

## **INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS**

**To the Shareholders of The West Indian Tobacco Company Limited**

### **Opinion**

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2022, the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of West Indian Tobacco Company Limited ("the Company") for the year ended December 31, 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with International Financial Reporting Standards (IFRS).

### **Summary Financial Statements**

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

### **The Audited Financial Statements and Our Report Thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 14, 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

### **Management's Responsibility for the Summary Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."



**KPMG**

**Chartered Accountants Savannah East**

**11 Queen's Park East**

**March 14, 2023**

**CHAIRMAN'S REVIEW**

In a year of varied internal and external challenges, West Indian Tobacco has recorded Profit Before Taxation of \$379 million (2021: \$537 million) and Profit for the Year at \$262 million (2021: \$379 million). Total Comprehensive Income for the Year of \$251 million was negatively impacted by an actuarial loss following the re-measurement of retirement and post-employment benefit obligations.

The business environment continued to present changes in consumption patterns, which, coupled with the issue of the increased presence of suspected illicit products, has adversely impacted revenue. The Company remains a net earner of foreign exchange by virtue of its activity in foreign markets. We will continue to expand our product offering to widen the options available to our customers and build the Lucky Strike family.

Directors will recommend to shareholders, a final dividend payment of \$0.26 per share at the Annual General Meeting on Tuesday 25th April 2023. When added to the interim dividends of \$0.72, this would result in a total dividend of \$0.98 per share for 2022. The dividend yield is 4.5%.

If approved, the final dividend will be paid on 25 May 2023 to shareholders of record at close of business on 08 May 2023. The Register of Shareholders will be closed on 09 and 10 May 2023 for the processing of transfers.



**Ingrid Lashley**  
Chairman  
14 March 2023

**SUMMARY STATEMENT OF FINANCIAL POSITION**

	AUDITED 31.12.22	AUDITED 31.12.21
	TT\$'000	TT\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	283,503	264,337
Deferred income tax asset	9,017	466
Retirement benefit asset	-	3,344
	<u>292,520</u>	<u>268,147</u>
<b>Current assets</b>		
Inventories	85,298	50,643
Trade and other receivables	124,277	126,877
Taxation recoverable	4,969	4,917
Cash and cash equivalents	276,372	368,496
	<u>490,916</u>	<u>550,933</u>
<b>Total assets</b>	<u>783,436</u>	<u>819,080</u>
<b>EQUITY</b>		
Share capital	42,120	42,120
Revaluation surplus	57,986	58,936
Retained earnings	352,113	499,283
<b>Total equity</b>	<u>452,219</u>	<u>600,339</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liability	41,726	43,708
Retirement benefit obligation	5,969	-
Post-employment medical benefit obligation	4,867	5,028
Lease liabilities	3,986	535
	<u>56,548</u>	<u>49,271</u>
<b>Current liabilities</b>		
Trade and other payables	124,701	123,547
Due to parent company	100,854	2,023
Dividends payable	47,617	43,360
Lease liabilities	1,497	540
	<u>274,669</u>	<u>169,470</u>
<b>Total liabilities</b>	<u>331,217</u>	<u>218,741</u>
<b>Total equity and liabilities</b>	<u>783,436</u>	<u>819,080</u>



**Ingrid Lashley**  
Chairman



**Raoul Glynn**  
Managing Director

**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**

	UNAUDITED Three Months Ended 31.12.22	UNAUDITED Three Months Ended 31.12.21	AUDITED Year Ended 31.12.22	AUDITED Year Ended 31.12.21
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
<b>Revenue</b>	<b>175,190</b>	<b>241,772</b>	<b>724,090</b>	<b>852,251</b>
Cost of sales	(67,187)	(59,807)	(226,290)	(207,461)
<b>Gross profit</b>	<b>108,003</b>	<b>181,965</b>	<b>497,800</b>	<b>644,790</b>
Distribution costs	(8,992)	(3,193)	(14,653)	(9,931)
Administrative expenses	(21,617)	(20,334)	(72,516)	(73,629)
Other operating expenses	(3,967)	(4,043)	(32,671)	(23,838)
<b>Operating profit</b>	<b>73,427</b>	<b>154,395</b>	<b>377,960</b>	<b>537,392</b>
Finance income	776	22	1,277	116
Finance cost	(123)	(146)	(254)	(296)
<b>Profit before taxation</b>	<b>74,080</b>	<b>154,271</b>	<b>378,983</b>	<b>537,212</b>
Taxation	(21,050)	(45,466)	(117,403)	(158,183)
<b>Profit for the year</b>	<b>53,030</b>	<b>108,805</b>	<b>261,580</b>	<b>379,029</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Re-measurement of retirement and post-employment benefit obligations	(806)	13,400	(15,029)	13,305
Related Tax	242	(4,019)	4,509	(3,991)
<b>Other comprehensive income - net of tax</b>	<b>(564)</b>	<b>9,381</b>	<b>(10,520)</b>	<b>9,314</b>
<b>Total comprehensive income for the year</b>	<b>52,466</b>	<b>118,186</b>	<b>251,060</b>	<b>388,343</b>
Earnings per ordinary share	\$0.21	\$0.43	\$1.04	\$1.50
Dividends per ordinary share	\$0.20	\$0.41	\$0.98	\$1.42

**SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share Capital	Revaluation Surplus	Retained Earnings	Shareholders' Equity
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
<b>Audited Year Ended 31 December 2022</b>				
Balance at 1 January 2022	42,120	58,936	499,283	600,339
<b>Comprehensive income</b>				
Profit for the year	-	-	261,580	261,580
<b>Other comprehensive income</b>				
Re-measurement of retirement and post-employment benefit obligations – net of tax	-	-	(10,520)	(10,520)
Depreciation transfer on buildings – net of tax	-	(950)	950	-
<b>Transactions with owners</b>				
Dividends	-	-	(399,180)	(399,180)
<b>Balance at 31 December 2022</b>	<b>42,120</b>	<b>57,986</b>	<b>352,113</b>	<b>452,219</b>
<b>Audited Year ended 31 December 2021</b>				
Balance at 1 January 2021	42,120	59,886	475,456	577,462
<b>Comprehensive income</b>				
Profit for the year	-	-	379,029	379,029
<b>Other comprehensive income</b>				
Re-measurement of retirement and post-employment benefit obligations – net of tax	-	-	9,314	9,314
Depreciation transfer on buildings – net of tax	-	(950)	950	-
<b>Transactions with owners</b>				
Dividends	-	-	(365,466)	(365,466)
<b>Balance at 31 December 2021</b>	<b>42,120</b>	<b>58,936</b>	<b>499,283</b>	<b>600,339</b>

## SUMMARY STATEMENT OF CASH FLOWS

	AUDITED Year Ended 31.12.22 TT\$'000	AUDITED Year Ended 31.12.21 TT\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	378,983	537,212
Adjustments for:		
Depreciation	14,388	14,968
Loss on disposal of property, plant and equipment	89	30
Net decrease in retirement and other post-employment benefit obligations excluding actuarial losses	(5,877)	(9,146)
Interest income	(1,277)	(116)
Interest expense	254	296
<b>Operating profit before working capital changes</b>	386,560	543,244
Changes in working capital:		
Increase in inventories	(34,655)	(3,727)
Decrease/(increase) in trade and other receivables	2,600	(76,059)
Increase in trade and other payables	678	11,378
Increase/(decrease) in due to parent company	98,831	(5,325)
<b>Cash generated from operating activities</b>	454,014	469,511
Interest paid	(254)	(296)
Taxation paid	(117,766)	(156,028)
<b>Net cash from operating activities</b>	335,994	313,187
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(33,643)	(29,572)
Interest received	1,277	116
<b>Net cash used in investing activities</b>	(32,366)	(29,456)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Dividends paid	(394,920)	(362,752)
Lease payments	(832)	(404)
<b>Net cash used in financing activities</b>	(395,752)	(363,156)
<b>Net decrease in cash and cash equivalents</b>	(92,124)	(79,425)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	368,496	447,921
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>276,372</b>	<b>368,496</b>
<b>Represented by:</b>		
Cash at bank and in hand	276,372	368,496
	<b>276,372</b>	<b>368,496</b>

