capital management objectives are to maintain financial flexibility in order to preserve its capacity to meet its financial commitments, to pay dividends and to meet its potential obligations resulting from internal growth and acquisitions. The Company defines capital as the total of the following balances:

| | September 30, 2022 | September 30, 2021 |
|---|---|---|
| Equity attributable to owners of the Company | 25,267 | 25,739 |
| Borrowings | 607 | 1,022 |
| Cash and cash equivalent | (4,390) | (3,967) |
| | 21,484 | 22,794 |

The Company manages its capital in accordance with changes in operating conditions. In order to maintain or adjust its capital structure the Company may elect to adjust the amount of debt outstanding, adjust the amount of dividends paid to shareholders, return capital to its shareholders, repurchase and cancel its shares or issue new shares. The Company is currently meeting all its financial commitments and there have been no changes in the Company's approach to capital management during the year. The Company is not subject to any external capital requirements.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

## 22. Commitments and contingencies

### (a) Capital commitments:

There were no commitments for capital expenditure as at September 30, 2022 or 2021.

### (b) Lease commitments:

There were no lease commitments as at September 30, 2022 or 2021.

### (c) Contingent liabilities:

There were no contingent liabilities to disclose as at September 30, 2022 or 2021.

## 23. Segmented information

The Company has identified its reportable segments based on its separate products and services. Publishing and retail covers newspaper, online, magazine and directory publishing and the sale of stationery and office equipment. Commercial printing covers commercial and retail printing. The rental and other segment includes property rentals, investment activities and other operations.

Sales of goods and services between segments occur on terms agreed between those responsible for the segments. There are no significant differences between segment amounts and consolidated totals other than those arising from inter-segment transactions. The accounting policies of the segments do not differ from those reported in Note 2.

| **September 30, 2022** | Publishing and retail $ | Commercial Printing $ | Rental and other $ | Inter-segment eliminations $ | Total $ |
|---|---|---|---|---|---|
| Revenue from external customers | 14,067 | 2,600 | 3,008 | – | 19,675 |
| Revenue from internal customers | 157 | 133 | 2,810 | (3,100) | – |
| | 14,224 | 2,733 | 5,818 | (3,100) | 19,675 |
| Expenses | 15,142 | 3,681 | 2,497 | (3,088) | 18,232 |
| Depreciation | 283 | 115 | 1,114 | – | 1,512 |
| Interest expense | – | – | 66 | (12) | 54 |
| | 15,425 | 3,796 | 3,677 | (3,100) | 19,798 |
| Segment (loss) income | (1,201) | (1,063) | 2,141 | – | (123) |
| Finance income | 21 | – | – | – | 21 |
| Gain/(loss) on sale of assets | 3 | – | (1) | – | 2 |
| Total (loss) income | (1,177) | (1,063) | 2,140 | – | (100) |
| Segment assets | 5,099 | 1,063 | 32,542 | (9,514) | 29,190 |
| Segment liabilities | 1,979 | 387 | 1,755 | (198) | 3,923 |
| Additions to non-current assets | 84 | – | 376 | – | 460 |

Included in publishing and retail revenue are publishing revenues of $11,156 and retail revenues of $2,911.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

| **September 30, 2021** | Publishing and retail $ | Commercial Printing $ | Rental and other $ | Inter-segment eliminations $ | Total $ |
|---|---|---|---|---|---|
| Revenue from external customers | 13,441 | 2,769 | 2,885 | – | 19,095 |
| Revenue from internal customers | 120 | 108 | 2,889 | (3,117) | – |
| | 13,561 | 2,877 | 5,774 | (3,117) | 19,095 |
| Expenses | 14,065 | 3,762 | 2,560 | (3,147) | 17,240 |
| Depreciation | 406 | 107 | 1,087 | – | 1,600 |
| Interest expense | – | – | 113 | (18) | 95 |
| | 14,471 | 3,869 | 3,760 | (3,165) | 18,935 |
| Segment income (loss) | (910) | (992) | 2,014 | 48 | 160 |
| Finance income | 17 | – | | – | 17 |
| Loss on sale of assets | – | – | (1) | – | (1) |
| Total income (loss) | (893) | (992) | 2,013 | 48 | 176 |
| Segment assets | 5,780 | 967 | 35,848 | (12,659) | 29,936 |
| Segment liabilities | 2,170 | 329 | 2,052 | (354) | 4,197 |
| Additions to non-current assets | 55 | – | 464 | – | 519 |

Included in publishing and retail revenue are publishing revenues of $10,320 and retail revenues of $3,241.

| Timing of revenue recognition: | 2022 $ | 2021 $ |
|---|---|---|
| At a point in time | 6,709 | 7,067 |
| Over time | 12,966 | 12,028 |
| Revenue from external customers | 19,675 | 19,095 |

**Entity-wide information**

The breakdown of revenue, all of which is generated by customers in Bermuda, is disclosed in the consolidated statement of comprehensive income and all of the Company's assets are located in Bermuda.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2022
(Amounts in thousands of dollars)

## 24. Revenue from contracts with customers

**Remaining long-term contracts**

The Company does not have any long-term contracts of greater than one year other than those related to leasing of equipment and investment properties accounted for in accordance with IFRS 16, Leases. Contracts in respect of remaining revenue streams are for one year or less and are billed in line with delivery of the associated goods or services. As permitted under IFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed.

Assets recognized from costs to fulfill a contract

The Company has not created any assets from costs to fulfill its contracts.

**Contract liabilities**

The Company's contract liabilities consist of unearned income totaling $807 (2021 - $774). During the year the Company recognized in revenue the full amount of the contract liability balance at September 30, 2021.

The movement in the contract liabilities balance from September 30, 2021 to September 30, 2022 of $33 reflects the timing of payments received from customers. The Company expects 100% of the unearned income balance at September 30, 2022 to be earned in the year ending September 30, 2023.

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Printed in Bermuda by The Bermuda Press Ltd.

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