


CHAIRMAN'S REVIEW

The West Indian Tobacco Company Limited recorded a Profit Before Tax of \$144.4 million over the six-month period ended 30th June 2023 with an improved profit performance in the second quarter, providing an increase of 105% over the previous quarter. The year-to-date performance however, represents a decrease of \$80.7 million or 36% over the corresponding period last year.

The second quarter recorded growth trends in both domestic and export volume, which is reflected in a 46% increase in Net Turnover over the first quarter. This provides assurance that recent investments in the transformation of the portfolio is positively changing the landscape while continuing to deliver value for money via new customer experiences, innovation and consistency in quality.

Work continues apace with a renewed focus on distribution of products to ensure that wherever there is demand for our products, they are available, on time and in full, and delivered via a best-in-class route to market model. We see this as our responsibility as the major local manufacturer, which will ensure the continued sustainability of operations and the well-being of our valued employees as we continue to contribute to the socio-economic development of Trinidad and Tobago.

This mid-year performance is in keeping with a prudent approach to an ever-changing operating environment. Directors have recommended an interim dividend of \$0.26 per ordinary share which will be paid on 29 August 2023 to shareholders of record at the close of business on 10 August 2023. The Register of Shareholders will be closed on 11 and 14 August 2023 for the processing of transfers.



Ingrid L-A Lashley
Chairman
26 July 2023

SUMMARY STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.06.23 TT\$'000	UNAUDITED 30.06.22 TT\$'000	AUDITED 31.12.22 TT\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	281,454	269,297	283,503
Deferred income tax asset	11,496	8,294	9,017
Retirement benefit asset	285	-	-
	<u>293,235</u>	<u>277,591</u>	<u>292,520</u>
Current assets			
Inventories	76,587	57,581	85,298
Trade and other receivables	116,781	140,505	124,277
Taxation recoverable	255	4,917	4,969
Cash and cash equivalents	205,767	314,035	276,372
	<u>399,390</u>	<u>517,038</u>	<u>490,916</u>
Total assets	<u>692,625</u>	<u>794,629</u>	<u>783,436</u>
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	57,508	58,459	57,986
Retained earnings	393,906	474,025	352,113
Total equity	<u>493,534</u>	<u>574,604</u>	<u>452,219</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	43,711	43,074	41,726
Retirement benefit obligation	-	5,913	5,969
Post-employment medical benefit obligation	4,590	4,764	4,867
Lease liabilities	4,531	784	3,986
	<u>52,832</u>	<u>54,535</u>	<u>56,548</u>
Current liabilities			
Trade and other payables	70,327	118,281	124,701
Due to parent company	37,174	-	100,854
Dividends payable	37,305	46,456	47,617
Lease liabilities	1,453	753	1,497
	<u>146,259</u>	<u>165,490</u>	<u>274,669</u>
Total liabilities	<u>199,091</u>	<u>220,025</u>	<u>331,217</u>
Total equity and liabilities	<u>692,625</u>	<u>794,629</u>	<u>783,436</u>



Ingrid L-A Lashley
Chairman



Raoul Glynn
Managing Director

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.06.23 TT\$'000	UNAUDITED Three Months Ended 30.06.22 TT\$'000	UNAUDITED Six Months Ended 30.06.23 TT\$'000	UNAUDITED Six Months Ended 30.06.22 TT\$'000
Revenue	182,047	182,147	306,961	384,202
Cost of sales	(65,104)	(52,198)	(116,608)	(104,991)
Gross profit	116,943	129,949	190,353	279,211
Distribution costs	(2,759)	(2,386)	(4,488)	(3,488)
Administrative expenses	(16,195)	(17,985)	(32,830)	(31,526)
Other operating expenses	(2,182)	(13,800)	(10,852)	(19,181)
Operating profit	95,807	95,778	142,183	225,016
Finance income	1,289	133	2,422	180
Finance cost	(127)	(52)	(237)	(90)
Profit before taxation	96,969	95,859	144,368	225,106
Taxation	(28,836)	(35,566)	(42,199)	(72,765)
Profit for the period	68,133	60,293	102,169	152,341
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Re-measurement of retirement and post-employment benefit obligations	6,936	(14,223)	6,936	(14,223)
Related tax	(2,081)	4,267	(2,081)	4,267
Other comprehensive income – net of tax	4,855	(9,956)	4,855	(9,956)
Total comprehensive income for the period	<u>72,988</u>	<u>50,337</u>	<u>107,024</u>	<u>142,385</u>
Earnings per ordinary share	\$0.27	\$0.24	\$0.40	\$0.60

SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
Unaudited Six Months Ended 30 June 2023				
Balance at 1 January 2023	42,120	57,986	352,113	452,219
Comprehensive income				
Profit for the period	-	-	102,169	102,169
Other comprehensive income				
Re-measurement of retirement and post-employment benefit obligations – net of tax	-	-	4,855	4,855
Depreciation transfer on buildings – net of tax	-	(478)	478	-
Transactions with owners				
Dividends	-	-	(65,709)	(65,709)
Balance at 30 June 2023	<u>42,120</u>	<u>57,508</u>	<u>393,906</u>	<u>493,534</u>
Unaudited Six Months Ended 30 June 2022				
Balance at 1 January 2022	42,120	58,936	499,283	600,339
Comprehensive income				
Profit for the period	-	-	152,341	152,341
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	-	(477)	477	-
Transactions with owners				
Dividends	-	-	(168,120)	(168,120)
Balance at 30 June 2022	<u>42,120</u>	<u>58,459</u>	<u>474,025</u>	<u>574,604</u>

SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED Six Months Ended 30.06.23 TT\$'000	UNAUDITED Six Months Ended 30.06.22 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	144,368	225,106
Adjustments for:		
Depreciation	8,531	7,168
Net decrease/(increase) in retirement and other post-employment benefit obligations excluding actuarial losses	405	(8,574)
Interest income	(2,422)	(180)
Interest expense	237	90
Operating profit before working capital changes	<u>151,119</u>	<u>223,610</u>
Changes in working capital:		
Decrease/(increase) in inventories	8,711	(6,938)
Decrease/(increase) in trade and other receivables	7,496	(13,628)
Decrease in trade and other payables	(46,891)	(5,130)
Decrease in due to parent company	(63,680)	-
Cash generated from operating activities	<u>56,755</u>	<u>197,914</u>
Tax refund received	4,279	-
Interest paid	(237)	(90)
Taxation paid	(49,165)	(75,778)
Net cash from operating activities	<u>11,632</u>	<u>122,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,482)	(12,129)
Interest received	(237)	180
Net cash used in investing activities	<u>(6,719)</u>	<u>(11,949)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(76,019)	(165,020)
Lease payments	501	462
Net cash used in financing activities	<u>(75,518)</u>	<u>(164,558)</u>
Net decrease in cash and cash equivalents	<u>(70,605)</u>	<u>(54,461)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>276,372</u>	<u>368,496</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>205,767</u>	<u>314,035</u>
Represented by:		
Cash at bank and in hand	97,509	172,069
Short-term deposits	108,258	141,966
	<u>205,767</u>	<u>314,035</u>

NOTES TO THE SUMMARY INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 July 26, 2023.

Note 2: Basis of Preparation

This summary financial information for the six-month period ended 30 June 2023, 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, which are accrued using the tax rate that would be applicable to expected total annual earnings.

Note 4: Segment Information

Primary reporting format – geographical segment

	Domestic TT\$'000	CARICOM & Non-CARICOM TT\$'000	Unallocated TT\$'000	Total TT\$'000
Six months ended 30 June 2023				
Revenue	239,372	67,589	-	306,961
Gross Profit	184,274	6,079	-	190,353
Profit for the period includes:				
Depreciation	-	-	(8,531)	(8,531)
Six months ended 30 June 2022				
Revenue	327,314	56,888	-	384,202
Gross Profit	270,506	8,705	-	279,211
Profit for the period includes:				
Depreciation	-	-	(7,168)	(7,168)
Total segment assets				
30 June 2023	117,184	76,686	498,755	692,625
30 June 2022	154,165	54,672	585,792	794,629
Total segment assets include additions to property, plant and equipment as follows:				
30 June 2023	-	-	6,482	6,482
30 June 2022	-	-	12,129	12,129

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 \$239,372,000 (2022: \$327,314,000) of the Company's total revenues. This consists of a 50% split between the two companies.

Note 5: Related Party Transactions

Sale of goods and services:

Sale of goods - related parties	67,589	56,888
Recharge of services - related parties	15,971	7,619

Purchase of goods and services:

Purchase of goods - related parties	24,934	28,455
Purchase of services - related parties	28,117	29,371
Purchase of services - parent company	6,132	8,796

Period end balances arising from sales/purchases of goods and services:

Receivables from related parties	29,289	21,787
Payables to related parties	20,630	31,253

Key management compensation

Salaries and other short-term employee benefits	4,968	4,132
Post-retirement medical obligations	3	2
Post-retirement benefits	184	93

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	3,134	1,363
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Note 7: Contingent Liabilities

Customs & immigration bonds	24,930	22,930
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Note 8: Dividends Paid/Payable On Ordinary Shares

Final dividend – prior year	65,707	176,904
Interim dividend	65,707	98,561
	<u>131,414</u>	<u>275,465</u>

An interim dividend of \$0.26 per share (2022: \$0.39 per share) was approved by the Board of Directors on 26 July 2023, and will be paid on 29 August 2022 to shareholders of record as at 10 August 2022. This interim dividend, amounting to \$65,707,200 (2022: \$98,560,800) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2023.