## Note 4: Segment Information

Primary reporting format – geographical segment

	Domestic TT\$'000	CARICOM & Non- CARICOM TT\$'000	Unallocated TT\$'000	Total TT\$'000
<b>Year ended 31 December 2022</b>				
Revenue	590,330	133,760	-	724,090
Gross Profit	472,890	24,910	-	497,800
Profit for the year includes:				
- Depreciation	-	-	(14,388)	(14,388)
<b>Year ended 31 December 2021</b>				
Revenue	748,482	103,769	-	852,251
Gross Profit	630,484	14,306	-	644,790
Profit for the year includes:				
- Depreciation	-	-	(14,968)	(14,968)
<b>Total Segment assets</b>				
31 December 2022	131,910	77,665	573,861	783,436
31 December 2021	135,709	41,811	641,560	819,080
Total segment assets include additions to property, plant and equipment as follows:				
31 December 2022	-	-	33,643	33,643
31 December 2021	-	-	29,572	29,572

The Company is organised and managed on the basis of two geographic regions, namely the Domestic market and the CARICOM market. During 2022, the Company was also contracted as a contingent supplier to a Non-CARICOM market. The Non-CARICOM market was included with the CARICOM market. These are the reportable segments for the Company as they form the focus of the Company's internal reporting systems and are the basis used by the Managing Director and the local management team, as the chief operating decision makers, for assessing performance and allocating resources.

The Company is a single product business providing cigarettes. While the Company has clearly differentiated brands, segmentation among a wide portfolio of brands is not part of the regular internally reported financial information.

## Primary reporting format – geographical segment

With the exception of the Domestic market, no other individual country within the CARICOM market contributes more than 10% of total revenue. Information is analysed by segment only where relevant and applicable. Where there is no logical allocation basis, items have been disclosed as unallocated. All the Company's non-current assets are located in Trinidad and Tobago. Revenues from two customers of the Company's Domestic segment represented approximately \$587,013,776 (2021: \$748,000,000) of the Company's total revenues. This consists of a 50% split between the two companies.

## NOTES TO THE SUMMARY INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### Note 1: General Information

The West Indian Tobacco Company Limited is incorporated in the Republic of Trinidad and Tobago. The Company is listed on the Trinidad and Tobago Stock Exchange. The address of the registered office is Corner Eastern Main Road and Mount D'Or Road, Champs Fleurs, Trinidad, West Indies. It is a subsidiary of British American Tobacco (Investments) Limited, a company registered in the United Kingdom. Its ultimate parent company is British American Tobacco p.l.c., a company registered in the United Kingdom.

The principal business activities of the Company are the manufacture and sale of cigarettes.

This summary financial information was approved for issue on March 14, 2023.

### Note 2: Basis of Preparation

This summary financial information for the year ended 31 December 2022, has been prepared in accordance with International Accounting Standard 34 (IAS34), 'Interim Financial Reporting' as well as the requirements of the Securities Act 2012 which goes beyond IAS 34. The summary interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

### Note 3: Significant Accounting Policies

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with International Financial Reporting Standards (IFRS).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, with the exception of taxes on income in the interim periods, are accrued using the tax rate that would be applicable to expected total annual earnings.

	31.12.22 TT\$'000	31.12.21 TT\$'000
<b>Note 5: Related Party Transactions</b>		
<b>Sale of goods and services:</b>		
Sale of goods – related parties	133,760	103,769
Recharge of services – related parties	23,817	22,470
<b>Purchase of goods and services:</b>		
Purchase of goods – related parties	70,598	45,040
Purchase of services – related parties	32,934	40,638
Purchase of services – parent company	37,879	37,720
<b>Year end balances arising from sales/purchases of goods and services:</b>		
Receivables from related parties	29,866	26,437
Payables to related parties	38,194	20,362
Payables to parent company	100,854	2,023
<b>Key management compensation</b>		
Salaries and other short-term employee benefits	8,543	7,010
Post-retirement medical obligations	5	3
Post-retirement benefits	368	185
<b>Note 6: Capital Commitments</b>		
Authorised and contracted for, and not provided for in the financial statements	7,032	15,012
<b>Note 7: Contingent Liabilities</b>		
Customs & immigration bonds	24,930	22,930
<b>Note 8: Dividends Paid On Ordinary Shares</b>		
Final dividend – prior year	217,221	192,067
Second interim dividend	98,561	98,561
Third interim dividend	83,398	74,838
	<b>399,180</b>	<b>365,466</b>

A final dividend in respect of 2022 of \$0.26 cents per share (2021: \$0.70 cents per share) amounting to \$65,707,000 (2021: \$176,904,000) is to be proposed at the Annual General Meeting to be held on April 25, 2023. If approved, the total dividend for the year will be \$0.98, 31% lower than the dividend distribution of \$1.42 with respect to 2021.