

CHAIRMAN'S REVIEW

West Indian Tobacco has recorded Profit after Tax of \$208.6 million for the nine-month period ended 30th September 2022, a decrease of \$61.7 million or 22.8% below last year.

Revenue was reduced by \$61.6 million or 10.1%, largely driven by a decline in volume in Lucky Strike Red's newest stock unit. Generally, other brands within the portfolio continue to grow. The latter is reflective of the resilience of the product offerings, even within a market where suspected illicit trade continues. The Company has responded swiftly to the market reaction to the latest Lucky Strike offer and has taken steps to adjust in response to consumer preferences. For this, we have already seen some progress.

The Board of Directors has recommended an interim dividend of \$0.33 per ordinary share, which, with the previous dividend of \$0.39 per share, totals \$0.72 per share for the year to date. This is in line with the previous year's return to shareholders as at the end of quarter 3.

The dividend per share of \$0.33 will be paid on 24th November 2022 to shareholders of record at the close of business on 07th November 2022. The Register of Shareholders will be closed on 08th and 09th November 2022 for the processing of transfers.



Ingrid Lashley
Chairman
26 October 2022

SUMMARY STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.09.22 TT\$'000	UNAUDITED 30.09.21 TT\$'000	AUDITED 31.12.21 TT\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	273,025	250,272	264,337
Deferred income tax asset	9,400	7,292	466
Retirement benefit asset	-	-	3,344
	<u>282,425</u>	<u>257,564</u>	<u>268,147</u>
Current assets			
Inventories	75,318	41,157	50,643
Trade and other receivables	187,153	117,667	126,877
Taxation recoverable	4,917	4,917	4,917
Cash and cash equivalents	199,653	320,683	368,496
	<u>467,041</u>	<u>484,424</u>	<u>550,933</u>
Total assets	<u>749,466</u>	<u>741,988</u>	<u>819,080</u>
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	58,222	59,172	58,936
Retained earnings	455,235	460,787	499,283
Total equity	<u>555,577</u>	<u>562,079</u>	<u>600,339</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	42,199	40,622	43,708
Retirement benefit obligation	5,681	14,558	-
Post-employment medical benefit obligation	4,632	4,929	5,028
Lease liabilities	713	174	535
	<u>53,225</u>	<u>60,283</u>	<u>49,271</u>
Current liabilities			
Trade and other payables	93,308	76,404	125,570
Dividends payable	46,626	43,222	43,360
Lease liabilities	730	-	540
	<u>140,664</u>	<u>119,626</u>	<u>169,470</u>
Total liabilities	<u>193,889</u>	<u>179,909</u>	<u>218,741</u>
Total equity and liabilities	<u>749,466</u>	<u>741,988</u>	<u>819,080</u>



Ingrid Lashley
Chairman



Raoul Glynn
Managing Director

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.09.22 TT\$'000	UNAUDITED Three Months Ended 30.09.21 TT\$'000	UNAUDITED Nine Months Ended 30.09.22 TT\$'000	UNAUDITED Nine Months Ended 30.09.21 TT\$'000
Revenue	164,698	199,602	548,900	610,478
Cost of sales	(54,112)	(56,473)	(159,103)	(147,654)
Gross profit	110,586	143,129	389,797	462,824
Distribution costs	(2,173)	(2,348)	(5,661)	(6,738)
Administrative expenses	(19,373)	(18,452)	(50,899)	(54,470)
Other operating expenses	(9,523)	(5,071)	(28,704)	(18,620)
Operating profit	79,517	117,258	304,533	382,996
Finance income	321	50	501	94
Finance costs	(41)	(40)	(131)	(150)
Profit before taxation	79,797	117,268	304,903	382,940
Taxation	(23,588)	(34,487)	(96,353)	(112,717)
Profit for the period	56,209	82,781	208,550	270,223
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Re-measurement of retirement and post-employment benefit obligations	-	(31)	(14,223)	(96)
Related tax	-	9	4,267	29
Other comprehensive income - net of tax	-	(22)	(9,956)	(67)
Total comprehensive income for the period	56,209	82,759	198,594	270,156
Earnings per ordinary share	\$0.22	\$0.33	\$0.83	\$1.07

SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
Unaudited Nine Months Ended 30 September 2022				
Balance at 1 January 2022	42,120	58,936	499,283	600,339
Comprehensive income				
Profit for the period	-	-	208,550	208,550
Other comprehensive income				
Re-measurement of retirement and post-employment benefit obligations - net of tax	-	-	(9,956)	(9,956)
Depreciation transfer on buildings - net of tax	-	(714)	714	-
Transactions with owners				
Dividends	-	-	(243,356)	(243,356)
Balance at 30 September 2022	42,120	58,222	455,235	555,577
Unaudited Nine Months Ended 30 September 2021				
Balance at 1 January 2021	42,120	59,886	475,456	577,462
Comprehensive income				
Profit for the period	-	-	270,223	270,223
Other comprehensive income				
Re-measurement of retirement and post-employment benefit obligations - net of tax	-	-	(67)	(67)
Depreciation transfer on buildings - net of tax	-	(714)	714	-
Transactions with owners				
Dividends	-	-	(285,539)	(285,539)
Balance at 30 September 2021	42,120	59,172	460,787	562,079

SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED Nine Months Ended 30.09.22 TT\$'000	UNAUDITED Nine Months Ended 30.09.21 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	304,903	382,940
Adjustments for:		
Depreciation	10,649	9,757
Loss on disposal of property, plant and equipment	-	29
Net decrease in retirement and other post employment benefit obligations excluding actuarial losses	(5,594)	(4,742)
Interest income	(501)	(94)
Interest expense	131	150
Operating profit before working capital changes	309,588	388,040
Changes in working capital:		
(Increase)/decrease in inventories	(24,675)	5,759
Increase in trade and other receivables	(60,276)	(66,849)
Decrease in trade and other payables	(15,565)	(18,300)
Decrease in due to parent company	-	(7,348)
Cash generated from operating activities	209,072	301,302
Interest paid	(131)	(150)
Taxation paid	(117,766)	(133,921)
Net cash from operating activities	91,175	167,231
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,337)	(10,294)
Interest received	501	94
Net cash used in investing activities	(18,836)	(10,200)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(240,090)	(282,964)
Lease payments	(1,092)	(1,305)
Net cash used in financing activities	(241,182)	(284,269)
Net decrease in cash & cash equivalents	(168,843)	(127,238)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	368,496	447,921
CASH AND CASH EQUIVALENTS AT END OF PERIOD	199,653	320,683
Represented by:		
Cash at bank and in hand	57,929	178,926
Short-term deposits	141,724	141,757
	199,653	320,683

Note 4: Segment Information

	Domestic TT\$'000	CARICOM TT\$'000	Unallocated TT\$'000	Total TT\$'000
Nine Months Ended 30 September 2022				
Revenue	463,071	85,829	-	548,900
Gross Profit	374,580	15,217	-	389,797
Profit for the period includes:				
- Depreciation	-	-	(10,649)	(10,649)
Nine months Ended 30 September 2021				
Revenue	532,209	78,269	-	610,478
Gross Profit	450,261	12,563	-	462,824
Profit for the period includes:				
- Depreciation	-	-	(9,757)	(9,757)
Total Segment assets				
30 September 2022	204,204	58,267	486,995	749,466
30 September 2021	112,250	46,574	583,164	741,988
Total segment assets include additions to property, plant and equipment as follows:				
30 September 2022	-	-	19,337	19,337
30 September 2021	-	-	10,294	10,294

The Company is organised and managed on the basis of two geographic regions, namely the Domestic market and 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 \$463,071,000 (2021: \$532,209,000) of the Company's total revenues. This consist of a 50% split between the two companies.

NOTES TO THE SUMMARY INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 condensed consolidated financial information was approved for issue on 26 October 2022.

Note 2: Basis of Preparation

This summary financial information for the nine month period ended 30 September 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 go beyond IAS 34. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, 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 2021, 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.

Note 5: Related Party Transactions

	30.09.22 TT\$'000	30.09.21 TT\$'000
Sale of goods and services:		
Sale of goods - related parties	85,829	78,269
Purchase of goods and services:		
Purchase of goods - related parties	45,119	28,144
Purchase of services - related parties	37,322	44,509
Purchase of services - parent company	12,604	14,993
Period end balances arising from sales/ purchases of goods and services:		
Receivables from related parties	16,526	29,306
Payables to related parties	22,526	21,131
Key management compensation		
Salaries and other short-term employee benefits	6,791	6,687
Post-retirement medical obligations	3	4
Post-retirement benefits	138	342

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements

	30.09.22 TT\$'000	30.09.21 TT\$'000
	4,314	22,262

Note 7: Contingent Liabilities

Customs & immigration bonds

	30.09.22 TT\$'000	30.09.21 TT\$'000
	22,930	22,930

Note 8: Dividends Paid On Ordinary Shares

	30.09.22 TT\$'000	30.09.21 TT\$'000
Final dividend - prior year	176,904	192,067
Interim dividend	98,561	98,561
	275,465	290,628

An interim dividend of \$0.33 per share (2021 \$0.33 per share) was approved by the Board of Directors on 26 October 2022, and will be paid on 24 November 2022 to shareholders of record as at 07 November 2022. This interim dividend, amounting to \$83,397,600 (2021: \$83,397,600) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2022.